2018 REGISTRATION DOCUMENT

BUSINESS ACTIVITIES AND CSR
FULL-YEAR FINANCIAL REPORT

BOUYGUES

Making progress become reality

CONTENTS

Elements from the following documents are clearly identified in the contents by pictograms:

- FY FR Full-year Financial Report
- SEFP Statement on Extra-Financial Performance

2018 REGISTRATION DOCUMENT

BUSINESS ACTIVITIES AND CSR – FULL-YEAR FINANCIAL REPORT

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

This document is a free translation of the Registration Document filed with the Autorité des Marchés Financiers (AMF) on 20 March 2019, pursuant to Article 212-13 of the AMF General Regulation. It may be used in support of a financial transaction if supplemented by a stock exchange prospectus bearing an AMF visa. This document has been prepared by the issuer and its signatories may be held liable for it.

INTERVIEW

MARTIN BOUYGUES

CHAIRMAN AND CEO

Headcount

129,000

Worldwide presence

93 COUNTRIES

Sales

€35.6bn

Net profit attributable to the Group

€1,311m

Data at 31 December 2018

WHAT WERE THE STAND-OUT FEATURES OF 2018 ANNUAL RESULTS?

An increase in current operating profit was a stand-out feature of 2018, driven by strong growth in results at Bouygues Telecom, despite a dip in profitability in the construction businesses.

The Group reported sales of €35.6 billion in 2018, up 8% over 2017 (up 3% like-for-like and at constant exchange rates). Current operating profit was €1,511 million versus €1,406 million in 2017.

Finally, net profit attributable to the Group in 2018 was €1,311 million, up €229 million year-on-year. Excluding exceptional items the figure was €1,047 million, giving a year-on-year rise of 15%.

HOW DO YOU JUDGE THE GROUP'S COMMERCIAL PERFORMANCE?

Robust commercial momentum in all activities was another feature of 2018. Bouygues Telecom gained 573,000 new mobile plan customers excluding MtoM and 304,000 new FTTH customers, the backlog in the construction businesses was a record €33.1 billion, up 7% at constant exchange rates year-on-year, and TV advertising sales at TF1's five unencrypted channels rose 1% year-on-year.

Robust competitive advantages in an upbeat environment

HOW IS THE FINANCIAL SITUATION?

Bouygues has a healthy and solid financial position. Net debt at 31 December 2018 was €3.7 billion versus €1.9 billion at 31 December 2017. The change mainly reflects recent acquisitions (the Miller McAsphalt group, aufeminin and Alpiq Engineering Services).

The Bouygues group also has a high level of available cash of €10 billion at end-2018.

In 2018, Moody's and Standard & Poor's recognised the Group's commitment to maintaining a robust financial situation by rating Bouygues A3, stable outlook, and BBB+, positive outlook, respectively.

WHAT DIVIDEND WILL YOU PAY YOUR SHAREHOLDERS?

The Board of Directors will ask at the Annual General Meeting of 25 April 2019 for the approval of a dividend payment of €1.70 per share, the same as in 2017.

WHAT WERE THE KEY EVENTS OF THE YEAR IN HUMAN RESOURCES?

Bouygues believes that gender equality, which is a source of strength, creativity and cohesion, is a genuine driver of performance and an accelerator of the Group's transformation. On that note, a partnership was concluded with the Women's Forum to underline our determination to contribute to a better gender balance within the Group, especially in positions of responsibility. For example, the Bouygues group intends to increase the proportion of women managers in France, aiming for 20% in 2020, up from 16% in 2015.

Diversity is also a driver of performance and should be encouraged.

In order to motivate its employees and attract new talent, the Bouygues group also intends to offer rewarding career paths and well-being by adapting to changes in the world of work.

The award of "Top Employer France" certification for all our subsidiaries for the second year running recognises the investment on these issues by all our teams. We were recognised particularly for employee well-being, internal job mobility and gender equality.

REGARDING PATRONAGE, YOU HAVE TAKEN IMPORTANT DECISIONS CONCERNING THE FRANCIS BOUYGUES FOUNDATION. CAN YOU TELL US MORE?

Since its creation in 2005, the Francis Bouygues Foundation has helped motivated school leavers facing financial difficulty to continue their studies in higher education. 789 young people to date have benefited from grants and individual support from Group employees. The results are conclusive, and the needs are vast. That is why the Foundation's Board has decided to increase the number of grant holders per intake from 60 to 100 from 2019.

WHERE DOES BOUYGUES STAND IN TERMS OF RECOGNITION OF ITS CORPORATE AND SOCIAL RESPONSIBILITY POLICY BY INTERNATIONAL SRI [a] PLAYERS?

We are proud that our commitment to CSR has been recognised by the Carbon Disclosure Project, which has restored the Group to its prestigious A List, which distinguishes the world's 139 leading businesses in terms of their carbon, energy and climate strategy. Bouygues is currently ranked in four SRI indices: STOXX Global ESG Leaders, Euronext Vigeo Eurozone 120 and Europe 120, and FTSE4Good Index.

THE PLANNED MERGER OF ALSTOM AND SIEMENS MOBILITY WILL NOT NOW TAKE PLACE. WHAT IS YOUR REACTION?

Since end-2017, Alstom and Siemens Mobility had been working on a plan to merge their activities in order to create a European champion in transportation. We supported the project. However, the European Commission vetoed the plan on 6 February 2019 despite the remedies proposed by the two firms.

With a robust financial structure and a record backlog that represents five years of sales, Alstom will now focus on pursuing growth in an upbeat market. Bouygues, which held 27.8% of Alstom's capital at 31 December 2018, is confident in the future of Alstom and its ability to pursue its development.

WHAT IS THE OUTLOOK FOR THE GROUP?

The Group's activities are positioned on markets that offer opportunities for growth: in the construction businesses, strong worldwide demand for complex projects, more sophisticated and integrated offers, and maintenance; in media, significant appetite for premium and exclusive video content that can be monetised; and in telecoms, an explosion in B2C and B2B fixed and mobile usage.

In this upbeat environment, Bouygues can draw on its robust competitive advantages to improve its profitability and also generate €300 million of free cash flow [b] at Bouygues Telecom in 2019. Within two years, the Group also intends to increase its free cash flow generation after WCR [c] to €1 billion thanks to the contribution of its three sectors of activity.

(a) Socially Responsible Investment.

(b) Free cash flow = cash flow minus cost of net debt minus income tax expense minus net capital expenditure. It is calculated before changes in WCR.

(c) Free cash flow after WCR = cash flow minus cost of net debt minus income tax expense minus net capital expenditure. It is calculated after changes in WCR related to operating activities and excluding 5G frequencies.

INTEGRATED REPORT
Bouygues' Integrated Report will be online on 25 April 2019 at bouygues.com

THE BOUYGUES GROUP

Simplified organisation chart
at 31 December 2018

BOUYGUES

ALSTOM
(since 2006)
27.8%

3 SECTORS OF ACTIVITY

CONSTRUCTION BUSINESSES
116,947 employees
€28bn in sales

MEDIA
3,591 employees
€2.3bn in sales

TELECOMS
8,029 employees
€5.3bn in sales

5 BUSINESS SEGMENTS

- Bouygues Construction (1952) **100%**
- Bouygues Immobilier (1956) **100%**
- Colas (since 1986) **96.6%**
- TF1 Le Groupe (since 1987) **43.8%**
- Bouygues Telecom (1994) **90.5%**

ITS CHALLENGES

- Climate change
- Population growth and urbanisation
- Digital and technological transformation
- Changing user behaviour

THE FUNDAMENTALS OF ITS CULTURE

- Respect
- Trust
- Imparting expertise
- Creativity

ITS SOLUTIONS

- Build better, renovate, recycle, reuse
- Combine quality of life with a lower environmental footprint
- Technology to make life better every day
- Innovate with its eco-system to provide customised, reliable and scalable products and services

KEY DATES

1952 Francis Bouygues founds Entreprise Francis Bouygues (EFB), a building firm.

1956 Diversification into property development through the creation of Stim, which later becomes Bouygues Immobilier.

1986 Bouygues becomes the world's largest construction firm after the acquisition of Screg, the leading roadworks contractor.

1987 Bouygues acquires a stake in the television channel TF1, and then becomes its largest shareholder.

1994 Bouygues is awarded a licence to operate France's third mobile phone network. Bouygues Telecom is founded in 1996.

2006 Bouygues acquires the French government's stake in Alstom and becomes its leading shareholder.

1 THE GROUP

1.1 PROFILE

1.1.1 Making progress become reality

What the Bouygues group does

Makes life better every day

It is the Bouygues group's firmly-held belief that meeting essential day-to-day needs with an ethical and responsible attitude helps drive improvement for society as a whole. The goal of its five business segments – Bouygues Construction, Bouygues Immobilier, Colas, TF1 and Bouygues Telecom – is to bring innovative solutions designed with passion and respect to as many people as possible.

Strategy

The Bouygues group aims to create value over the long term and share it with its stakeholders [a]. In order to do this, the Group draws on its stable ownership structure and has defined a strategic framework through which its business segments roll out their operational strategies.

The Group has made several distinctive and specific choices in order to create and share value over the long term. Its five business segments are able to provide growth over the long term since they all satisfy constantly evolving and essential needs such as housing, transportation, entertainment and communication. Furthermore, their diversity helps to cushion the impact of the difficulties that some may experience from time to time. By combining these two features, Bouygues is able to generate recurrent free cash flow. The value created can then be reinvested to grow the Group and shared with its stakeholders.

Bouygues also strives to maintain a robust financial situation in order to ensure its independence and preserve its business model over time. For example, the Group's construction businesses tie up a small amount of capital and generate a high level of cash.

Bouygues' strategy can be rolled out over the long term thanks to the stability of its ownership structure (see opposite).

BOUYGUES' STRENGTHS

- **Its people's commitment**
- **Tight control over the value chain**
  Skilled in incorporating the best internal and external expertise in order to offer full-service solutions and remain a key partner for its customers; partners of all shapes and sizes, from large companies to start-ups
- **High value-added products and services**
  High value-added solutions and user experience
- **A selective long-term presence worldwide**
  Targeted growth in international markets that meets its risk-management standards

The Group's solutions

Build better, renovate, recycle, reuse

Bouygues supports its customers with their building and neighbourhood development projects, encouraging them to adopt ambitious sustainable construction (low carbon, passive or positive energy) standards, whilst factoring in biodiversity at the same time. It contributes to the energy renovation of the housing stock, which is key to reducing greenhouse gas emissions and improving user comfort.

The Group participates in developments that use eco-responsible and recycled materials, as part of a responsible sourcing policy. It also shows that it is possible to reuse secondary raw materials from the construction sector in new buildings and takes part in the construction of large-scale renewable energy production sites.

Combine quality of life with a lower environmental footprint

Bouygues is involved in the design of **sustainable neighbourhoods** within consortiums of urban players, such as businesses, start-ups, academic institutions, non-profit organisations and local authorities. It is also a major player in **responsible mobility.**

Technology to make life better every day

Bouygues invests in open and shared innovation in order to provide nimble solutions to the changing needs of society. Digital communication tools are used to improve urban living (smart city, etc.). With a view to providing digital coverage across the whole of France, Bouygues Telecom has signed a partnership with a non-profit body representing rural municipalities. It is also preparing for the arrival of 5G.

Innovate with its eco-system to provide customised, reliable and scalable products and services

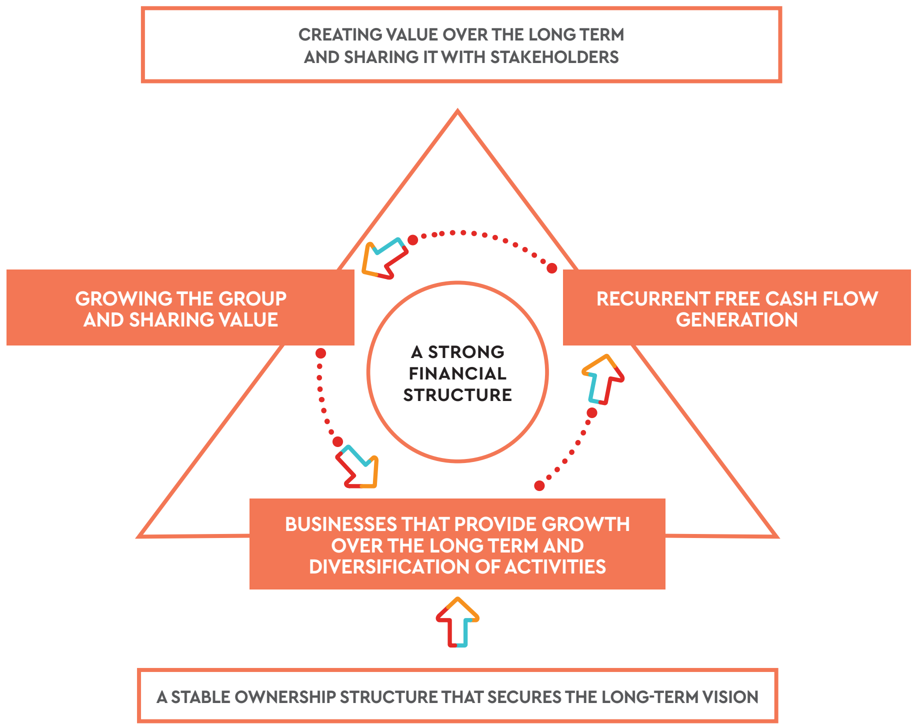
Bouygues draws on outside expertise – such as from research centres and suppliers – to create innovative products and services. In the field, the Group focuses on consultation and co-design in order to strengthen buy-in by end-users. Each of the Group's subsidiaries has set up a seed fund for start-ups.

(a) Customers, users, employees, the financial community, suppliers, subcontractors and civil society, etc.

1

The virtuous circle of the Group's strategy

Group business model SEFP



A stable ownership structure that secures the long-term vision

Bouygues has long-standing core shareholders:

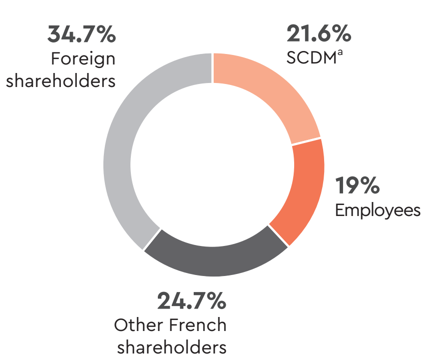
- SCDM, a company controlled by Martin and Olivier Bouygues;
- its employees, through a number of dedicated mutual funds.

At 31 December 2018, 54,500 employees owned shares in the Group, making Bouygues the CAC 40 company with the highest level of employee share ownership. At the end of 2018, a capital increase (entitled Bouygues Confiance n°10) of €150 million (nominal and premium) reserved for employees was carried out.

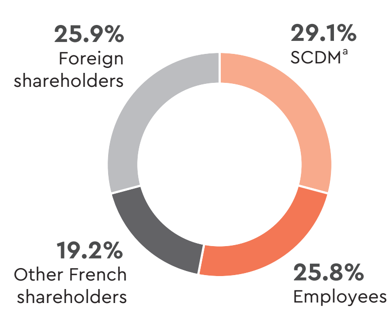
Ownership structure

at 31 December 2018

MAIN SHAREHOLDERS
372,377,939 shares



VOTING RIGHTS
498,684,217 voting rights



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

FIND OUT MORE
Chapter 2 Business activities
Chapter 3 Statement on Extra-Financial Performance (SEFP)
Chapter 6 Information on the company

1.1.2 Organisation and governance

1.1.2.1 The Board of Directors at 31 December 2018

DIRECTORS FROM THE SCDM GROUP[a]

MARTIN BOUYGUES
Chairman and CEO

OLIVIER BOUYGUES
Deputy CEO

CHARLOTTE BOUYGUES
Standing representative of SCDM

WILLIAM BOUYGUES
Standing representative of SCDM Participations

INDEPENDENT DIRECTORS[b]

CLARA GAYMARD
Co-founder of Raise

ANNE-MARIE IDRAC
Company director

HELMAN LE PAS DE SÉCHEVAL
General council of the Veolia group

COLETTE LEWINER
Advisor to the Chairman of Capgemini

BOARD COMMITTEES

The Board of Directors refers to the recommendations of the Afep-Medef Corporate Governance Code. It draws on the work of three special committees comprised solely of independent directors and directors representing employees or employee shareholders.

Accounts Committee

Helman le Pas de Sécheval (Chairman)
Clara Gaymard
Anne-Marie Idrac
Michèle Vilain

Selection and Remuneration Committee

Colette Lewiner (Chairwoman)
Francis Castagné
Helman le Pas de Sécheval

Ethics, CSR and Patronage Committee

Anne-Marie Idrac (Chairwoman)
Sandra Nombret
Rose-Marie Van Lerberghe

Independent director[b] · Director representing employee shareholders · Director representing employees

(a) SCDM is a company controlled by Martin and Olivier Bouygues.
(b) Director qualified as independent by the Board of Directors.

DIRECTORS REPRESENTING EMPLOYEES/EMPLOYEE SHAREHOLDERS

FRANCIS CASTAGNÉ
Director representing employees

SANDRA NOMBRET
Director representing employee shareholders

MICHÈLE VILAIN
Director representing employee shareholders

OTHER DIRECTORS

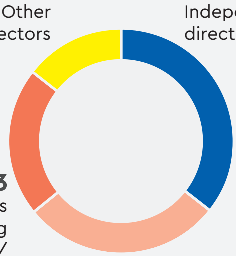
ROSE-MARIE VAN LERBERGHE
Vice-Chairwoman of Klépierre

ALEXANDRE DE ROTHSCHILD
Executive Chairman of Rothschild & Co Gestion[a]

PATRICK KRON
Chairman of Truffle Capital

KEY FIGURES

at 31 December 2018



WOMEN DIRECTORS[b]
54%

WOMEN ON COMMITTEES
70%

INDEPENDENT DIRECTORS[c]
45.5%

AVERAGE AGE
55

NUMBER OF BOARD MEETINGS
7

ATTENDANCE RATE AT BOARD MEETINGS
91.3%

(a) Managing partner of Rothschild & Co.
(b) Excluding directors representing employees.
(c) Excluding directors representing employees or employee shareholders.
(d) SCDM is a company controlled by Martin and Olivier Bouygues.

1.1.2.2 Senior management team

Parent company (Bouygues SA)

MARTIN BOUYGUES
Chairman and CEO

OLIVIER BOUYGUES
Deputy CEO

OLIVIER ROUSSAT
Deputy CEO

PHILIPPE MARIEN
Deputy CEO

BOUYGUES SA

The parent company has a significant presence on the boards of each of the Group's five business segments, enabling it to help define their strategy and play an active part in making their important decisions.

SENIOR MANAGEMENT OF THE BUSINESS SEGMENTS

Each business-segment head attends all Bouygues group Board meetings.

Senior management of the Group's five business segments

PHILIPPE BONNAVE
Chairman and CEO
of Bouygues Construction

PASCAL MINAULT[a]
Chairman
of Bouygues Immobilier

HERVÉ LE BOUC
Chairman and CEO
of Colas

GILLES PÉLISSON
Chairman and CEO
of TF1

RICHARD VIEL
CEO
of Bouygues Telecom

(a) Appointed on 13 February 2019.

FIND OUT MORE
Chapter 5
Corporate governance

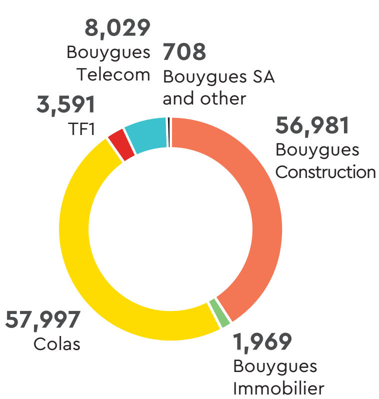
1.1.3 The Group's workforce

Bouygues is a diversified group that draws on a wide diversity of professions and skills. It relies on men and women who share the four fundamentals of its culture: respect, trust, imparting expertise and creativity.

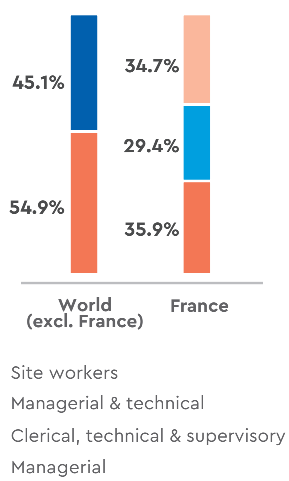
These fundamentals of our culture, outlined in the Integrated Report, are elaborated on in the Group's Code of Ethics and Human Resources Charter. Chapter 3 (Statement on Extra-financial Performance) of this Registration document outlines the Group's Corporate Social Responsibility policy and initiatives.

Headcount at 31 December 2018

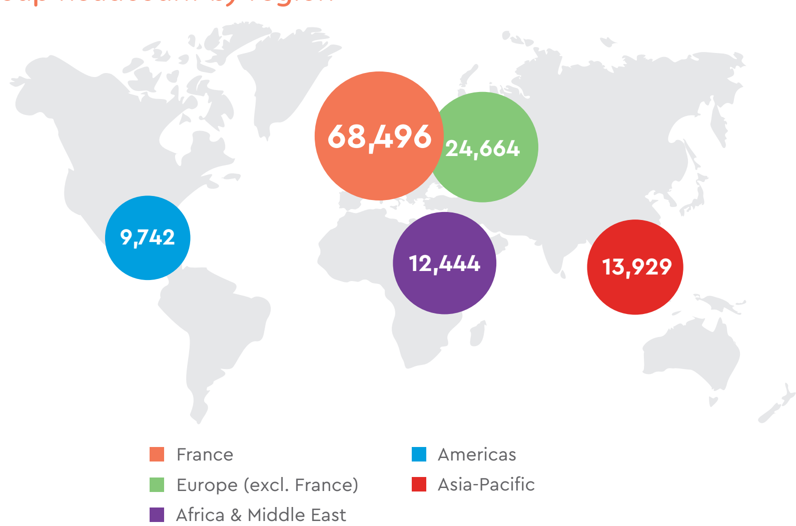
Group headcount by business segment



Job categories



Group headcount by region



HEADCOUNT

at 31 December 2018

—

Employees worldwide

129,000

—

Employees in France

68,496

(53% of the headcount)

—

Average age (France)

41

—

Average seniority (France)

12 years

—

Permanent contracts (France)

94.7%

employees

RECRUITMENT IN 2018

Worldwide

40,000

(+30%) [a]

In France

10,944

(a) versus 2017

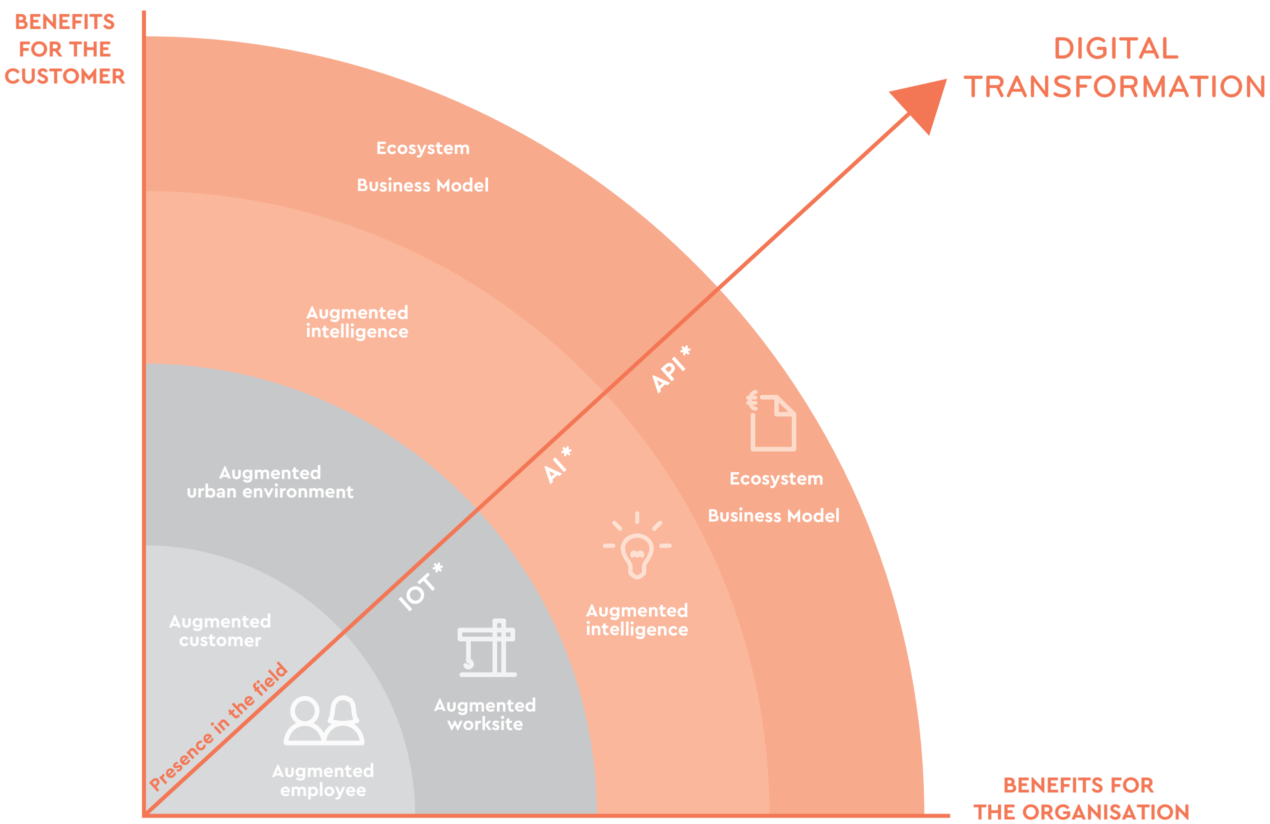
1.1.4 Bouygues and innovation

Innovation is central to Bouygues' strategy. It is essential in order to create more services for customers and more value added, and also to improve competitiveness, whatever the project.

Before, during and after projects, Group companies innovate with their stakeholders throughout the value chain in order to offer enduring solutions in both societal and technological terms. They aim to imagine future uses, improve the performance of materials and equipment, guarantee safety and reduce the environmental impacts of their activities.

The Group operates in sectorally and geographically diverse markets which offer many possibilities for growth. Always keen to observe and anticipate the major issues facing our society, the Group has identified digital transformation as a major trend that is a source of opportunities.

1.1.4.1 e-lab's [a] spheres of action



(*) API (Application programming interface): a set of functions and procedures that allow the creation of applications which access the features or data of an operating system, application, or other service – AI: Artificial intelligence – IOT: Internet of Things

1.1.4.2 Serving the Group's employees and customers

The **Internet of Things (IoT)** is permeating the whole of society via:

- the rapid spread of process-monitoring sensors in business and industry and
- the proliferation of connected objects in people's everyday lives – in the home, sport and healthcare.

Strongly motivated by this finding, Bouygues has placed the Internet of Things at the forefront of thinking within the **Ideas Laboratory**®. An open lab unique in the French ecosystem, hosted by CEA [b] in Grenoble, Bouygues has been a partner since its creation in 2001. Both a place and mindset, it is backed by a variety of players with the aim of renewing approaches to innovation and creation by implementing collaborative, iterative and open processes that generate physical or virtual outcomes.

In one of the lab's projects, digitisation is used to improve site worker safety and quality of work, and to increase efficiency. In doing so Bouygues is taking

(a) The Bouygues group's R&D and innovation unit.
(b) The French Alternative Energies and Atomic Energy Commission.

a first step towards an **Industry 4.0** ecosystem and smart worksites that are more adaptable and can allocate resources more efficiently.

For example, **virtual reality** can be used to boost and speed up the training of site workers as well as to simulate high-risk situations in almost-real conditions but without danger. Bouygues Construction and Colas site workers will be trained to help them better anticipate and react to dangerous or risky situations. Elsewhere in the Group, Bouygues Immobilier's customers can use virtual reality to help them visualise their future home, while TF1 viewers with a virtual reality headset can use the MyTF1 VR app to follow certain TV shows as an immersive experience.

The **Internet of Things** is now an integral part of people's lives, especially on Bouygues worksites. Objenious, a Bouygues Telecom subsidiary dedicated to IoT using the LoRa network, is accelerating the many innovative developments being rolled out on worksites. Most of these business apps have their origins in open innovation initiatives with start-ups.

1.1.4.3 From the augmented worksite to the augmented urban environment

For customers, whole urban environments are also becoming augmented:

- **BUILDINGS:** the hi-tech **ABC** (Autonomous Building for Citizens) concept was rolled out for the first time in October 2018 in an initial building being built in Grenoble. It aims to achieve self-sufficiency in water and energy and to optimise waste management. The target is 70% in terms of water and energy self-sufficiency and to generate 40% less household waste. Likewise, with the **Elsa** (Energy Local Storage Advanced) project, Bouygues Energies & Services is taking part in a European project whose aim is to give a new lease of life to electric vehicle batteries by re-using them to manage energy in buildings.
- **ROADS:** Colas, in collaboration with CEA Tech, has designed **Flowell,** a smart road solution based on remote-controlled dynamic light-emitting road markings. The solution comprises panels composed of LEDs encapsulated in a multilayer substrate and connected to an electrical grid. Flowell, currently in its development phase, is designed to change road markings dynamically according to use so that roads may become shared spaces. It has many potential uses: pedestrian crossings can light up when people use them, road lanes can open or close according to the amount of traffic, a delivery space can turn into a parking space at night, or temporary drop-off/pick-up spaces can be created around schools.
- **NEIGHBOURHOODS:** with its Confluence project, Bouygues Immobilier has developed the first demonstrator of the use of blockchain[a] to manage energy at the neighbourhood level. The technology can be used to distribute energy self-generated by buildings to occupants in real time. Energy distribution is tracked using blockchain, informing occupants of the amount of local energy they have actually consumed. **Citybox** makes street lighting networks smart by turning them into platforms for innovative services. Municipalities and local authorities need to control their spending on street lighting and other facilities while offering new digital services. **OnDijon,** a consortium led by Bouygues Energies & Services, has developed a centralised, connected control station to manage public facilities (and the related services) across the 24 municipalities that make up Dijon's metropolitan area. This smart city project covers a catchment area of 250,000 inhabitants. Among other benefits, the authorities are targeting a 65% saving in the energy consumed by street lighting.

1.1.4.4 Augmented intelligence

Bouygues is also providing new uses and services in buildings with the Cyber Valet app. Bouygues Energies & Services has teamed up with Cisco and Valeo to develop a self-parking system for cars. Trials have been carried out using around 40 cameras placed around a distance of 500 metres travelled by a vehicle within a car park of 1,000 m^2. The cameras analyse the vehicle's environment in real time and instruct it how to move. The vehicle is fitted with front and back ultra-sound sensors able to detect empty car parking spaces.

These new technologies will not only help to optimise and better manage resources but will also make everyday life easier for the residents of a neighbourhood or town. Bouygues believes that the imminent arrival of 5G technology is an opportunity to capitalise on the diversity and good match between its various business activities. Its in-house accelerator, SmartX 5G, will knit together all the Group's initiatives in this domain. Partners, customers and research labs will be called upon to test and develop the uses of tomorrow's smart city.

With IBM Watson, Bouygues Telecom is developing customer support chatbots. These are the first steps in the implementation of **artificial intelligence** to make relations with Bouygues Telecom's customers even more tailored and effective. In terms of service quality, the aim is also to move from predictive to prescriptive analytics.

1.1.4.5 Ecosystem and new business models

The Bouygues group's business segments are uniquely well-placed to foster collective thinking about how to create new interfaces between infrastructure of all kinds, from public and private buildings and roads to shopping centres and utilities, for the benefit of all urban stakeholders.

Bouygues has launched an initiative entitled **"Innovate like a start-up",** which brings together each year a "tribe" of 50 Group employees from its five business segments to consider issues related to the city of the future. Working in **nimble mode,** this tribe devises new business models designed to be rolled out on a large scale. The "productive city" was the theme of 2018.

- With **Moov'Hub,** developed within a partnership, Colas is developing a range of smart mobility products and services. Mobility is no longer focused on roads alone, but it is enhanced with services for managers and users alike. Via this platform, vehicle users will be able to access all the information and services required to move around and park in the city.
- Via **Objenious,** Bouygues Telecom provides local authorities with discovery kits of solutions connected to its own network of connected objects, which is designed to keep tight control of public spending, improve services for citizens and reduce the carbon footprint.

For the city of the future, Bouygues is involved in new societal initiatives that go far beyond mere dialogue with local residents. For the Les Fabriques eco-neighbourhood project in Marseille, the Group is preparing for what the area will be like in ten years' time in terms of transport, services, renewable energies and connectivity. The aim is to create an eco-neighbourhood that meets the standards of the future so that it is attractive to all the different types of resident. The key idea is to take what is there already and improve it.

(a) Blockchain is a technology used for storing and securely transmitting information without the need for a central counterparty.

1.1.5 Bouygues group: main sites

Bouygues group: main sites	Location	Surface area	Environmental certification	Group-owned
Bouygues SA	32 avenue Hoche 75008 Paris France	7,600 m^2	HQE™	Yes
Bouygues Construction	Challenger 1 avenue Eugène Freyssinet 78280 Guyancourt France	67,000 m^2	• HQE™ Exceptionnel • LEED® Platinum • BREEAM® Outstanding • BBC-effinergie® • BiodiverCity	Yes
Bouygues Immobilier	3 boulevard Gallieni 92130 Issy-les-Moulineaux France	6,250 m^2	HQE™	No
Colas	1 rue du Colonel Pierre Avia 75015 Paris France	7,510 m^2	• NF HQE™ Bâtiments tertiaires[a] – bureaux 2015 – Exceptionnel • BREEAM® – New builds[a] 2013 – Excellent • Bepos-effinergie 2013	No
TF1	Tour 1 quai du Point du Jour 92100 Boulogne-Billancourt France	35,167 m^2		Yes
	Atrium 6 place Abel Gance 92100 Boulogne-Billancourt France	20,220 m^2		No
Bouygues Telecom	Head office 37–39 rue Boissière 75116 Paris France	325 m^2		No
	Technopôle site 13–15 Av. du Maréchal Juin 92360 Meudon France	54,243 m^2	• HQE™ • Iso 50001	No

(a) Certification process ongoing.
BBC-effinergie®: A French low-energy certification label
Bepos: A French positive-energy building label awarded by the effinergie association
BiodiverCity: The first international label that indicates biodiversity has been factored into property development construction and renovation projects
BREEAM®: Building Research Establishment Environmental Assessment Method (UK certification)
HQE™: High Environmental Quality (French certification)
LEED®: Leadership in Energy and Environmental Design (US certification)
NF HQE™ *Bâtiments tertiaires:* A French certification awarded by Certivéa

1

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.

1.2.1 Shareholder contacts

Shareholders and investors

Karine Adam Gruson

Investor Relations Director

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

Registered share service

Gaëlle Pinçon – Marie-Caroline Thabuy

- Tel.: +33 (0)1 44 20 10 61/11 07
- Toll free: 0 805 120 007 (from fixed lines in France)
- E-mail: servicetitres.actionnaires@bouygues.com

1.2.2 Registered share service

Bouygues offers a free, unintermediated account-keeping service to pure registered shareholders.

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.

In 2017, Olis-Actionnaires, a web site dedicated to shareholders that allows them to manage their accounts on-line and log on to **VotAccess,** was launched. Shareholders can use this service to vote on-line for annual general meetings and to consult convening notice documentation.

Bearer shareholders can also vote using **VotAccess** if the financial intermediary managing their share account has joined the VotAccess platform.

1.2.3 Investor relations

2018 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.
- 550 investors met with management or the Investor Relations team.
- 19 roadshows were held in eight countries.
- The Group attended ten conferences on sector-specific and more broad-based themes.
- A Capital Markets Day devoted to the construction businesses.
- A presentation for bond investors in Paris.
- 22 brokers in France and around the world cover the Bouygues share.

1.2.4 bouygues.com

bouygues.com is an important tool for communicating with shareholders, analysts and investors. The very comprehensive information available includes:

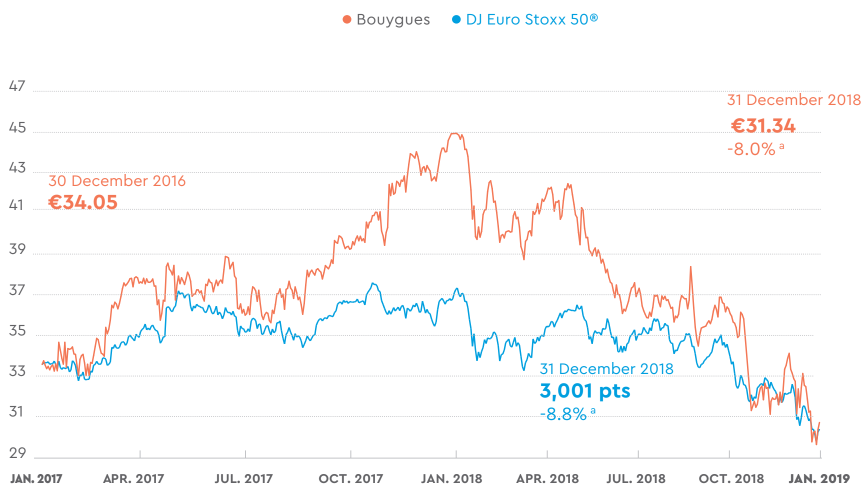
- published financial documents: press releases, full financial statements, results presentations, archive recordings of past presentations, etc.;
- regulated information, including all the registration documents since 2006;
- Bouygues "At a Glance" documents since 2002;
- the Group's first ever Integrated Report published in 2018;
- a downloadable historical data file showing key figures for the Bouygues group over the past ten 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.

In October 2018, Bouygues won Labrador's "Grand Prix de la Transparence" award for the clarity of its remuneration policy.

1.2.5 The Bouygues share

Share performance since the end of 2016

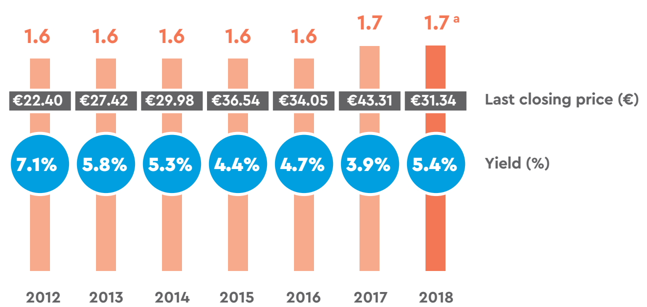
SHARE PRICE AFTER MARKET CLOSE
€



(a) Versus 30 December 2016

Dividend and dividend yield

DIVIDEND PER SHARE
€



(a) Proposed at the Annual General Meeting on 25 April 2019.
Payment of dividend on 3 May 2019

Yield:

- Divided per share relative to the closing price of the previous year.

THE BOUYGUES SHARE

FACTSHEET

LISTING
Euronext Paris (Compartment A)

ISIN CODE
FR0000120503

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

PAR VALUE
€1

AVERAGE PRICE IN 2018
€38.37
(averaging closing price – Source: NYSE Euronext)

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

MARKET CAPITALISATION
€11,670 million
(at 31 December 2018)

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

SRI INDICES
STOXX Global ESG Leaders, Euronext Vigeo Eurozone 120 and Europe 120, FTSE4Good, rated A- by CDP

SECTOR CLASSIFICATION
MSCI/S&P indices:
Construction and Engineering
FTSE and Dow Jones indices:
Construction & Materials

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

2019 KEY DATES

THURSDAY 25 APRIL	FRIDAY 3 MAY	THURSDAY 16 MAY	THURSDAY 29 AUGUST	THURSDAY 14 NOVEMBER
Bouygues Annual General Meeting at Challenger (Saint-Quentin-en-Yvelines, France)	Dividend payment	First-quarter 2019 results	First-half 2019 results	Nine-month 2019 results

1.3 2018 FINANCIAL YEAR

1.3.1 Key figures

The 2017 financial statements have been restated for the application of IFRS 9 and IFRS 15.

Financial highlights

€m	2017 restated	2018	Change
Sales	32,923	35,555	+8% [a]
EBITDA	2,898	3,144	+€246m
Current operating profit	1,406	1,511	+€105m
Operating profit [b]	1,519	1,776	+€257m
Net profit attributable to the Group	1,082	1,311	+€229m
Net profit attributable to the Group excluding exceptional items [c]	908	1,047	+€139m
Diluted earnings per share (€)	3.00	3.55	+18%
Cash flow	2,811	3,131	+€320m
Net capital expenditure	1,422	1,573	+€151m
Free cash flow	864	915	+€51m
Shareholders' equity (end of period)	10,416	11,117	+€701m
Net debt (-)/Net surplus cash (+) (end of period)	(1,917)	(3,657)	-€1,740m
Gearing ratio (net debt/shareholders' equity)	18%	33%	+15 pts
Net dividend per share (€)	1.70	1.70 [d]	=
Headcount	115,530	129,275	+13,745

(a) Up 3% like-for-like and at constant exchange rates.

(b) In 2017, includes non-current charges of €23m at TF1 corresponding to amortisation of audiovisual rights remeasured as part of the acquisition of Newen Studios and of €5m at Colas related to preliminary works for the dismantling the Société de la Raffinerie de Dunkerque (SRD) refinery site at Dunkirk, and non-current income of €141m at Bouygues Telecom (of which €223m of non-current income related to the capital gain on the sale of sites and non-current charges of €79m relating to network sharing). In 2018, includes non-current charges of €31m at Colas mainly related to the dismantling of the SRD site and the one-off year-end employee bonus, of €22m at TF1 corresponding to amortisation of audiovisual rights remeasured as part of the acquisition of Newen Studios, and of €4m at Bouygues Construction related to the one-off year-end employee bonus, and non-current income of €322m at Bouygues Telecom (of which non-current income of €110m related to the cancellation of fees paid for the use of 1800 MHz frequencies and of €250m related to the capital gain on sale of mobile sites and FTTH infrastructure, and non-current charges of €47m relating to network sharing).

(c) See details on page 19 of this document.

(d) Proposed to the AGM on 25 April 2019.

Sales

Sales generated by the **Bouygues group** reached €35.6 billion in 2018, 8% higher than in 2017.

The **construction businesses** reported 2018 full-year sales (net of internal transactions) of €28.0 billion, up 8% on 2017 as a result of recent acquisitions. On a like-for-like basis and at constant exchange rates, sales rose by 3%.

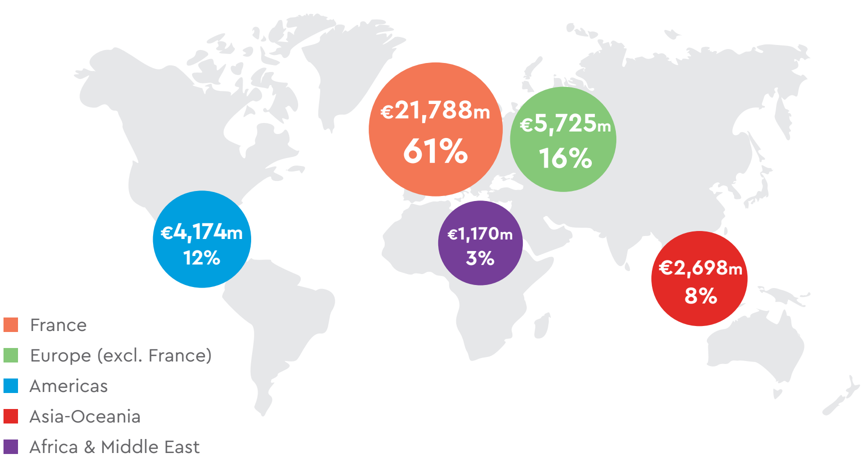
Bouygues Construction reported sales of €12,358 million, up 6% on 2017, and up 1% on a like-for-like basis and at constant exchange rates. Sales at **Bouygues Immobilier** were €2,628 million, down 4% year-on-year, due mainly to a commercial property project being postponed to the first half of 2019. **Colas** generated sales of €13,190 million, up 13% on 2017 (and up 5% on a like-for-like basis and at constant exchange rates), mainly reflecting growth in the French roads market and major road and motorway projects in central Europe.

Sales at **TF1** were €2,288 million, up 7% on 2017 (up 2% on a like-for-like basis and at constant exchange rates), driven by strong advertising sales for the five unencrypted channels, the impact of the premium agreements signed with French telecom operators and Canal+, and the strengthening of the production and digital activities.

Bouygues Telecom reported sales of €5,344 million, up 6% year-on-year. Sales from services rose by 5% to €4,256 million, boosted mainly by an increase in the customer base.

Sales by region

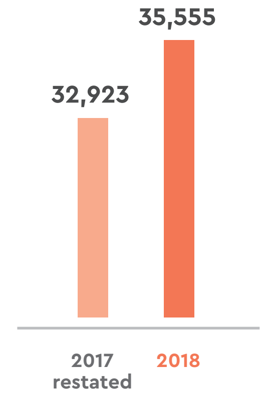
€35,555m



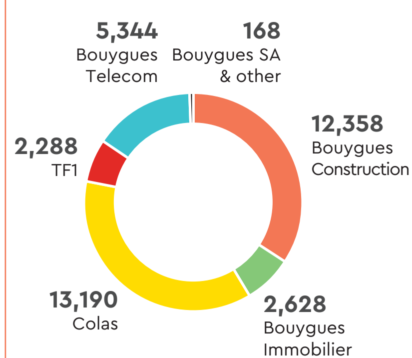
SALES

€m

€35.6bn (+8%)



By business segment[a]



(a) Impact of intragroup eliminations: -€421m.

Current operating profit

The Bouygues group generated current operating profit of €1,511 million in 2018, 7% more than in 2017.

Current operating profit for the construction businesses was €915 million, down €28 million year-on-year. Stripping out the impact of Nextdoor [a] in 2017 and of Axione [a] in 2018, current operating profit would have decreased by €106 million, due mainly to difficulties encountered on three projects at Bouygues Energies & Services, and in Colas' specialized activities in the third quarter of 2018. In line with expectations, current operating margin for 2018 was 2.9%, 60 basis points lower year-on-year.

In the fourth quarter of 2018, current operating profit rose by €39 million year-on-year after stripping out the impact of Axione [b]. This improvement reflected (i) at Bouygues Construction, another good performance for building & civil works and a return to a positive contribution from Bouygues Energies & Services and (ii) at Colas, improved margins for the roads activity in mainland France.

TF1 posted a current operating profit of €196 million, an increase of €11 million, despite the Soccer World Cup in 2018. Current operating margin, including the costs of screening the Soccer World Cup, was virtually unchanged (down 0.1 of a point year-on-year to 8.6%). Excluding the costs of screening the World Cup, current operating margin is 11.7%.

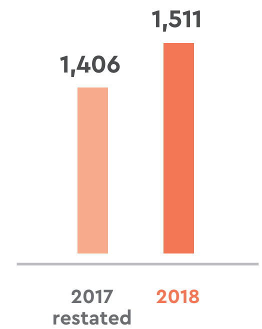
Bouygues Telecom reported EBITDA of €1,268 million in 2018, a year-on-year increase of €171 million. EBITDA margin was 29.8%, a year-on-year improvement of 2.8 points.

Overall, **Group operating profit** rose by €257 million in 2018 to €1,776 million. It includes €265 million of non-current income (mainly a capital gain on the sale of mobile sites and FTTH infrastructure at Bouygues Telecom).

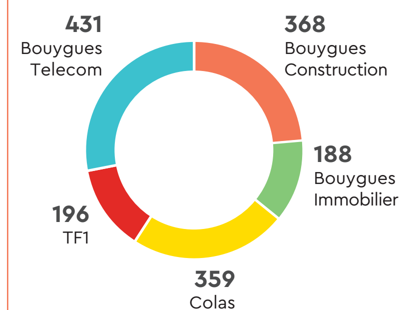
CURRENT OPERATING PROFIT

€m

€1,511m (+7%)



By business segment [a]



(a) "Bouygues SA & other" reported a current operating loss of €31m.

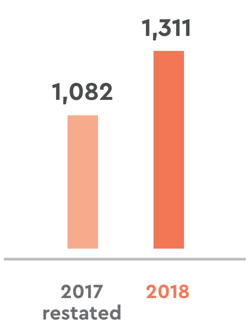
Net profit attributable to the Group

€m

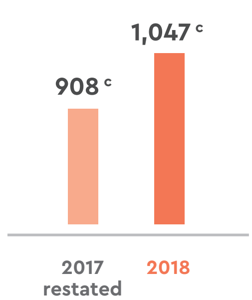
€1,311m (+21%)

Net profit attributable to the Group amounted to €1,311 million in 2018, versus €1,082 million in 2017, an increase of 21%. After stripping out exceptional items, net profit attributable to the Group for 2018 was €1,047 million, 15% higher than in 2017.

Net profit attributable to the Group



Net profit attributable to the Group excluding exceptional items



(a) Capital gain related to the partial divestment of shares and remeasurement of the residual interest in Nextdoor in 2017 and in Axione in 2018.

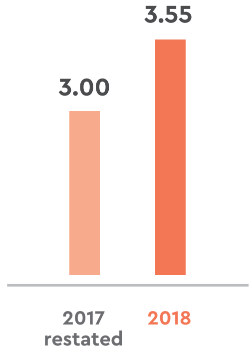
(b) Capital gain related to the partial divestment of shares and remeasurement of the residual interest.

(c) After stripping out the non-current income and charges (net of taxes) recorded by each business segment in 2017 and in 2018, the reimbursement of the 3% tax on dividends in 2017, and the capital gain on the divestment and remeasurement of Nextdoor (2017) and of Axione (2018).

Earnings per share

€ per share

€3.55 (+18%)



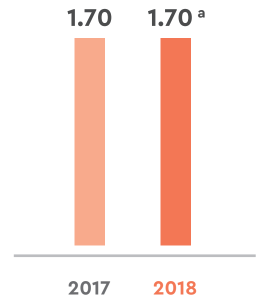
Dividend per share

€

€1.70 [a]

In line with a dividend policy consistent with its long-term strategy, Bouygues is proposing to maintain its dividend at the same level as for 2017. The Board of Directors will therefore ask the Annual General Meeting of 25 April 2019 to approve a dividend of €1.70 per share.

That represents a yield of 5.4% (dividend per share for the 2018 financial year as a percentage of the last quoted price in that year). See also page 16 of this document.



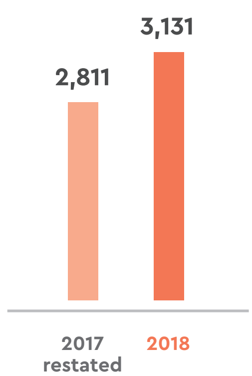
(a) Proposed to the AGM on 25 April 2019.

Cash flow

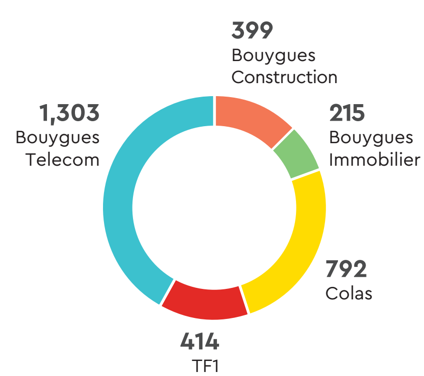
€m

€3,131m (+11%)

Cash flow was €320 million higher year-on-year, largely as a result of a good operating performance at Bouygues Telecom.



Contribution by business segment [a]



(a) "Bouygues SA & other" generated a net cash inflow of €8m.

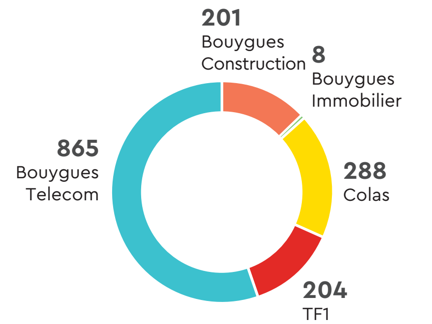
Net capital expenditure

€m

€1,573m (+11%)

Net capital expenditure rose by €151 million year-on-year. The main reason was higher net capex at Bouygues Telecom (roll-out of mobile and fixed networks), and also at Bouygues Construction due to the fact that contract starts are not spread evenly over time.

Contribution by business segment [a]



(a) Net capital expenditure for "Bouygues SA & other" was €7m.

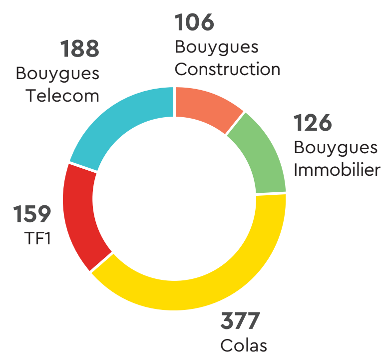
Free cash flow

€m

€915m (+6%)

Free cash flow was up €51 million to €915 million, driven mainly by Bouygues Telecom.

Contribution by business segment [a]

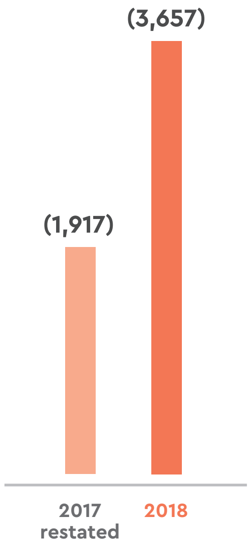


(a) Free cash flow for "Bouygues SA & other" was a net outflow of €41m.

Net debt(-)/Net surplus cash(+)

€m

€(3,657)m (-€1,740m)



Net debt stood at €3,657 million as of 31 December 2018, versus €1,917 million a year earlier. This mainly reflects recent acquisitions (Miller McAsphalt group, aufeminin and Alpiq Engineering Services).

Operating activities generated a net cash inflow of €440 million in 2018, thanks to improved profitability.

The dividend payout in 2018 was €712 million.

On 5 July 2018, Moody's upgraded its credit rating from Baa1 positive to A3 stable. On 12 July 2018, Standard & Poor's reiterated its BBB+ credit rating, with positive outlook.

The Group has excellent liquidity (€10.0 billion at 31 December 2018, comprising €2.7 billion of cash and cash equivalents and €7.3 billion of undrawn credit facilities), and a very well-spread maturity profile.

Outlook[a]

The Group's activities are positioned on **markets that offer opportunities for growth:**

- strong worldwide demand for complex projects, more sophisticated and integrated offers, and maintenance;
- significant appetite for premium and exclusive video content that can be monetized via data analysis (consumption, usage, profiles, etc);
- an explosion in B2C and B2B fixed and mobile usage.

In this favourable environment, the Group can use its robust competitive advantages to:

- in 2019, **improve Group profitability** and **generate €300 million of free cash flow**[b] at Bouygues Telecom;
- within two years, **increase Group free cash flow generation after WCR**[c] **to €1 billion** thanks to the contribution of the three sectors of activity.

(a) Before application of IFRS 16.
(b) Free cash flow = cash flow minus cost of net debt minus income tax expense minus net capital expenditure. It is calculated before changes in working capital requirements (WCR).
(c) Free cash flow after WCR = cash flow minus cost of net debt minus income tax expense minus net capital expenditure. It is calculated after changes in WCR related to operating activities and excluding 5G frequencies.

1.4 MAIN EVENTS SINCE 1 JANUARY 2019

1.4.1 Construction businesses

On January 10, motorway concessionaire Bina Istra awarded **Bouygues Construction** a €167-million contract for dualling (to dual two-lane) a total length of 28.1 km of the Istrian Y Motorway in north-western Croatia.

On 19 January, Axione, a **Bouygues Construction** subsidiary, and Mirova, a Natixis Investment Managers (BPCE group) subsidiary, announced that Mirova, via its general infrastructure funds [a], had acquired a 49% stake in Axione. This strategic alliance will lead to the creation of a leader in the investment, roll-out, maintenance and operation of very high-speed fixed and mobile infrastructure both in France and internationally.

On 31 January, Belgian transport operator OTW awarded the Tram'Ardent consortium the public–private-partnership (PPP) deal for Liège's first tram line. **Colas** is in charge of the design and construction of the stops, tracks, overhead line, buildings, and specially engineered structures, together with urban landscaping, all for a contract sum of €266 million.

On 14 February, **Colas** signed an agreement to divest Smac, a worldwide provider of roofing and cladding solutions, to a subsidiary of OpenGate Capital. The terms of the agreement are confidential. The operation is expected to be completed within 60 to 90 days from the date of the signing. For more details about Smac, see the section on Colas in Chapter 2 of this document.

On 21 February, **Bouygues Construction** announced it had been chosen by the London Borough of Tower Hamlets, in the east of the city, to transform the former Royal London Hospital into its new town hall building. Following a period of preparatory work carried out since August 2018, Bouygues Construction will now lead this £109.5-million (€121 million) reconversion project with special attention being paid to its environmental impact.

1.4.2 Media

On 30 January, **TF1** entered exclusive talks with Jérôme Dillard, former CEO of Téléshopping, with a view to selling the operational side of this home shopping business.

On 5 February, **TF1** announced the creation of a new digital division, Unify, that will bring together all of the group's digital activities (excluding OTT [b] and Catch-up TV): namely aufeminin group (aufeminin, Marmiton, MyLittleParis, etc.), Doctissimo, Neweb (Les Numériques, ZDNet, Paroles de Maman, etc.), Gamned!, Studio 71, Vertical Station and TF1 Digital Factory.

On 28 February, Newen, a subsidiary of **TF1,** announced the acquisition of a majority 60% stake in De Mensen, a major player in TV production in Belgium. De Mensen produces for both private and public TV channels in Belgium, for platforms such as Netflix and for a number of major international players attracted by its formats.

1.4.3 Telecoms

On 7 January, **Bouygues Telecom** announced that it made the first 5G phone call under real conditions using a handset compatible with the new technology in the streets of Lyon on 4 January. This major breakthrough was made possible by collaboration between with teams of Bouygues Telecom, Ericsson and Qualcomm Technology Inc.

On 18 January, **Bouygues Telecom** announced that it had acquired a block of shares in Keyyo (a telecoms operator specialising in small and mid-size businesses), equating to all their directly and indirectly-held 854,316 shares, equivalent to 43.6% of the capital and 42.1% of the company's voting rights, at a price of €34 per share.

On 21 February, **Bouygues Telecom** and Dzeta Partners announced the signing of an agreement for Bouygues Telecom to acquire 100% of the capital and voting rights of Nerim. The acquisition was completed on 13 March 2019. Following on the heels of Bouygues Telecom's recent acquisition of Keyyo shares, the deal is fully in line with its strategy of accelerating its expansion into the market of micro-businesses, SMEs and intermediate-sized businesses.

1.4.4 Alstom

On 15 January, Alstom was awarded three contracts by Spanish national operator Renfe to provide maintenance services for 15 Avelia Pendolino high-speed trains and 106 suburban trains. The contracts, worth a total of €125 million, include preventive, predictive and corrective maintenance for the suburban trains and full maintenance services for the Pendolinos (S-104). All the works will be carried out by Irvia, an Alstom-Renfe joint venture.

On 6 February 2019, the European Commission announced its decision to veto the merger between Siemens Mobility and Alstom, despite the remedies proposed by the two firms. On the back of a healthy balance sheet and a record backlog (€40 billion [c]), representing five years of sales, Alstom will now focus on pursuing growth in an upbeat market. Bouygues, which owned 27.8% of the capital at 31 December 2018, is confident in the future of Alstom and its ability to pursue its development.

(a) FIDEPPP2, BTP Impact Local, Mirova Core Infrastructure Fund and Core Infrastructure Fund II.
(b) OTT – Over The Top: a service consisting of the direct distribution of content via the internet without the participation of operators or their home gateways.
(c) At 31 December 2018.

1.4.5 Bouygues group

On 24 January, CDP (Carbon Disclosure Project) announced it had returned the **Bouygues** group for 2019 to its "Climate Change A List", which recognises the worldwide companies most active in the fight against climate change. For this year over 6,900 companies around the world answered CDP's questionnaire, whose results are looked at closely by investors. Only 2% of respondents, namely 139 companies, made it to the list.

On 6 February, **Bouygues** announced it had obtained "Top Employer France" certification for the second year running for all its activities (parent company and subsidiaries). It is the only French group to obtain this certification for all its businesses. This is recognition of the Group's human resources policies covering gender equality, in-house job mobility and well-being.

BUSINESS ACTIVITIES 2

The consolidated financial statements at 31 December 2018 are presented in comparison with the financial statements at 31 December 2017, which have been restated to take account of the application of IFRS 15 and IFRS 9 on 1 January 2018. The impacts on 2017 financial statements are shown in Note 23 to the consolidated 2018 financial statements.

2.1 CONSTRUCTION BUSINESSES

2.1.1 Profile

Bouygues is the sixth[a] biggest construction group in the world. As a property developer, builder and operator, it is present in over 90 countries and draws on the expertise and commitment of its almost 117,000 employees. The Group is therefore active in building and civil works, energy and services, property development, and transport infrastructure.

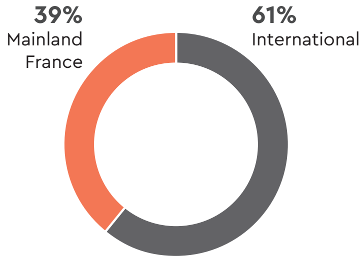
Demographic growth, urbanisation and new environmental imperatives are generating significant needs worldwide in terms of complex buildings and infrastructure. Furthermore, digitisation is transforming the way customers use technology and what they expect from it. As a result, Bouygues is in a good position to provide full-service solutions as well as innovative and high value-added services. Its positioning and many strengths mean that it continues to be a key partner for its customers.

Growth strategy and opportunities

- **Controlling key resources:** this enables the three construction businesses to manage supply availability and quality, and it also leads to improved competitiveness and margins. Aware of how important it is to safeguard natural resources and the increasing difficulty of accessing primary deposits, the Group is implementing a circular-economy strategy as a way of securing supply and protecting the environment.
- **Leading the markets for the construction and renovation of buildings and infrastructure:** Bouygues builds and maintains a wide range of infrastructure designed to meet the needs arising from urbanisation and demographic growth. This includes buildings of all sizes and uses, from transport infrastructure to power and telecommunications networks. Furthermore, in order to cope with ageing infrastructure, the Group has developed expertise in renovating assets, even whilst they remain in operation.
- **Helping customers control energy consumption and designing less carbon-intensive construction methods:** the Group works to optimise the energy efficiency of structures throughout their entire lifecycle.
  - During construction, customers are offered the option of bioclimatic design, bio-sourced materials and embedded technologies generating renewable energy from solar, wind or other sources.
  - Once the asset is operational, having the ability to generate renewable energy on-site can reduce customers' charges and even provide income for them.
- **Leading the market for urban design and development – from the individual housing unit, to the neighbourhood and smart city:** Bouygues is a market leader in the design and development of sustainable neighbourhoods. The Group consults customers and local people, and works hand in hand with local stakeholders to develop projects that promote:
  - well-being,
  - harmonious living (soft mobility, services, etc.),
  - the safeguarding of the environment, via measures such as protecting biodiversity, recycling waste and preserving water.
- **Offering customers an enhanced, personalised experience as well as scalable products that can adapt to changing needs:** the Group's strategy is to develop a range of personalised products that better meet customers' expectations, such as connected buildings, modular and reversible housing units that evolve in line with occupants' needs, as well as collaborative and shared workspaces (Nextdoor[b]).

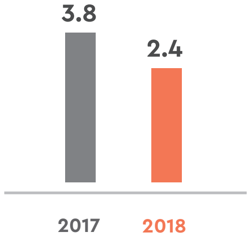
Backlog of Bouygues Construction and Colas

at end-December 2018



The cash of the construction businesses

€ billion, at end-December



(a) ENR 2018 Top International Contractors, on the basis of sales outside their home country, excluding the oil sector.
(b) Wojo since March 2019.

STRENGTHS

Almost 117,000 talented and committed employees

High value-added products and services

- Globally acknowledged expertise based on strong brands
- Extensive experience in the construction of complex buildings and infrastructure such as tower blocks, tunnels in urban settings and bridges
- A key sustainable construction player: eco-neighbourhoods, renovation, low-carbon buildings, soft mobility, etc.

Coverage of the entire value chain

- Skilled in incorporating the best internal and external expertise, making it possible to offer full-service solutions to customers
- Ability to manage an eco-system of partners of all shapes and sizes (companies, start-ups, etc.)

A selective long-term presence worldwide

A resilient business model

- A strong ability to adapt given that most of the cost structure is variable
- A high level of cash and ability to generate resilient free cash flow

2018 CONSOLIDATED KEY FIGURES

at 31 December

–
Employees

116,947

–
Sales

€28bn (+8%)

–
Current operating profit

€915m (-3%)

€809m (-12%)

excluding Nextdoor[a] and Axione[a]

–
Current operating margin

3.3% (-0.4 points)

2.9% excluding Nextdoor[a] and Axione[a] (-0.6 points)

–
Backlog

€33.1bn (+5%[b]; +7% at constant exchange rates)

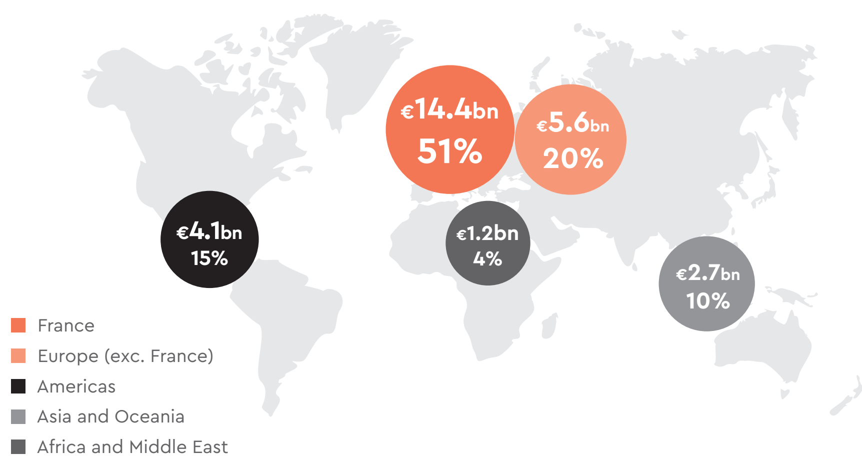
(a) Excluding capital gain of €28 million in 2017 on the sale of 50% of Nextdoor and remeasurement of the residual interest and excluding capital gain of €106m on the divestment, in 2018, of 49% of Axione and remeasurement of the residual interest.

(b) Up 3% at constant exchange rates and excluding integration of Miller McAsphalt group, Alpiq Engineering Services, AW Edwards (for €1.8 billion) and after restatement in 2017 of Axione's backlog (for €0.5 billion), following the deconsolidation of Axione (divestment of 49% to Mirova on 31 December 2018).

Construction businesses:
Geographical sales split

at end-December 2018

€28bn



2.1.2 Bouygues Construction: shared innovation

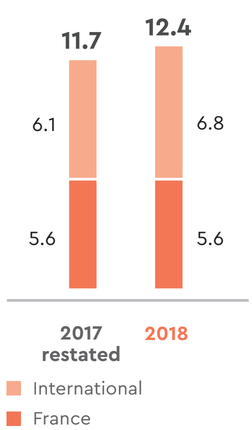
Bouygues Construction designs, builds, renovates, operates and deconstructs building, infrastructure and industrial projects for private- and public-sector customers. A global player with operations in over 60 countries, it spans the entire construction industry value chain.

Bouygues Construction is acknowledged as a benchmark player in sustainable construction through the construction of many eco-neighbourhoods, low-carbon (timber-frame) buildings and structures certified against the best world eco-standards, as well as through the rehabilitation of sites in order to reach positive-energy status [a]. The company also develops circular economy business models, from the design phase of projects to the recycling of their waste.

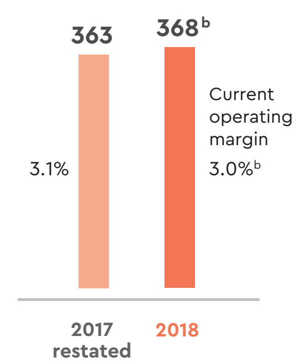
Bouygues Construction is increasingly involved in high value-added large-scale structures and in more encompassing projects ranging from neighbourhoods to connected communities.

Key figures

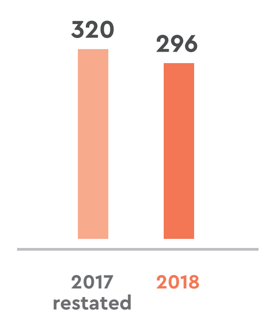
Sales
€ billion



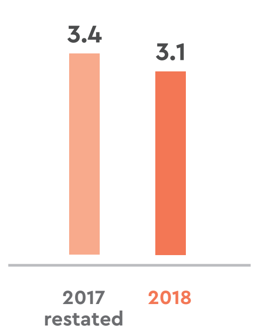
Current operating profit
€ million



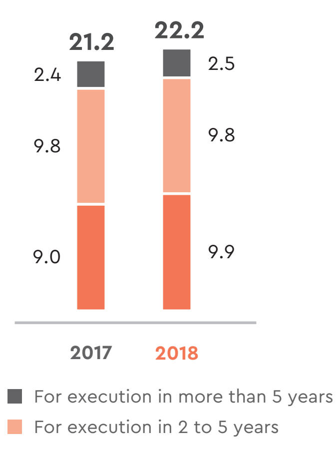
Net profit attributable to the Group
€ million



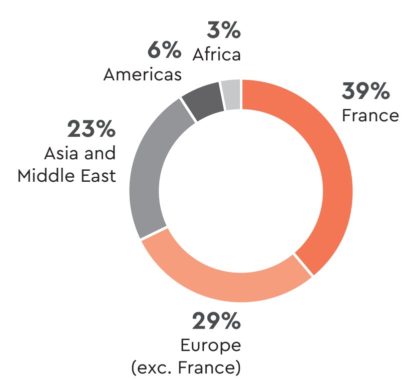
Net debt (-)/net surplus cash (+)
€ billion



Backlog
€ billion, at end-December



Backlog by region
at end-December 2018



(a) A building which, in operation, produces more energy than it consumes.
(b) Including €106 million of capital gain related to the partial divestment of Axione shares and remeasurement of the residual interest.

Condensed balance sheet

Assets

at 31 December, € million	2018	2017 restated
Property, plant and equipment and intangible assets	742	642
Goodwill	1,044	526
Non-current financial assets and taxes	430	388
NON-CURRENT ASSETS	**2,216**	**1,556**
Current assets	4,711	4,227
Cash and cash equivalents	4,652	4,310
Financial instruments – Hedging of debt		
CURRENT ASSETS	**9,363**	**8,537**
Held-for-sale assets and operations		
TOTAL ASSETS	**11,579**	**10,093**

Liabilities and shareholders' equity

at 31 December, € million	2018	2017 restated
Shareholders' equity attributable to the Group	907	953
Non-controlling interests	4	25
SHAREHOLDERS' EQUITY	**911**	**978**
Non-current debt	1,028	511
Non-current provisions	826	729
Other non-current liabilities and taxes	21	17
NON-CURRENT LIABILITIES	**1,875**	**1,257**
Current debt	11	5
Current liabilities	8,288	7,468
Overdrafts and short-term bank borrowings	493	385
Financial instruments – Hedging of debt	1	
CURRENT LIABILITIES	**8,793**	**7,858**
Liabilities related to held-for-sale operations		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**11,579**	**10,093**
NET DEBT (-)/NET SURPLUS CASH (+)	**3,119**	**3,409**

Condensed income statement

€ million	2018	2017 restated
SALES	**12,358**	**11,660**
Net depreciation and amortisation expense	(189)	(214)
Net charges to provisions and impairment losses	(214)	(146)
Other income and expenses	(11,587)	(10,937)
CURRENT OPERATING PROFIT	**368** [a]	**363**
Other operating income and expenses	(4)	
OPERATING PROFIT	**364**	**363**
Income from net surplus cash	17	12
Other financial income and expenses	38	49
Income tax expense	(109)	(103)
Share of net profits/losses of joint-ventures and associates	(2)	2
NET PROFIT	**308**	**323**
Net profit attributable to non-controlling interests	12	3
NET PROFIT ATTRIBUTABLE TO THE GROUP	**296**	**320**

(a) Including €106 million of capital gain related to the partial divestment of Axione shares and remeasurement of the residual interest.

KEY FIGURES

at 31 December 2018

–
Employees
56,981

–
Sales
€12,358m (+6%)

–
Current operating margin
3.0% (-0.1 points)
2.1% exc. Axione [a] (-1 point)

–
Net profit attributable to the Group
€296m (-8%)

–
Backlog
€22.2bn (+5%; +5% at constant exchange rates and excluding Alpiq Engineering Services, AW Edwards and Axione)

(a) Excluding €106 million of capital gain related to the partial divestment of Axione shares and remeasurement of the residual interest.

HIGHLIGHTS

MAJOR CONTRACT GAINS

- West Connex tunnel in Australia
- Physics laboratory for the University of Cambridge (UK)
- Headquarters of Lille metropolitan authority (Biotope)
- CO'Met sports and entertainment complex in Orleans

PROJECTS UNDER CONSTRUCTION

- Tour Alto in La Défense
- Packages T2A and T3A of Grand Paris Express Line 15
- Cardiff University Innovation Campus
- Renovation of the 17 boulevard Morland site in Paris
- Melbourne metro in Australia

PROJECTS HANDED OVER

- Hong Kong – Zhuhai – Macau bridge
- ParisLongchamp racecourse
- The Triangle, headquarters of Cambridge Assessment
- Phase 1 of the Greencity eco-neighbourhood in Zurich

ACQUISITIONS/DIVESTMENTS

- Acquisitions: Alpiq InTec (Switzerland), Kraftanlagen München (Germany) and AW Edwards (Australia)
- Mirova acquires a 49% stake in Axione

2

2.1.2.1 Profile

Growth strategy and opportunities

Bouygues Construction's strategy is based around three priorities:

- Using innovative products and services **to establish Bouygues Construction as a global player in places where it has a long-term presence,** such as Australia, Canada, France, the UK, Hong Kong and Switzerland. The acquisition of Alpiq Engineering Services in Switzerland and AW Edwards in Australia is entirely consistent with this strategy, while the acquisition of Kraftanlagen München in Germany is an opportunity to establish the group for the long term in a new country;
- **Developing exceptional projects with local partners;**
- **Refocusing its activities towards industry and energy and services.**

More specifically, Bouygues Construction is aiming to:

- expand its property development activities by drawing on its Linkcity network;
- stake out a position as a leading player in the design and operation of smart cities;
- continue to be a top-notch player in the major infrastructure market (bridges, tunnels, concessions and PPP (public-private partnership) projects in France and worldwide) and expand its activities in the growing market for infrastructure repair work;
- enhance its skills in industrial processes and maintenance and develop cutting-edge skills in areas such as robotics, automation, smart buildings and the Internet of Things;
- roll out telecommunications infrastructure products and services in France and worldwide;
- continue its expansion in the solar farms segment, especially on international markets.

In these various market segments, Bouygues Construction:

- proposes full-service offerings which meet customers' needs, capitalising on its knowledge of markets in key sectors such as rehabilitation, healthcare and hotels;
- pursues customer satisfaction over the long term, in particular by ensuring tight control over execution, high-quality products and services and after-sales support.

The company is also investing to increase productivity and improve its performance in the construction process.

Strengths and assets

An innovative, responsible and proactive player, Bouygues Construction has many strengths to draw on in all its businesses:

- **know-how** through the talent of employees in over 60 countries who share the same customer-focused values;
- **end-to-end coverage of the value chain;**
- **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. These two approaches are complementary and give the company the necessary flexibility to deploy its resources quickly on strong-potential markets. Bouygues Construction generates over half its sales on international markets;
- **distinctive, high value-added products and services** based on long experience of managing complex projects, specific knowledge of sustainable construction and constant innovation in all its forms;
- **the ability to adapt to changing markets:** the level of the backlog provides good medium-term visibility, enabling costs to be adjusted while focusing commercial investment on the most dynamic markets;
- **a high level of cash.**

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 the world:** the Bouygues group's construction businesses arm, represented by its three business segments, is placed **sixth in the 2017 ENR ranking of international contractors** published in August 2018, based on the share of sales generated on international markets.
- **In Europe:** based on the 2017 ranking published by trade magazine *Le Moniteur* in December 2018, the Bouygues group's construction businesses arm (Bouygues Construction, Bouygues Immobilier, Colas) is the **third largest in Europe** after the Spanish firm ACS and Vinci's Contracting and Property Development division, and ahead of the Swedish contractor Skanska and the French contractor Eiffage.
- **In France:** in a market worth €216 billion according to a Euroconstruct estimate in December 2018, Bouygues Construction (its building and civil works activities alone) is **one of the top three contractors** ahead of Eiffage Construction and behind Vinci Construction (2017 ranking published by *Le Moniteur* in December 2018).

2.1.2.2 Business activity in 2018

Record commercial performance

Exceptional order intake

Order intake in 2018 reached €14.5 billion. It included 19 contracts worth more than €100 million, 13 of them on international markets.

In **France,** order intake amounted to €5.8 billion, 6% less than in 2017. The main orders included the conversion of the 17 boulevard Morland site in Paris into a 44,000-m² complex, the construction of Biotope, a 7-storey building that will host the headquarters of the Lille metropolitan authority (MEL), and a public-private partnership project for a university building on the Paris-Saclay site.

Order intake on **international markets** came to €8.7 billion, 25% more than in 2017, following the acquisition of AW Edwards and Alpiq Engineering Services (Alpiq InTec and Kraftanlagen München). Orders included the WestConnex tunnel in Australia, a physics laboratory for Cambridge University, three new hotels in Cuba, a project to build an artificial island for the tourism industry in the Bahamas, and the construction of a solar farm in Australia.

A larger backlog giving long-term visibility

The backlog at end-2018 stood at a high €22.2 billion, up 5% on end-December 2017 (up 7% at constant exchange rates and up 5% at constant exchange rates excluding Alpiq Engineering Services, AW Edwards and Axione), with international markets accounting for 61%. Europe and Asia-Oceania are the two most important international regions. Orders booked at end-2018 to be executed in 2019 amounted to €9.9 billion (€12.3 billion to be executed after 2019), giving good visibility for future activity.

Sales driven by international markets

Sales in 2018 amounted to €12.4 billion, with building and civil works accounting for 74% and energies and services for 26%. They were up 6% year-on-year (up 1% like-for-like and at constant exchange rates).

Sales in France were broadly stable versus 2017 at €5.6 billion, equating to 45% of total sales. Sales on international markets reached a record €6.8 billion, up 11% versus 2017, due in particular to the acquisition by Bouygues Construction of Alpiq InTec in Switzerland, Kraftanlagen München in Germany and AW Edwards in Australia.

Stable operating performance

Current operating profit rose slightly to €368 million versus €363 million in 2017, and the current operating margin stood at 3.0%, down 0.1 points versus 2017. This includes the €106-million capital gain on the partial disposal of Axione (49% of the shares) to the Mirova investment fund (a BPCE subsidiary) and the remeasurement of the residual interest in the company. Restated for this transaction, current operating profit was €262 million and the current operating margin 2.1%, down by 1 point year-on-year. The building and civil works activities delivered a very good performance in 2018, recording a 0.3-point year-on-year increase in the margin to 4.2%. Current operating profit was hit by difficulties completing three energies and services projects in Ireland and the United Kingdom. Two biomass power plants in the UK experienced difficulties during the commissioning and testing phases, related mainly to malfunctions on certain equipment, leading to delays, additional costs and compensation paid to customers. The data centre in Ireland, which was terminated by the client, has entered a new phase of litigation following the client's demand for payment of the maximum amount of compensation.

In the fourth quarter of 2018, current operating profit excluding Axione increased as a result of the continued good performances at the building and civil works activities and the return to a positive contribution from Bouygues Energies & Services.

Net profit attributable to the Group came to €296 million.

High net surplus cash

Bouygues Construction had net surplus cash of €3.1 billion at end-2018 versus €3.4 billion at end-2017.

Developments in Bouygues Construction's markets and activities

Building and civil works

In 2018, sales in the building and civil works segment came to €9.2 billion, 1% more than in 2017. Sales in France accounted for 45% of the total, and on international markets for 55%.

FRANCE

The recovery of the French construction market continued in 2018, and it is expected to stabilise in 2019. The recovery was further boosted by public-sector orders and business investment. The long-term prospects for the construction market in the Paris region are sustained by the Grand Paris major infrastructure programme and substantial needs for housing. The Grand Paris Express rapid transit project represents civil works contracts worth more than €30 billion over the period to 2030.

2018 sales: €4.1 billion (-2%)

Bouygues Construction handed over large-scale projects in the Paris region in 2018, such as the Batignolles development in Paris, and continued work on other major amenity projects such as 3 Fontaines shopping centre at Cergy and the rehabilitation of the Louvre Post Office and Commodities Exchange buildings in Paris. It also carried out substantial civil engineering projects which, through Grand Paris initiatives (packages T2A and T3A of Line 15 South and Line 14 of the Paris metro), will improve the transport environment in the Paris region. In the commercial property segment, work continued on the Tour Alto tower in the La Défense business district and on the Bridge building, Orange's future headquarters in Issy-les-Moulineaux.

The company continued its activity in the public sector, starting work on the Biotope project in Lille, which will host the headquarters of Lille Metropolitan authority (MEL), and building the CO'Met sports and entertainment complex in Orleans.

Major projects handed over in 2018 included Terminal 1 of Lyon Saint-Exupéry airport and a carbon-fibre production site for Hexcel in south-east France.

In civil works, Bouygues Construction continued work on complex major projects, including civil engineering for the viaduct of the New Coastal Road on Reunion Island and for the Port of Calais. Work also continued on Line T2 of the Nice tramway. In addition, regional branches all over France specialise in smaller-scale civil engineering projects and earthworks.

EUROPE

The construction market in Europe grew by more than 3% in 2018, slightly less than in 2017 (4%).

The main drivers of construction at present are the economic recovery, growing urbanisation and catch-up investment after several years of under-spending following the 2008 financial crisis.

In Western Europe, Bouygues Construction subsidiaries are particularly active in the UK and Switzerland. The construction market in the UK has stabilised despite the uncertainties over Brexit. The construction market in Switzerland, long driven by the building segment, is a little less dynamic.

2018 sales: €2.0 billion (-4%)

In the **UK,** Bouygues Construction's activity was underpinned by major housing projects such as the Canning Town urban regeneration project in London. It completed construction of the Manhattan Loft Gardens tower in Stratford.

In the education sector, Bouygues Construction took orders for two major new projects, Cardiff University's Innovation Campus, which is planned to include two research centres, and Cavendish Lab III for Cambridge University.

The company also carried out civil engineering work on the Hinkley Point EPR nuclear power plant, which on completion will meet 7% of the UK's power consumption needs and supply over five million households.

In **Switzerland,** Bouygues Construction drew on its expertise in managing complex property development projects, increasingly at the entire neighbourhood level, as exemplified by Les Jardins du Couchant in Nyon and the Erlenmatt and Greencity eco-neighbourhoods in Basel and Zurich respectively.

In **Central Europe,** Bouygues Construction has a number of local building subsidiaries in Poland and the Czech Republic.

Elsewhere in Europe, Bouygues Construction is also involved on a one-off basis in major infrastructure projects. The confinement shelter for the damaged nuclear reactor at Chernobyl in **Ukraine** was completed in late 2018 and work continued on a complex offshore extension project in **Monaco.**

ASIA AND OCEANIA

Growth rates on Asian markets remained high, partly driven by China, which is on the way to becoming the world's largest economy. Hong Kong, Singapore and Myanmar continue to exhibit strong potential.

In Australia, housing and retail construction and public investment in healthcare are driving the building market. The infrastructure construction market is likely to remain strong, sustained by government spending, especially on roads and telecommunications.

2018 sales: €2.1 billion (+12%)

Bouygues Construction capitalises on its strong local presence in the **Asia – Oceania** region, especially in Hong Kong, where it has been a player for over 60 years. Several major projects are under construction there, including the sub-sea Tuen Mun-Chek Lap Kok road tunnel and two twin-tube tunnels for the extension of the Shatin to Central Link metro line. The Hong Kong-Zhuhai-Macao bridge was handed over in October 2018.

Bouygues Construction is a recognised player on the Asian building market, especially for high-rise structures. In **Singapore,** the company continued work on the Project Glory mixed-use complex and took an order for a complex of six 15-storey buildings. In **Bangkok,** work continued on one of the two buildings of The Esse at Singha Complex, a new condominium in the city centre.

In **Myanmar,** Bouygues Construction continued work on the second phase of the Yoma Central multi-use residential complex.

In **Australia,** Bouygues Construction continued work on the Melbourne metro as part of a consortium with Lendlease, John Holland and Capella Capital. Its acquisition of AW Edwards will strengthen the company's activity in the country through the construction of public amenities like Blacktown Hospital in Sydney.

AFRICA – MIDDLE EAST

High levels of economic growth are expected in Africa, linked in particular to rapid urbanisation, though the geopolitical context remains fragile. In the Middle East, the economic situation is highly dependent on the price of oil. However, transport infrastructure needs and the exploitation of natural resources make these high-potential regions for construction firms.

2018 sales: €536 million (-9%)

In **Africa,** Bouygues Construction's local subsidiaries work on infrastructure projects. In **Egypt,** after taking part in the construction of Lines 1 and 2 of the Cairo metro, the company is building the new phase of Line 3.

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 also involved on a one-off basis in roadbuilding projects in other African countries.

In the **Middle East,** the company is building sewage tunnels in Doha, **Qatar.**

AMERICAS – CARIBBEAN

There are opportunities in the Americas, especially the United States and Canada, as a result of the public authorities' stated intention of rebuilding infrastructure. The growth of tourism in the region also potentially opens up attractive opportunities for Bouygues Construction.

2018 sales: €335 million (+46%)

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, a growing market because of the steady growth of tourism. In the **Bahamas,** Bouygues Construction started work on Ocean Cay, a 100-acre artificial island. In the **United States,** work continued on "Arte by Antonio Citterio", a luxury residential complex in Florida.

Energies and Services

An Energies and Services division incorporating Bouygues Energies & Services was created in 2018 following the acquisition of Alpiq InTec and Kraftanlagen München. It will benefit from the energy-sector expertise of the two newly acquired businesses, in electrical and HVAC engineering and power-plant development respectively.

The Energies & Service division has three main business lines:

- network infrastructure;
- facilities management;
- and electrical and HVAC engineering.

There is growing demand in industry for cutting-edge expertise in areas such as robotisation and smart buildings, as well as for complex processes and industrial maintenance. In addition, environmental issues, demographic growth and increasingly scarce raw materials make energy efficiency in buildings a central concern. Telecommunications needs are also driving rising demand for network infrastructure. These key trends on the energy and services markets offer the Energies & Services division sources of growth, both in the countries where it has most of its operations (Canada, France, the UK and Switzerland) and in emerging countries, especially in Asia and Africa.

The Energies & Services activity generated sales of €3.2 billion in 2018.

FRANCE

2018 sales: €1.4 billion (+9%)

In late 2018, the Mirova [a] investment fund acquired a 49% stake in Axione. With its 51% interest, Bouygues Energies & Services remains Axione's core shareholder and will continue to provide it with operational support. This strategic alliance will help create a leader in mobile and very-high-speed fixed infrastructure (investment, roll-out, maintenance and operation) in France and abroad.

In electrical and HVAC engineering, Bouygues Energies & Services provided mechanical and electrical equipment for the L2 Marseille bypass and carried out electrical engineering work for the rehabilitation of la Samaritaine in Paris. The company is also responsible for installing electrical and HVAC systems at the new Sanofi production facility at Val-de-Reuil in north-western France.

Within public-private partnerships, Bouygues Energies & Services continued to provide maintenance services for the Paris law courts building, the Paris zoo and the French Defence Ministry in Paris. It also continued the street-lighting contract with the Municipality of Paris, as part of a consortium.

As part of a consortium including EDF subsidiary Citelum, Suez and Capgemini, Bouygues Energies & Services is overseeing the design, construction and operation of France's first smart-city project in Dijon. The 12-year contract covers the management of a connected control station for public facilities serving the 250,000 people who live in the Dijon metropolitan area.

INTERNATIONAL

2018 sales: €1.7 billion (+39%)

Following the acquisition in 2018 of the Swiss company Alpiq InTec and the German company Kraftanlagen München, Bouygues Construction extended its presence in **Switzerland** and Northern **Italy** and established a foothold in **Germany.**

Bouygues Energies & Services is an expert in major turnkey power grid infrastructure projects, for example in **Australia,** where it recently completed the construction of two solar farms.

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

It has a facilities management (FM) business in Europe, with contracts for the offices of Crédit Suisse in **Switzerland** and for many public amenities in the **UK,** including hospitals, schools and the Home Office. It was awarded two significant street-lighting contracts there, in the Oxford region and in the borough of Lambeth, London.

In **Canada,** Bouygues Energies & Services provides FM for Surrey Hospital and the RCMP headquarters and is expanding on the electrical engineering market via its Plan Group subsidiary, which has built the country's first smart hospital, Mackenzie Vaughan Hospital, in the greater Toronto region.

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

(a) A subsidiary of Natixis Asset Management (BPCE group).

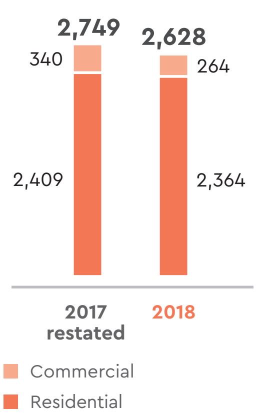
2.1.3 Bouygues Immobilier, creator of better living

A leading property developer in France, Bouygues Immobilier also has operations in Spain, Poland, Belgium and Morocco. As an urban developer/operator, it develops residential, office building, retail and sustainable neighbourhood projects. It operates throughout the property development value chain, from urban planning to services for users.

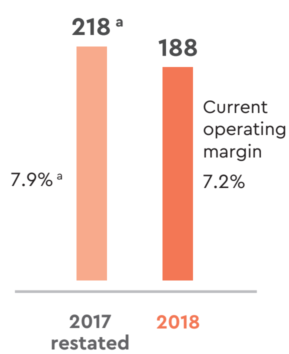
Committed to innovation and sustainable development, Bouygues Immobilier seeks to make life better for all its customers and to contribute to a mixed, adaptable, smart and efficient urban environment. New uses and lifestyles are the starting point for its urban developments, designed to meet user expectations as closely as possible.

Key figures

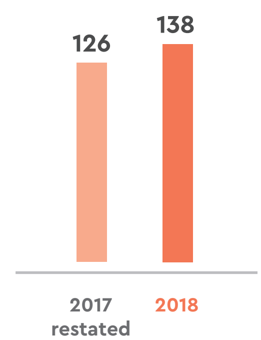
Sales
€ million



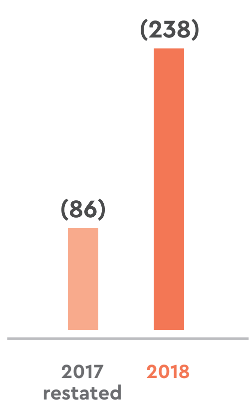
Current operating profit
€ million



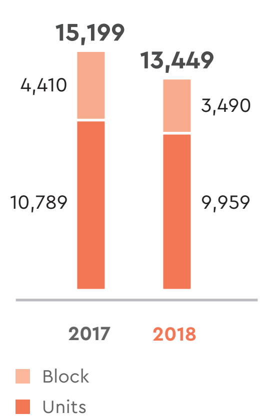
Net profit attributable to the Group
€ million



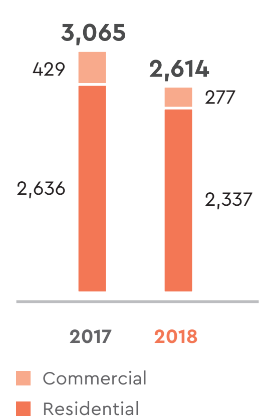
Net debt (-)/net surplus cash (+)
€ million, at end-December



Residential
number of reservations



Reservations
€ million



(a) Including capital gain of €28 million on the sale of 50% of Nextdoor and remeasurement of the residual interest.

Condensed balance sheet

Assets

at 31 December, € million	2018	2017 restated
Property, plant and equipment and intangible assets	49	53
Goodwill		
Non-current financial assets and taxes	50	39
NON-CURRENT ASSETS	**99**	**92**
Current assets	2,354	2,099
Cash and cash equivalents	70	88
Financial instruments – Hedging of debt		
CURRENT ASSETS	**2,424**	**2,187**
Held-for-sale assets and operations		
TOTAL ASSETS	**2,523**	**2,279**

Liabilities and shareholders' equity

at 31 December, € million	2018	2017 restated
Shareholders' equity attributable to the Group	603	593
Non-controlling interests	5	4
SHAREHOLDERS' EQUITY	**608**	**597**
Non-current debt	17	19
Non-current provisions	86	95
Other non-current liabilities and taxes	9	29
NON-CURRENT LIABILITIES	**112**	**143**
Current debt	6	18
Current liabilities	1,512	1,384
Overdrafts and short-term bank borrowings	285	137
Financial instruments – Hedging of debt		
CURRENT LIABILITIES	**1,803**	**1,539**
Liabilities related to held-for-sale operations		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,523**	**2,279**
NET DEBT(-)/NET SURPLUS CASH(+)	**(238)**	**(86)**

Condensed income statement

€ million	2018	2017 restated
SALES	**2,628**	**2,749**
Net depreciation and amortisation expense	(10)	(12)
Net charges to provisions and impairment losses	2	(19)
Other income and expenses	(2,432)	(2,500)
CURRENT OPERATING PROFIT	**188**	**218** [a]
Other operating income and expenses		
OPERATING PROFIT	**188**	**218**
Cost of net debt	(2)	(2)
Other financial income and expenses	(13)	(17)
Income tax expense	(79)	(65)
Share of net profits/losses of joint-ventures and associates	47	(6)
NET PROFIT	**141**	**128**
Net profit attributable to non-controlling interests	3	2
NET PROFIT ATTRIBUTABLE TO THE GROUP	**138**	**126**

(a) Including capital gain of €28 million on the sale of 50% of Nextdoor and remeasurement of the residual interest.

KEY FIGURES

at 31 December 2018

–

Employees

1,969

–

Sales

€2,628m (-4%)

–

Current operating margin

7.2% (-0.7 points; +0.3 points excluding Nextdoor[a])

–

Net profit attributable to the Group

€138m (+10%)

–

Backlog

€2.5bn (-9%; -9% at constant exchange rates)

(a) Excluding capital gain of €28 million in 2017 on the sale of 50% of Nextdoor and remeasurement of the residual interest.

2

HIGHLIGHTS

RESIDENTIAL PROPERTY

- Foundation stone laid at "D'une Rive à l'Autre", a residential complex in Neuilly-sur-Seine
- Roll-out of the Flexom and "Entre Voisins" connected homes offers

URBAN DEVELOPMENT

- "Invent the Grand Paris metropolitan area"[a]: UrbanEra wins the contract to develop the Charenton-Bercy site
- Inauguration of Prism', the new head office of Colas, in Paris
- Inauguration of ICI Marseille, a collaborative & socially responsible makerspace

COMMERCIAL PROPERTY

- Foundation stone laid at the Ikea Saint-Isidore mixed development project in Nice

(a) Europe's largest call for tenders in the field of property development, urban planning and architecture.

2.1.3.1 Profile

Growth strategy

Bouygues Immobilier is consolidating its position as an urban developer/operator, basing its future growth on three strategic priorities.

A premium, use-centred customer experience

A successful customer experience is central to Bouygues Immobilier's strategy, driven by three concerns:

- **a reinvigorated purchasing process:** the purchasing process for residential properties was fully overhauled with the roll-out of a new "BI Store" sales space concept featuring a warm and friendly atmosphere designed to help customers better buy into their home acquisition project and forge strong links with them. In 2018, Bouygues Immobilier introduced a customer relationship management (CRM) system – a digital platform that allows customers to choose customised services, fixtures and fittings, and measures their satisfaction once they have settled into their new home;
- **personalised homes with built-in modularity and innovation:** launched in 2016, the Flexom service package for connected and smart homes is integrated into 13,000 properties, 4,000 of which were handed over in 2018. In 2018, Bouygues Immobilier also launched "Entre Voisins", a social media app that helps to create a friendly atmosphere in apartment buildings by encouraging residents to exchange services. Bouygues Immobilier has also speeded up the digitisation of its customer experience, introducing a number of innovations including a 3D immersive visit of a show apartment that enables customers to choose their options early in the process and a configurator that shows the price and dimensions of their chosen options;
- **workplaces adapted to new approaches:** Bouygues Immobilier is responding to the new challenges of the changing workplace (reversibility, well-being in the workplace, control over energy use and coworking) with its three commercial property packages; Green Office, Rehagreen and Nextdoor. Its strategy is to:
  - maintain its leading position in the positive-energy segment with Green Office. Nearly ten years after the launch of the Green Office positive-energy office building [a] concept, some 20 Green Office projects had been handed over or were under construction in 2018, including the new Colas headquarters building in Paris, handed over in July;
  - expand its Rehagreen® office rehabilitation activity in a sector with increasingly obsolescent buildings;
  - become a European leader in the coworking segment with Nextdoor, by opening over 50 sites by 2022 (11 Nextdoor sites were already in use in 2018).

Sustainable development: from single buildings to neighbourhoods

In 2011, Bouygues Immobilier created UrbanEra, a division dedicated to the design of sustainable and mixed-use neighbourhoods. The aim is to design mixed-use neighbourhoods with a cohesive identity and to create value for all those involved, whether residents, not-for-profit organisations, employees, entrepreneurs, investors, local authorities, local politicians or development agencies. Several neighbourhoods had already been completed by the end of 2018, such as Ginko, Fort d'Issy and Font-Pré, inaugurated in Toulon in April 2017. Several more are being developed, such as Cœur Université in Nanterre, Eureka Confluence in Lyon, Etoile in Annemasse and Les Fabriques in Marseille.

In early 2018, UrbanEra was selected to develop the Charenton-Bercy project, on the eastern edge of Paris, through the call for bids called "Invent the Grand Paris metropolitan area" [b]. The ambitious 360,000-m^2 development designed by the urban planning and architecture firms Ateliers 2/3/4/ and SOM will breathe new life into the urban brownfield site and boost its economic, urban, residential and cultural appeal. Features will include a 180-metre tall 'green' high-rise building and a business hub dedicated to virtual technologies such as video games and medical imaging.

A company being transformed

Digitisation is transforming the property development business and is now central to new uses. Bouygues Immobilier was quick to understand the far-reaching implications of these changes and aims to constantly stay ahead of the curve.

Bouygues Immobilier is continuing to implement the collaborative BIM (Building Information Modelling) [c] process with the aim of integrating BIM into the design and production of all its developments by 2021.

Having created Bird, a subsidiary that invests in start-ups specialising in property development, in 2015, Bouygues Immobilier has since acquired stakes in eight innovative new businesses.

In 2018, Bouygues Immobilier also set up a Partnerships and Services division to expand the company's urban, B2B and B2C services such as residences for senior citizens (Les Jardins d'Arcadie), coworking spaces (Nextdoor), guaranteed building charges (Aveltys) and smart grids (Embix).

In 2018, Bouygues Immobilier also opened Valorissimo, a digital platform that enables financial advisors to reserve residential properties directly with other developers, with the aim of becoming one of the leading platforms on the market.

Strengths and assets

Bouygues Immobilier enjoys several competitive advantages in a slightly shrinking market:

- **extensive geographical coverage:** the company has 39 branches in France, which keep it close to customers and strengthen its ties with local stakeholders;

(a) A building which, in operation, produces more energy than it consumes.
(b) Europe's largest international call for tenders in the field of property development, urban planning and architecture.
(c) Digital modelling and management of the data involved in order to design, build and operate buildings more quickly and efficiently. Using augmented and virtual reality functions, BIM helps to anticipate the requirements inherent in new buildings. Its logistics features make it easier to start up a worksite and operate it throughout the construction process, in compliance with a sustainable construction approach. It has been proven in several depollution and deconstruction projects (see Chapter 3 of this document).

- **a wide and diversified range of residential products and services,** including affordable and intermediate housing for owner-occupiers, buy-to-let properties, student and senior citizen accommodation, single-family homes, etc.;
- **a perfect match between the new expectations of business customers and its commercial property products,** such as turnkey buildings, Green Office positive-energy buildings, Rehagreen[a] office building rehabilitation, and Nextdoor innovative, flexible and collaborative workspaces;
- **acknowledged expertise in sustainable neighbourhoods:** with UrbanEra, Bouygues Immobilier supports local authorities with their development projects over the long term, offering a wide range of services to improve quality of life for residents;
- **a proactive open innovation policy,** including organised identification of start-ups, intrapreneurship, co-development of operational projects and equity interests in start-ups specialising in property development via Bird, an investment subsidiary;
- **a robust business model** that gives priority to risk management and guarantees a healthy financial structure for the company.

Market position

With a market share of 9.7% [b], Bouygues Immobilier is one of France's leading residential property developers, behind Nexity but ahead of its other main rivals such as Alterea Cogedim, Kaufman & Broad, and Icade. A benchmark player in the commercial property segment, Bouygues Immobilier differentiates itself from its main competitors (BNP Paribas Immobilier, Sogeprom, Nexity and Alterea Cogedim) by offering innovative environmental products (Green Office and Rehagreen) and by positioning itself as a pioneer in new ways of working (Nextdoor). At neighbourhood level, Bouygues Immobilier has confirmed its leading position in sustainable urban development with its UrbanEra service package.

2.1.3.2 Business activity in 2018

In 2018, the amount of Bouygues Immobilier's reservations stood at €2,614 million, down 15% versus 2017. The backlog at end-December 2018 stood at €2,478 million, down 9% year-on-year. Reservations in France represented 96% of the order book at end-December 2018.

In this context, Bouygues Immobilier generated sales of €2,628 million, 4% less than in the previous year.

Residential property sales amounted to €2,364 million, down 2% on 2017, and commercial property sales to €264 million, down 22% on 2017 due to the postponement of some developments to 2019.

Current operating profit amounted to €188 million. It represented 7.2% of sales, versus 7.9% in 2017 (6.9% excluding the capital gain on Nextdoor in 2017).

Net profit attributable to the Group amounted to €138 million, up 10% year-on-year.

Shareholders' equity stood at €608 million.

Bouygues Immobilier had net debt of €238 million at 31 December 2018.

Developments in Bouygues Immobilier's markets and activities

Residential property

A DECLINE IN RESERVATIONS

The French residential property market contracted by around 2% in 2018, with 127,964 housing units sold compared with 130,074 in 2017. The decline, which mostly concerned private investors acquiring buy-to-let properties, was confirmed over the year despite:

- the extension for another four years of Pinel buy-to-let incentives in areas around major cities where rental housing is scarce;
- the zero-interest loan programme, adjusted in 2016 and extended for four years in areas where the pressure on housing is high and for two years in areas where it is not. However, the maximum share of the transaction cost covered by the zero-interest loan was reduced from 40% to 20% where the loan is intended to finance the purchase or construction of new housing in low-pressure areas;
- still highly attractive mortgage interest rates.

In this slightly declining market, Bouygues Immobilier took reservations for 13,449 residential property units in 2018, a decrease of 12% versus 2017, equating to €2,337 million (down 11% year-on-year).

In France, this figure was 12,467 units in 2018, down 11% mainly due to a lack of supply, especially in the first half of the year. Block reservations declined significantly, from 4,410 in 2017 to 3,490 in 2018, a fall of 21%. Unit reservations fell 7%, from 9,669 in 2017 to 8,977 in 2018.

DIVERSIFICATION AND PRODUCT CUSTOMISATION

Bouygues Immobilier constantly diversifies its property portfolio and offers several types of multi-unit housing (for owner-occupiers or buy-to-let investors, at below market prices, intermediate and social housing), as well as single-family houses and serviced residences for senior citizens and students. Among the highlights of 2018, Bouygues Immobilier inaugurated the Kley student halls of residence in Marseille (340 rooms from the conversion of an office property), which is helping in the regeneration of an entire district. Font-Pré, with its 10,000 m^2 of green spaces, modular housing units, a Les Jardins d'Arcadie senior citizens residence, shops and local services, is the first neighbourhood in Toulon to factor in environmental, social and societal concerns by ensuring that innovation serves the interests of residents. Follement Gerland, a 650-unit development in Lyon handed over in 2018, is a benchmark for services and events, encouraging residents to meet and share through features such as a recycling facility and a bed-and breakfast service.

Commercial property

GREEN PROPERTY AND NEW WORKSPACES: A WINNING STRATEGY

Despite the French economy picking up again and business confidence returning, in 2018 the commercial property market in the Paris region fell by 5% in comparison with 2017, with 2.5 million m^2 taken up. After growing in the first and second quarters (up 7% vs Q1 2017 and up 32% vs Q2 2017), it contracted in the third and fourth quarters (down 18% vs Q3 2017 and down 27% vs Q4 2017) (source: Immostat).

(a) Based on a comprehensive multi-criteria assessment of the building, covering technical, energy, planning, regulatory, commercial and other aspects, the purpose of the Rehagreen service is to identify and implement the rehabilitation scenario which most precisely meets the owner's enhancement objectives and the demands of the commercial property market, while respecting the building's architectural heritage.

(b) Source: ECLN (new housing survey) – Data from developers (February 2019).

The investment market in the Paris region ended 2018 on a high note, with over €10 billion invested in the fourth quarter. As a result of this record final quarter, the amount invested in the Paris region in 2018 reached a new record level of €23.1 billion, 19% more than in 2017 (source: JLL).

The value of commercial property (office and retail space) reservations fell 35% year-on-year to €277 million, due to the postponement of some developments to 2019.

Bouygues Immobilier's commercial property strategy in 2018 focused on the following priorities:

Green Office positive-energy office buildings

Green Office buildings produce more energy than they consume while ensuring maximum comfort for users. Projects completed in 2018 included the En Seine and Vogue Green Office complex in Meudon, a virtuous combination of housing, shops and offices with two Green Office buildings. En Seine will be fitted with 560 m² of solar panels. In 2018, the Enjoy Green Office building in Paris, the largest positive-energy office building (17,400 m²) to be awarded the BBCA low-carbon label, was handed over to AXA. XPole, Schneider Electric's future headquarters in Grenoble, the structural works for which were completed in 2018, will be a 4.0 building, innovative, open and flexible.

Rehabilitation with Rehagreen

Rehagreen enhances the value of existing property assets. Bouygues Immobilier's target over the 2016–2020 period is for Rehagreen rehabilitation projects to account for 35% of its commercial property space in progress or completed.

A flagship example of this approach is SWAYS (Smart ways to work), a convivial and connected smart building in Issy-Les-Moulineaux which aims to make everyday life easier for both the building's users and the Issy-Val de Seine business district as a whole. Offering 42,000 m² of office space, the project will be handed over in late 2020.

Nextdoor coworking spaces

Nextdoor has been in existence for only three years but has already staked out a place for itself, opening ten sites with over 5,000 occupants at the end of 2018.

Sustainable urban development

Since its creation the UrbanEra division, working in tandem with all the other business segments, has overseen the development of more than 1,000,000 m² of new urban projects representing 950,000 m² of living space or 17,000 housing units.

NANTERRE CŒUR UNIVERSITÉ DISTRICT

In 2017, UrbanEra acquired the land for the last two phases of the Nanterre Cœur Université development. Nearly 500 housing units will be handed over between 2019 and 2020, together with two Green Office buildings, shops, a cinema and a public car park with around 700 spaces. Nanterre Cœur Université will be one of the first neighbourhoods in France to be awarded the BiodiverCity[a] Aménagement label.

CŒUR GINKO IN BORDEAUX

The fourth phase of Ginko is now under way. A mixed-use complex is due to be handed over in early 2020, comprising a 1,500-space underground car park and a 25,000-m² retail centre over which 699 residential units will be built, including short-stay business apartments. The fourth phase will comprise 25 buildings in all.

CHARENTON-BERCY

In 2018, through the call for bids called "Invent the Grand Paris metropolitan Area", UrbanEra was selected to develop the 360,000-m² Charenton-Bercy project in the east of Paris. Ambitious in terms not only of economic and residential development but also of architectural and environmental design, its identity will be strongly marked by a 180-metre "green" high-rise building and a cluster dedicated to virtual worlds. Work is due to start in 2021, with the first buildings being handed over in 2024.

ANNEMASSE

The Etoile Annemasse-Genève mixed-use development zone is a 19-hectare eco-neighbourhood project initiated by the Annemasse metropolitan authority. Located in the heart of the Genevois conurbation spanning the border between France and Switzerland, it is being developed by UrbanEra in the municipalities of Ambilly, Annemasse and Ville-la-Grand. The arrival of the Léman Express (a Franco-Swiss rapid transit system) in December 2019 will offer exceptional conditions of access to the centre of Annemasse, Geneva airport and the new mixed-use neighbourhood, which covers around 165,000 m².

LES FABRIQUES IN MARSEILLE

2018 saw the inauguration of Europe's largest collaborative & socially responsible makerspace in Europe, in the heart of the future Les Fabriques eco-neighbourhood in Marseille. The 3,500-m² space is made available to ICI Marseille by UrbanEra and Linkcity, the project's operators, to house a community of artisans, artists, designers and entrepreneurs. Aiming to promote sharing and foster skills in a friendly atmosphere, the space offers makers shared workshops that combine cutting-edge equipment (3D printers, laser cutters, etc.) with traditional tools.

International

Bouygues Immobilier's international business remained strong in 2018 with the reservation of nearly 1,000 residential properties. In Poland, in a thriving market sustained by full employment and increased purchasing power, Bouygues Immobilier consolidated its position as a nationwide benchmark property developer. After Warsaw, Wrocław and Krakow, a fourth branch was opened in Poznan in 2018.

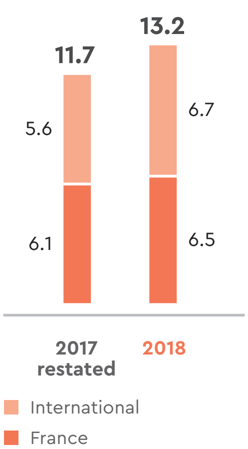
(a) The first international label that indicates biodiversity has been factored into property development construction and renovation projects.

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

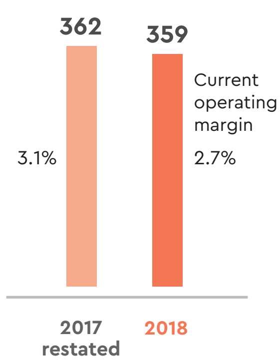
Colas is a world leader in transport infrastructure construction and maintenance, promoting infrastructure solutions for responsible mobility. It has three main activities: roads, its core business, construction materials and railways, and is also present in road safety/signalling and networks. Much of its business is local and of a recurrent nature.

Key figures

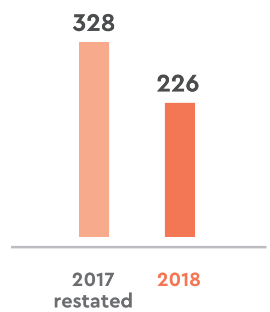
Sales
€ billion



Current operating profit
€ million

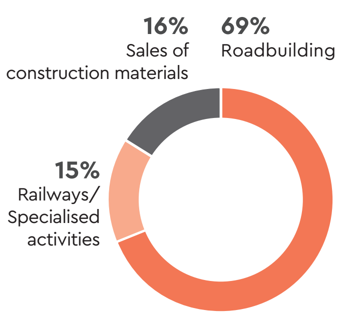


Net profit attributable to the Group
€ millions

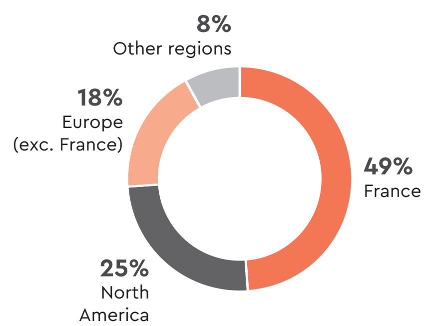


Backlog
€ billion, at end-December

Sales by business line



Sales by region



Condensed balance sheet

Assets

at 31 December, € million	2018	2017 restated
Property, plant and equipment and intangible assets	2,832	2,491
Goodwill	674	512
Non-current financial assets and taxes	731	747
NON-CURRENT ASSETS	**4,237**	**3,750**
Current assets	4,598	4,168
Cash and cash equivalents	563	680
Financial instruments – Hedging of debt	11	14
CURRENT ASSETS	**5,172**	**4,862**
Held-for-sale assets and operations	331	
TOTAL ASSETS	**9,740**	**8,612**

Liabilities and shareholders' equity

at 31 December, € million	2018	2017 restated
Shareholders' equity attributable to the Group	2,790	2,797
Non-controlling interests	29	30
SHAREHOLDERS' EQUITY	**2,819**	**2,827**
Non-current debt	533	126
Non-current provisions	804	884
Other non-current liabilities and taxes	124	60
NON-CURRENT LIABILITIES	**1,461**	**1,070**
Current debt	58	40
Current liabilities	4,577	4,580
Overdrafts and short-term bank borrowings	488	80
Financial instruments – Hedging of debt	12	15
CURRENT LIABILITIES	**5,135**	**4,715**
Liabilities related to held-for-sale operations	325	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**9,740**	**8,612**
NET DEBT (-)/NET SURPLUS CASH(+)	**(517)**	**433**

Condensed income statement

€ million	2018	2017 restated
SALES	**13,190**	**11,705**
Net depreciation and amortisation expense	(461)	(407)
Net charges to provisions and impairment losses	(100)	(88)
Other income and expenses	(12,270)	(10,848)
CURRENT OPERATING PROFIT	**359**	**362**
Other operating income and expenses	(31)	(5)
OPERATING PROFIT	**328**	**357**
Cost of net debt	(31)	(14)
Other financial income and expense	(2)	1
Income tax expense	(96)	(75)
Share of net profits/losses of joint-ventures and associates	28	61
NET PROFIT	**227**	**330**
Net profit attributable to non-controlling interests	1	2
NET PROFIT ATTRIBUTABLE TO THE GROUP	**226**	**328**

KEY FIGURES

at 31 December 2018

–
Employees

57,997

–
Sales

€13,190m (+13%)

–
Current operating margin

2.7% (-0.4 points)

–
Net attributable profit to the Group

€226m (-31%)

–
Backlog

€8.5bn €(+12%; +2% at constant exchange rates and excluding Miller McAsphalt group and Alpiq catenary activity)

HIGHLIGHTS

MAJOR CONTRACT GAINS

- Liège tramway PPP (Belgium)
- Track and catenary for Line 15 South (East sector) of the Grand Paris Express rapid transport link
- Resurfacing of Highways 401 and 404 in Canada
- Resurfacing of roads in Alaska, US
- Tramway extensions in Angers (France) and in Birmingham (UK)
- Rehabilitation of runway 3 at Orly airport (France)

MAJOR PROJECTS UNDER CONSTRUCTION

- Construction and maintenance of the Southwest Calgary Ring Road in Alberta, Canada
- Three sections of the M25 and M30 motorways in Hungary
- Antananarivo and Nosy Be airports in Madagascar
- Light rail systems in Hanoi and Jakarta

PROJECTS HANDED OVER

- Highway 47 in Hungary
- Tangiers-Kenitra high-speed rail link in Morocco

ACQUISITIONS

- Miller McAsphalt group in Canada
- Alpiq Engineering Services' railway business in Switzerland, Czech Republic, Italy and the UK

2.1.4.1 Profile

With 800 profit centres and 2,000 materials production units (quarries, emulsion factories, asphalt mix and ready-mix concrete plants, bitumen production units) in over 50 countries around the world, Colas completes more than 85,000 projects every year. In addition, it recovers and recycles waste and deconstruction materials from the construction industry and other sectors for use in its worksites. Colas is one of the world's top five recyclers across all sectors, recycling 15 million tonnes of materials a year.

Activities

Roads

Each year, Colas builds and/or maintains roads and motorways, as well as airport runways, ports, industrial, logistics and commercial hubs, external works and amenities, reserved-lane public transport (bus lanes and tram lines), recreational facilities and environmental projects. It also has a civil engineering activity spanning both small and large projects, and a marginal building activity.

Construction materials

Upstream of roadbuilding, Colas has a significant presence in the production, sale and recycling of construction materials (aggregates, emulsions, asphalt mixes, ready-mix concrete, bitumen) through an extensive international network of 475 quarries and gravel pits (of which 86 partly-owned by Colas), 150 emulsion plants, 589 asphalt plants, 206 ready-mix concrete plants and one bitumen production plant[a]. Colas also has a significant bitumen distribution activity supplied by 79 bitumen terminals.

Railways

The Railways activity (Colas Rail) comprises the design and engineering of complex, large-scale projects and the construction, renewal and maintenance of rail networks (conventional and high-speed lines, trams and metro systems).

Other activities

Colas is also present in the following activities:

- **Road safety and signalling** (Aximum), which consists in the manufacture, installation and maintenance of road safety equipment, road markings and traffic signs, as well as traffic management and access control equipment;
- **Networks** (Spac), which encompasses the installation and maintenance of large- and small-diameter pipes and pipelines for conveying fluids (oil, gas and water) and for dry networks (electricity, heating and telecommunications).

In February 2019 Colas signed an agreement to sell its waterproofing subsidiary Smac to investment fund OpenGate Capital. The transaction is subject to the authorisation of the competition authorities, particularly in France.

Growth strategies and opportunities

Colas' business development strategy is based on providing worldwide collective expertise in order to drive strong brand and profit growth.

This overall strategy is built on four strategic priorities:

- **promoting industrial activities, especially aggregates and bitumen,** in a socially and environmentally responsible way in order to control the availability and quality of sourced materials and improve competitiveness;
- **enhancing the range of products and services** in two areas: complex, large-scale projects for major public- or private-sector customers, and new and innovative business lines and services focusing on customer demand for responsible mobility;
- **continuing targeted international expansion,** mainly through external growth in low-risk countries, in order to establish and consolidate leading positions on local markets and capitalise on geographical diversification to help spread risk;
- **accelerating digital transformation** in processes, industries and new businesses in order to improve competitiveness and the quality of service provision and offer new services.

Strengths and assets

Colas operates on **markets with long-term growth prospects all over the world,** driven by population growth, urbanisation, substantial infrastructure needs in emerging countries, recurring renewal of existing infrastructure in developed countries, environmental challenges, the spread of new forms of mobility and the digital revolution.

Colas' main strengths are:

- **worldwide collective expertise** drawing on almost 58,000 employees who share a common history and values, especially safety, ethics and respect for the environment, and a strong brand;
- **a capacity for innovation,** backed up by a Campus for Science and Techniques, which designs and develops products and technologies that meet the challenges of the energy transition and new uses; in digital transformation, "Mobility by Colas" is a mobility services activator which is developing a digital offering for new uses and services;
- **vertical integration,** with an international network of 2,000 sites producing and recycling construction materials (aggregates, bitumen emulsions, asphalt mixes, etc.), as well as bitumen plants, which give the company control over the value chain upstream, especially its environmental impacts;

(a) The Kemaman plant in Malaysia.

- **a decentralised organisation** through a network of 800 profit centres around the world staffed by long-standing local teams accustomed to local particularities and used to working on the small upkeep and development projects which account for most of the over 85,000 projects completed each year; a special division, Colas Projects, also supports subsidiaries in the design and construction of major projects;
- **a robust financial structure** and ability to generate cash flow, which enable the Colas group to pursue further growth by continuing to invest in targeted assets.

Market position

- **Roads, mainland France:** Colas is a leading player on a par with Eurovia (Vinci) and Eiffage Travaux Publics (Eiffage group). It is also in competition with large nationwide French firms (NGE, Malet), regional firms (Ramery, Charrier, Pigeon) 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 domestic players or subsidiaries of large international firms.
- **Railways:** Colas' main competitors in France are ETF (Eurovia), TSO (NGE), TGS (Alstom) and Eiffage Rail. In the UK, Colas Rail's main competitors are Balfour Beatty, Babcock, VolkerWessels, Vinci, Skanska, BAM and Ferrovial.
- **Other activities:** its main competitors are Soprema in the waterproofing sector, Signature (Eurovia), Agilis (NGE), AER (Eiffage), Girod and Lacroix in road safety and signalling, and Spiecapag, Sicim, Bonatti, Ponticelli, Endel and Eiffel (Eiffage) for networks.

2.1.4.2 Business activity in 2018

Colas reported sales of €13,190 million in 2018, up 13% on 2017 (up 5% like-for-like and at constant exchange rates). This rise reflects an increase in activity, driven by the acquisition of the Miller McAsphalt group in Canada and good growth in the roads business in mainland France and Europe. Sales rose 6% in France and 20% on international markets (up 5% like-for-like and at constant exchange rates). International sales amounted to €6,730 million, 51% of the total, exceeding sales in France (€6,460 million, 49% of the total) for the first time.

Sales in the roads activity were up 16% (up 7% like-for-like and at constant exchange rates). Sales rose in mainland France, Europe (excluding France), driven by strong growth in both the British Isles and continental Europe, North America due to the integration of the Miller McAsphalt group in Canada, Oceania, French overseas departments and regions, and the Indian Ocean. They fell in Africa. The sales of specialised activities were down slightly by 2% (down 5% like-for-like and at constant exchange rates). Sales fell in Railways (lower sales in France) and Networks, remained stable in Waterproofing and increased in Road Safety and Signalling.

Current operating profit amounted to €359 million, compared with €362 million in 2017, a reduction of €3 million. The improvement in current operating profit in the roads activity in mainland France and the contribution of the Miller McAsphalt group was offset by a weaker performance by existing subsidiaries in North America, mainly due to poor weather on the east coast of the United States and markets under pressure in certain States and provinces. The decline in current operating profit in Railways and other specialised activities was primarily caused by Colas Rail's difficulties in its activities in France. The current operating margin was 2.7% in 2018 versus 3.1% in 2017.

Non-current operating charges amounted to €31 million in 2018, mainly related to the dismantling of the Dunkirk refinery and the one-off year-end bonus, versus €5 million in 2017 related to preliminary works for the dismantling of the Dunkirk site.

Operating profit therefore amounted to €328 million versus €357 million in 2017, down €29 million.

The cost of net debt rose by €17 million to €31 million mainly due to the acquisition of the Miller McAsphalt group.

Income tax in 2018 came to €96 million versus €75 million in 2017, an increase of €21 million. The tax charge in 2017 benefited from tax reforms in the United States and the partial resolution of a dispute with the tax authorities in Canada.

The contribution of joint ventures and associates amounted to €28 million, compared with €61 million in 2017. The €33-million decline was mainly due to a fall in the contribution of Tipco Asphalt caused by difficulties sourcing crude oil in the early part of the year and lower output from the Kemaman refinery in Malaysia.

Net profit attributable to the Group amounted to €226 million in 2018, down €102 million versus 2017.

Net cash flow came to €665 million, down €10 million versus 2017. Free cash flow improved by €57 million to €377 million.

Net cash used in fixed assets fell by €43 million year-on-year to €300 million in 2018. While gross capital expenditure increased by €19 million to €462 million, disposals increased by €86 million to €174 million in 2018. Disposals in 2018 included the sale and leaseback at Colas Rail of 67 locomotives in France and the UK.

2018 was a record year for net cash used in financial assets, with a total of €720 million versus €79 million in 2017. The two main transactions of the year were Colas Canada's acquisition of the Miller McAsphalt group for €555 million and Colas Rail's acquisition of Alpiq Engineering Services' rail activities for €118 million.

Shareholders' equity remained stable at €2.8 billion at year-end; net debt at end-December 2018 was €517 million compared to net surplus cash of €433 million at end-December 2017.

Roads
(2018 sales: €11,177 million)

Sales were 16% higher than in 2017 (up 7% like-for-like and at constant exchange rates).

Roads mainland France (2018 sales: €4,731 million)

Sales in 2018 were up 10% versus 2017, in line with growth in the market. Subsidiaries put in a satisfactory performance in terms of activity despite many disrupting factors such as bad weather, high bitumen prices and sourcing difficulties, strikes and demonstrations. Municipalities continued to launch new projects such as trams (Angers, Saint-Etienne, technopole Sofia Antipolis, etc.) and bus rapid transit (BRT) corridors (Cannes, Saint-Brieuc, etc.). Activity was also boosted by a motorway upgrade plan and the Grand Paris Express rapid transport project (metro Line 16, T4 tram line). This was complemented by a slight upturn in private investment. Diversification by subsidiaries into areas such as works for private individuals under the specific "Colas & Vous" brand name, depollution, trading in civil works products, recycling and elimination of construction waste also helped to boost sales.

Roads Europe (2018 sales: €1,840 million)

Sales were 15% higher than in 2017 (up 14% like-for-like and at constant exchange rates).

In the **British Isles,** sales were up 16% versus 2017 (up 17% like-for-like and at constant exchange rates). Higher activity in the **UK** was driven by the many capital spending plans launched by the UK government, despite a fiercely competitive environment. The integration of Allied Infrastructure Management Ltd, an airport maintenance and service provider, continued satisfactorily. Activity in **Ireland** rose in a favourable economic environment.

Sales also rose in **Continental Europe** (up 14%, and up 13% like-for-like and at constant exchange rates). Activity was sustained by major road and motorway projects in **Central Europe** financed by EU funds under the 2017-2020 plan. In **Hungary,** major road and motorway projects awarded in 2017 (M25, M30 and M70) are under construction. In the **Czech Republic,** the contracts to widen and strengthen the D1 motorway are being carried out. Activity held up well in **Poland,** was strong in **Iceland,** increased in **Belgium,** stabilised in **Switzerland** and declined in **Denmark.**

Roads North America (2018 sales: €3,341 million)

Sales were up 32% versus 2017 (down 1% like-for-like and at constant exchange rates).

In the **United States,** where federal investment is supplemented by initiatives financed by individual States, sales were up slightly by 1% versus 2017 like-for-like and at constant exchange rates, factoring in higher prices for oil products, especially bitumen. Activity was hard hit by poor weather, especially on the east coast, and by tight market conditions in certain States. The roadworks and materials production companies SERB, in Alaska, and ASA Asphalt, in Missouri, were acquired.

In **Canada,** where the economy slowed slightly after a year of recovery, the market was broadly stable and fiercely competitive. The level of roadbuilding activity differed across the country, rising in Quebec and British Columbia, stable in Ontario and falling in Alberta and Saskatchewan. The bitumen distribution business benefited from a favourable market in the east of the country (Ontario and Quebec), but conditions were tougher in the west. The sharp rise in Colas Canada's sales versus 2017 (up 89%) was due to the major contribution made by the road construction company Miller and the bitumen distribution company McAsphalt. The acquisition, completed on 28 February 2018, expands Colas Canada's geographical coverage by strengthening its presence in Ontario and considerably increasing its bitumen storage capacity across Canada. The integration of Miller and McAsphalt is making good progress.

2

Roads "Rest of the world" (2018 sales: € 1,265 million)

Sales were up 4% versus 2017 (up 8% like-for-like and at constant exchange rates):

- sales increased 14% like-for-like and at constant exchange rates in the **French overseas departments** and **regions** and in the **Indian Ocean.** Activity remained at a generally low level in the **Caribbean-French Guiana** zone, where Martinique in particular was hit by the suspension of investment in new-build and maintenance projects. On **Reunion Island,** against a background of economic difficulty and social unrest at the end of the year and in a market under pressure, activity remained stable in the traditional public works, civil engineering and building business, while construction work continued on the elevated sections of the New Coastal Road. Activity rose sharply in **Madagascar,** driven by construction work and resurfacing of runways at Antananarivo and Nosy Be airports and by private building projects.
- in **Africa** and the **Middle East,** sales were down 13% like-for-like and at constant exchange rates. The subsidiary in **Morocco** maintained its market share in a fiercely competitive market. In **West and Central Africa,** the level of activity differed from one country to another: work started on projects in **Ivory Coast,** other projects were completed in **Gabon** and in **Guinea,** while activity was dormant in **Benin** and **Togo.** Activity in **Southern and Eastern Africa,** centred on the manufacture and sale of emulsions, fell sharply against a background of political and economic uncertainty in **South Africa.** In the **Middle East (United Arab Emirates, Oman** and **Qatar**), where subsidiaries are consolidated by the equity method, activity likewise fell sharply in a particularly difficult political and economic environment.
- sales rose 20% in **Asia, Australia** and **New Caledonia.** In Asia, the activity of the subsidiary Tipco, which is focused on the production, distribution and sale of bitumen products, is consolidated using the equity method. Activity in **Australia** (roadworks and the sale of bitumen and emulsions) held up well in a favourable economic environment.

Railways and other Specialised activities
(2018 sales: €1,989 million)

Sales by Railways and other Specialised activities were 2% lower than in 2017 (down 5% like-for-like and at constant exchange rates).

- **Railways:** sales were €911 million, down slightly by 3% (down 9% like-for-like and at constant exchange rates), with international markets accounting for nearly two-thirds of the total. Sales fell in France, mainly because of strikes at French railway operator SNCF on the tracklaying and freight activities. The metro and tram activity was boosted by ongoing work on a number of projects in Paris and the Paris region, Bordeaux and Rennes among others, offsetting the fall in activity due to the completion of high-speed rail projects. A number of metro and tram contracts were won. The level of activity in the UK was high on a still-strong railway market. Lundy Projects, a specialist in catenary systems, joined Colas Rail UK as part of the acquisition of Alpiq Engineering Services' railway activities in July 2018.

In the rest of the world, sales fell back slightly (excluding the integration of recently acquired subsidiaries). Activity fell in the Middle East/Africa zone following completion of the Tangiers-Kenitra high-speed rail link, and in South America due to the halting of the Caracas metro project and completion of Line 3 of the Santiago metro in Chile. It rose in Asia as work continued on Line 3 of the Hanoi metro and started on the Jakarta MRT project. In Continental Europe, activity remained stable in Belgium, where the Liège tram PPP project was awarded, and rose in Poland and Serbia.

Lastly, three rail businesses joined Colas Rail (Kummler Matter in Switzerland, Elektroline in the Czech Republic and Alpiq EnerTrans S.p.A. in Italy) as part of the acquisition of Alpiq Engineering Services' railway activities.

- **Waterproofing:** sales were stable at €561 million as the building market in mainland France picked up again;
- **Road safety and signalling:** sales amounted to €318 million, an increase of 5% versus 2017, on markets that seem to have stabilised but remain highly competitive due to overcapacity in the industry;
- **Networks:** sales amounted to €199 million, 14% lower than in 2017, when activity was boosted by two major gas pipeline projects in France.

2.1.5 Outlook for the construction businesses

Bouygues Construction

In a market offering many opportunities, Bouygues Construction enjoys good visibility, backed up by:

- **orders at 31 December 2018 to be executed in 2019** worth €9.9 billion;
- **sustained international activity** in places with bright economic prospects such as Australia, Singapore, Canada and Switzerland, which are highly rated by the NGO Transparency International, strengthened by the integration of Alpiq InTec in Switzerland, Kraftanlagen München in Germany and AW Edwards in Australia;
- **a medium/long-term backlog** (two years and more) worth €12.3 billion at 31 December 2018;
- **a sound financial structure,** backed up by a net surplus cash of €3.1 billion;
- **a lead in sustainable construction,** to which the company devotes much of its R&D budget;
- **a strong commitment to shared innovation** for the benefit of customers.

Tight control over the execution of major projects, a selective approach to orders and innovation will continue to be central priorities for Bouygues Construction in 2019, together with protecting the health and safety of employees and project partners.

Bouygues Immobilier

In a residential property market expected to contract to around 122,000 units, Bouygues Immobilier intends to take advantage of a land bank strengthened in 2018 to consolidate its market share and step up the diversification of its product offering.

The commercial property market is likely to remain buoyant in 2019 and Bouygues Immobilier expects to significantly increase its order intake.

Colas

Long-term growth prospects on the markets where Colas operates are good. There are substantial infrastructure construction and maintenance needs in both developed and emerging countries.

In **mainland France,** growth in civil works is likely to continue, albeit at a slower pace than in 2018. Activity will be boosted by investment plans for transport and a favourable environment in the run-up to municipal elections.

In **Europe,** the roads and rail businesses will continue to benefit from European infrastructure plans, with continued strong growth in Central Europe and major infrastructure projects in the United Kingdom.

In **North America,** the situation is likely to be mixed. In the United States, uncertainties over funding remain despite an upbeat economy and substantial needs. In Canada, the situation is likely to vary from one province to another. Some have major investment plans while others are dependent on oil prices.

In the **Rest of the World,** many opportunities exist, with fast-growing zones such as Australia, ongoing developments in Latin America and many major projects, especially in the railway sector.

In the Rail business, where the market environment is broadly favourable, Colas Rail should return to growth, especially on international markets. Measures to restore profitability will continue to be taken in 2019.

In Waterproofing, an agreement to sell Smac has been concluded with the investment fund OpenGate Capital. Completion of the sale is subject to the approval of merger control authorities, especially in France. The disposal will reduce Colas' revenues by around €600 million, without any significant impact on operating profit.

Current operating profit is expected to improve due to upbeat markets and a return to profitability at Colas Rail.

Following the acquisition of Miller McAsphalt group and Alpiq catenary activity in 2018, Colas continues to grow its core businesses: roads, materials and railways.

The group is continuing its transformation, through digital technologies in particular, and continues to innovate to assert its leadership in the service of sustainable mobility.

2.2 TF1, THE LEADING PRIVATE TELEVISION GROUP IN FRANCE

2.2.1 Profile

TF1 is a leading integrated group, from production through to distribution, that creates media, entertainment and news content both for the general public and each consumer.

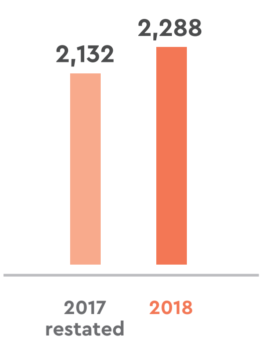
TF1 has strengthened its position across the entire value chain by investing in new growth areas: in TV production with the acquisition of Newen Studios in 2016 and in digital media with the recent acquisition of the aufeminin group.

2

Key figures

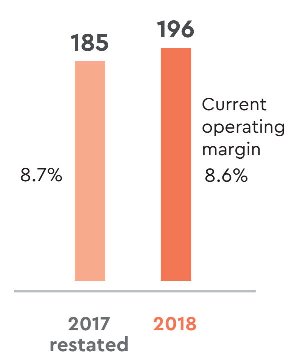
Sales

€ million



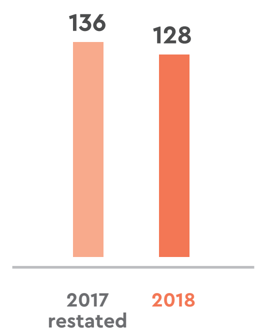
Current operating profit

€ million



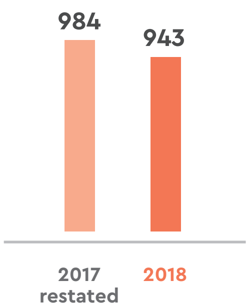
Net profit attributable to the Group

€ million



Cost [a] of programmes at the five unencrypted channels [b]

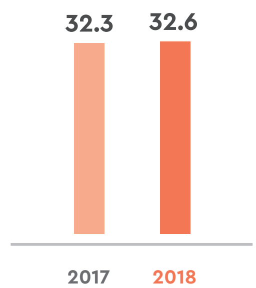
€ million



TF1 group audience share [c]

%

Women under 50 who are purchasing decision makers



(a) Excluding major sporting events.
(b) TF1, TMC, TF1 Séries Films, TFX, LCI.
(c) Source: Médiamétrie, annual average.

Condensed balance sheet

Assets

at 31 December, € million	2018	2017 restated
Property, plant and equipment and intangible assets	479	412
Goodwill	817	580
Non-current financial assets and taxes	61	76
NON-CURRENT ASSETS	**1,357**	**1,068**
Current assets	1,683	1,833
Cash and cash equivalents	117	495
Financial instruments – Hedging of debt		
CURRENT ASSETS	**1,800**	**2,328**
Held-for-sale assets and operations		
TOTAL ASSETS	**3,157**	**3,396**

Liabilities and shareholders' equity

at 31 December, € million	2018	2017 restated
Shareholders' equity attributable to the Group	1,576	1,587
Non-controlling interests	3	
SHAREHOLDERS' EQUITY	**1,579**	**1,587**
Non-current debt	127	232
Non-current provisions	41	39
Other non-current liabilities and taxes	45	40
NON-CURRENT LIABILITIES	**213**	**311**
Current debt	12	6
Current liabilities	1,347	1,492
Overdrafts and short-term bank borrowings	6	
Financial instruments – Hedging of debt		
CURRENT LIABILITIES	**1,365**	**1,498**
Liabilities related to held-for-sale operations		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**3,157**	**3,396**
NET DEBT(-)/NET SURPLUS CASH (+)	**(28)**	**257**

Condensed income statement

€ million	2018	2017 restated
SALES	**2,288**	**2,132**
Net depreciation and amortisation expense	(213)	(173)
Net charges to provisions and impairment losses	(70)	(54)
Other income and expenses	(1,809)	(1,720)
CURRENT OPERATING PROFIT	**196**	**185**
Other operating income and expenses	(22)	(23)
OPERATING PROFIT	**174**	**162**
(Cost of net debt)/Income from net surplus cash	(2)	(2)
Other financial income and expenses	5	7
Income tax expense	(49)	(45)
Share of net profits/losses of joint-ventures and associates		14
NET PROFIT	**128**	**136**
Net profit attributable to non-controlling interests		
NET PROFIT ATTRIBUTABLE TO THE GROUP	**128**	**136**

KEY FIGURES

at 31 December 2018

–
Employees
3,591

–
Sales
€2,288m (+7%)

–
Current operating margin
8.6% (-0.1 points)

–
Net profit attributable to the Group
€128m (-6%)

HIGHLIGHTS

RATINGS

- 91 of the 100 best TV audience ratings of 2018 [a] were scored by the TF1 channel
- Success of the Soccer World Cup

DISTRIBUTION

- Agreement signed with telecoms operators and Canal+ for the distribution of TF1 group channels content and services
- Alliance between TF1, France Télévisions and M6 to create Salto [b], a French OTT platform with a unique content offering

TV PRODUCTION

- Newen Studios now wholly-owned by TF1. Continued expansion in production (acquisition of stakes in Pupkin in the Netherlands and in Nimbus in Denmark)

DIGITAL

- Acquisition of aufeminin group (aufeminin, Marmiton, My Little Paris, Livingly Media, etc.)
- Acquisition of Doctissimo
- Acquisition of a majority stake in Gamned! [c]

(a) Source: Médiamat by Médiamétrie.
(b) Subject to the authorisation of the competent authorities. Over the top (OTT) – a service consisting of the direct distribution of content via the internet without the participation of operators or their home gateways.
(c) An independent programmatic media-purchasing platform playing a pioneering role in real-time digital campaigns.

2.2.1.1 Growth strategy and opportunities

Pursuing the transformation of the unencrypted TV model

The TF1 group provides a unique range of unencrypted and pay-TV content and services responding to new viewer behaviour.

Television remains the most consumed media in France with a viewing time of 3 hours and 36 minutes per day[a]. It is the leading platform for the consumption of video content[b], with 86% of video viewing time spent watching TV shows, regardless of the screen. For 15–24-year-olds, this share is nearly 60% of viewing time, underlining their strong appetite for TV content. While linear content continues to account for most consumption, non-linear content is growing significantly.

In an increasingly competitive environment, the TF1 group's five unencrypted channels[c] remain as popular as ever, with 46 million French people watching them every week (equating to 80% of households with a television)[d]. This large audience share results from the group's expertise in understanding viewer expectations and its ability to offer high-quality content at the right time and for a broad viewership by adapting to changes in behaviour and new trends.

TF1 monetises this powerful content distribution with advertisers and offers them immediate brand value creation, backed up by the use of new advertising and data technologies. For example, TF1 is preparing for addressable television in which different advertising messages adapted to each television viewer are delivered during the same show.

The TF1 group has also successfully transformed its core business model through:

- the MYTF1 platform;
- the monetisation of its additional content and services with telecom operators and Canal+;
- and, in the future, the OTT platform called Salto[e].

Developing new growth sources from production and digital media

TF1 is also transforming through strong development in the new growth areas of production and digital media, both of which are major value creators. These new sources of growth will enable the group to increase the share of its sales generated by activities other than advertising on the five unencrypted channels.

Production

TF1 is further bolstered by Newen, acquired in 2016, which boasts recognised expertise in all types of content:

- across all genres, from drama to animation, and
- across all ranges, from big-budget productions to controlled-budget productions;

thanks to its pool of independent producers and talents. Newen has also become a major player in production in Europe with the successful launch of new shows on all the incumbent channels. It has also developed original series for new customers including Amazon, Netflix and OCS. The company aims not just to develop in Europe but to become a European leader in drama, as shown by its acquisition of stakes in Tuvalu and, more recently, in Pupkin in the Netherlands and in Nimbus in Denmark.

Newen is a profitable and growing group that aims:

- to produce over 300 hours of drama content in 2019 and
- expand its business volume in the coming three years following two years of strong growth[f].

Digital

The TF1 group has created a new digital division, called Unify, with a view to:

- providing an additional offer based on web-origin content targeting an internet audience
- strengthening its offering for advertisers to regain value in a growing digital advertising market

The purchase of the aufeminin group has led to the creation of a digital division comprising well-known brands (aufeminin, Marmiton, My Little Paris, Livingly Media, Doctissimo, Gamned!, Vertical Station[g], Studio71, Beauté Test, etc.) focused on strong themes (well-being, lifestyle, cooking, beauty, parenting, etc.) for a targeted audience. With these acquisitions, TF1 now has a business-to-consumer (B2C) offering based on powerful brand communities as well as expertise for advertisers with which TF1 can form a direct and "disintermediated" relationship.

Through the unique proprietary technology developed by Livingly Media in the US, the TF1 group has gained a tool for marketing digital inventories that optimises the advertising campaign performances of its customers.

To support the organic growth of the Digital and Production divisions, TF1 has announced an annual external growth investment budget of some €50 million over three years. The new developments in digital media and production enable TF1 to become less dependent on the French television advertising market by developing business activities that provide

- better visibility thanks to longer business cycles,
- greater flexibility thanks to a more variable cost structure.

(a) Source: Médiamétrie – 2018 data. Individuals aged 4 and over.
(b) Source: Médiamétrie 2018 – Estimation based on Médiamat 2018 panels, Global TV, vagues 2018, Médiamétrie Netratings.
(c) TF1, TMC, TFX, TF1 Séries Films, LCI.
(d) Source: Médiamétrie – Médiamat – 2018.
(e) Subject to approval by the competent authorities. Over the top (OTT) – a service consisting of the direct distribution of content via the internet without the participation of operators or their home gateways.
(f) Growth in business activity including that produced for the TF1 group.
(g) Formerly MinuteBuzz.

2.2.1.2 Strengths and assets

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

- a **unique position in the French broadcasting sector** through its five complementary unencrypted TV channels, including TF1, a leading brand in France;
- **large audiences** spanning much of the population;
- **powerful brands** with heightened visibility through many combinations of TV and digital media;
- **unique exposure opportunities** for advertisers across all platforms;
- **recognised expertise** in the production of TV content with Newen and distribution, both in France and Europe;
- an **international digital footprint** through high-potential technologies and expertise in the creation and management of powerful brand communities;
- a **robust financial structure.**

2.2.1.3 Market position

Television

In 2018, daily TV viewing time [a] remained at a high level of 3h 36m for "individuals aged four and over", down six minutes year-on-year. Overall daily TV viewing time, which includes consumption on other screens [b] and outside the home [c], stood at 3h 46m.

In a French DTT market comprising 27 unencrypted channels, the TF1 group airs, in addition to the leading TV channel TF1, a multi-channel offering comprising TMC, TFX, TF1 Séries Films and LCI. It competes with state-owned channels, and private groups such as Métropole Télévision (M6, W9, 6Ter), the Canal+ group (Canal+, C8, CStar, CNews) and Altice (BFM TV, RMC Découverte, RMC Story).

It remains the most powerful private player, with an audience share of 27.6% [d] in 2018 versus 13.3% for its main private-sector rival.

In the advertising market, the TF1 group also competes against the press, radio, web, billboard and cinema media. TF1 Publicité, the TF1 group's advertising sales agency, is also present in the radio and web advertising market and markets advertising inventories in Switzerland and Belgium.

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

To keep pace with the gradual shift in television viewing behaviour (more individual, more screens, non-linear consumption), TF1 has successfully rolled out its MYTF1 platform across all media, including IPTV, PCs, mobile phones and tablets. Its catch-up TV service is used by an average of over 19 million unique visitors [e] a month.

Production

TF1 boasts long-standing presence in TV content through the sales of rights catalogues, its video activity and the coproduction of films.

In response to increasing demand in recent years in the television content market, as well as the concentration of business in the hands of players such as Endemol Shine, Banijay and ITV Studios, the TF1 group has repositioned upstream in the value chain by acquiring the Newen Studios group, wholly-owned since July 2018.

Digital

With the acquisition in first-half 2018 of the aufeminin group, an international player, TF1 has strengthened its position in digital media. It can now draw on powerful web audiences based on highly committed brand communities and unique content for women (aufeminin, Marmiton, My Little Paris, etc.). In addition, in October 2018 TF1 completed the acquisition of Doctissimo, a recognised brand with a substantial community, reinforcing the group's positions with women and in health and well-being. Furthermore, in 2018, TF1 acquired Gamned!, a company specialising in digital advertising space purchasing.

2.2.2 Business activity in 2018

In 2018, TF1 continued its transformation by reshaping the business model of its core business as well as that of its digital media and TV content production and distribution activities.

2.2.2.1 2018 results

Increase in sales and current operating profit

TF1 group posted consolidated sales of €2,288 million in 2018, up 7% on 2017 thanks to:

- growth in advertising sales at the five unencrypted channels due to increased ratings and the premium agreements signed with all the telecoms operators and Canal+;
- the strengthening of TF1's content production and digital activities, with notably the consolidation of the Unify digital division's activities around aufeminin, acquired in May 2018.

The TF1 group posted a current operating profit for 2018 of €196 million, an improvement of €11 million, even though this was a year that saw the broadcasting of the Fifa Russia 2018™ Soccer World Cup (at a cost of €72 million). This performance reflects the success in integrating new revenue streams, but also the ability to optimise profitability by adapting the cost structure.

(a) Live + Timeshifted + Catch-up. Source: Médiamétrie.
(b) PCs, tablets, smartphones.
(c) At parents' or friends' homes, on vacation, in holiday homes, in public places, etc.
(d) Médiamat by Médiamétrie (consolidated 2018 average). Individuals aged 4 and over.
(e) Source: Médiamétrie/NetRatings (2018 average on IPTV).

Including the costs of broadcasting the Fifa World Cup, the current operating margin held steady year-on-year at 8.6%. Excluding World Cup costs, the current operating margin was 11.7% (up 3 points year-on-year).

Group operating profit in 2018 came to €174 million, after factoring in, for the final year, €22 million in non-current charges related to the amortisation of audiovisual rights remeasured as part of the acquisition of Newen Studios.

Net profit attributable to the Group for 2018 was €128 million. After excluding the gain booked in 2017 on the divestment of the equity interest in Groupe AB, net profit rose year-on-year in 2018.

Results by business activity

Following the acquisition of the aufeminin group on 27 April 2018, a new sector breakdown was introduced starting in second-quarter 2018. This mainly concerns the creation of the new digital division Unify grouping the business activities of the aufeminin group, Neweb, Studio71, TF1 Digital Factory, Vertical Station[a], as well as Doctissimo and Gamned!, which were acquired more recently.

Broadcasting

Sales for the Broadcasting sector reached €1,764 million, up €46 million. This increase reflects changes to the sector's business model with the contribution of sales generated by the agreements signed with the telecoms operators and Canal+, alongside growth in advertising sales at the five unencrypted channels (up €17 million, up 1% year-on-year) in line with strong audience ratings for the group's channels.

The cost of programmes of the five unencrypted channels for 2018 increased to €1,014 million, up €30 million year-on-year, and included €72 million of costs for the Soccer World Cup[b]. This confirms the group's ability to optimise its programming cost structure while keeping audiences high.

Current operating profit for the Broadcasting sector was €150 million, up €6.5 million on year-on-year.

Studios and Entertainment

Sales of the Studios and Entertainment sector came to €409 million in 2018, down €6 million year-on-year. Newen Studios business continues to grow. In addition to producing and delivering its leading regular shows, Newen expanded its geographical footprint in Denmark with Nimbus and in the Netherlands with Pupkin and grew its customer base through productions for Netflix and Amazon, among others.

The growth in the production business combined with the good results of TF1 Entertainment, and in particular the PlayTwo music label, failed to offset the downturn in TF1 Studios. The latter was impacted by less positive box-office performances in 2018 and by the fall in physical video and home shopping sales amid declining markets. The TF1 group also announced that it had entered into exclusive negotiations with a view to selling the operational side of Téléshopping (its home shopping activity), in order to refocus on its core businesses.

This sector has also been impacted since second-quarter 2018 by the inclusion of Newen's activities (Neweb) in the new Unify digital division.

The sector posted a current operating profit of €34 million, down €9 million year-on-year. The main impacts were non-recurring charges associated with the buyout of the residual 30% equity interest in Newen at the start of July, and weaker performances from cinema and video.

Digital

The sales of the new Unify digital division totalled €116 million, having notably included the sales of the aufeminin group, which have been consolidated since May 2018.

The sector made a current operating profit of €12 million over the same period, giving a current operating margin of 10.4%, which was impacted by transaction costs related to the aufeminin acquisition.

2

Financial structure

Shareholders' equity attributable to the Group was €1,576 million at 31 December 2018 out of total assets of €3,157 million. Net debt was €27.5 million at 31 December 2018 (versus net cash of €257 million at end December 2017), after taking account of the acquisitions of aufeminin group and of the residual 30% interest in Newen Studios.

In June 2018, Standard & Poor's lifted the outlook on TF1 group's BBB+ credit rating from negative to stable.

2.2.2.2 Business review in 2018

The benchmark television offering in France

TF1 remained the leading[c] private-sector television group in France in 2018, with a combined audience share of 32.6% of women aged under 50 who are purchasing decision-makers (up 0.3 points) and 29.3% of individuals aged 25–49 (up 0.1 points).

TF1

The core TF1 TV channel posted a substantial 22.5% share on this same target audience, the channel's best performance since 2015. It scored 91 of the top 100 audience ratings of 2018 (or 88 excluding the Fifa World Cup). Ratings successes came in all genres: sport with the Soccer World Cup, which pulled in over 19 million viewers for the final; French drama with *Jacqueline Sauvage, It Was Him or Me* (8.8 million viewers); light entertainment with *The Voice* (7.1 million); news with the 16 July 2018 evening bulletin (8.4 million); and US series with *The Good Doctor* (7.9 million).

(a) Company consolidated using the equity method. Formerly MinuteBuzz.
(b) The cost of replacement programmes was €13 million.
(c) Source: Médiamétrie.

DTT channels

The Group's DTT channels (TMC, TFX, TF1 Séries Films, LCI) attracted a combined share of 10.1% of the target women under 50 who are purchasing decision-makers audience, virtually unchanged year-on-year (down 0.1 of a point). TMC remains the most-watched DTT channel, with 24 of the 50 top DTT audience ratings in 2018, including *Burger Quiz* and *Quotidien*. TFX has risen to third place in the DTT rankings for the same target audience, and continues to perform strongly with younger viewers (15 to 24-year-olds) thanks to reality TV shows. TF1 Séries Films recorded the second-highest growth in audience share among women under 50 who are purchasing decision-makers and posted good audiences for the series *The Handmaid's Tale*. Finally, LCI cemented its place as France's No.2 rolling news channel.

Growth in the digital business

The digital business grew strongly owing to an increase in interactivity and advertising sales on MYTF1. Some 1.4 billion TF1 videos were viewed in 2018 on the MYTF1 [a] platform alone, up 9% year on year. This growth was driven by success across all content categories and notably by *Tomorrow is ours*, *The Voice, Good Doctor, Paw Patrol, Quotidien, Fifa™ World Cup Russia 2018,* and *La Villa des Cœurs Brisés.*

2.2.3 Outlook

The group will continue its transformation and is reiterating the following guidance:

In 2019

- Target of double-digit current operating margin.

In 2021

- Sales of at least €250 million from the Unify digital division.
- EBITDA margin of at least 15% from the Unify digital division.
- An improvement in TF1 group's return on capital employed [b] relative to 2018.

Finally, the group is adjusting its objective for the cost of programmes to an average of €990 million, including major sporting events, for the 2019–2020 period, compared with €1,014 million in 2018.

(a) Excluding news content, excluding XTRA content and live sessions. Source: eStat Médiamétrie – AT Internet – Orange.
(b) ROCE = the ratio of [current operating profit – theoretical income tax expense + net profit from associates] for a given year to average capital employed that year and the previous year. Capital employed = shareholders' equity including minority interests + net debt at period-end. The TF1 group's ROCE was 8.8% in 2018.

2.3 BOUYGUES TELECOM, AN OPERATOR AT THE HUB OF ITS CUSTOMERS' DIGITAL LIVES

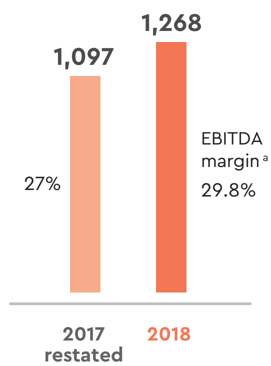
Bouygues Telecom is a major player in the French telecommunications market committed to delivering the best digital experience to as many people as possible.

As internet usage expands at exponential rates and customers place ever-greater importance on the quality of the customer experience in choosing their provider, Bouygues Telecom offers solutions for both consumers and businesses that are simple, seamless and competitively priced. It rolls out very-high-speed digital technologies – 4G, fibre and soon 5G – throughout France.

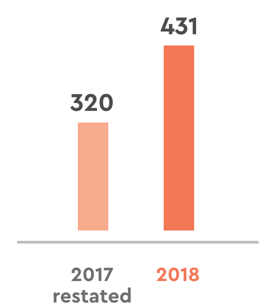
Key figures

Sales
€ million

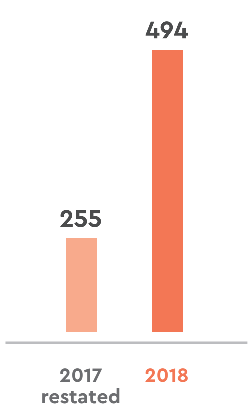
EBITDA
€ million



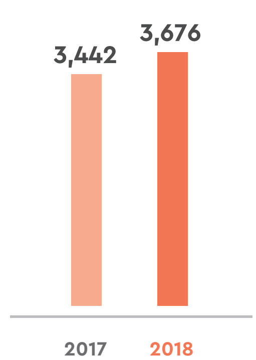
Current operating profit
€ million



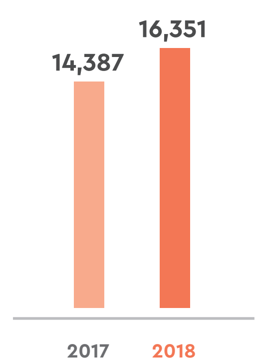
Net profit attributable to the Group
€ million



Fixed customers
'000, at end-December



Mobile customers
'000, at end-December



(a) EBITDA/sales from services.

Condensed balance sheet

Assets

at 31 December, € million	2018	2017 restated
Property, plant and equipment and intangible assets	5,355	5,020
Goodwill	5	5
Non-current financial assets and taxes	9	10
NON-CURRENT ASSETS	**5,369**	**5,035**
Current assets	2,236	2,141
Cash and cash equivalents	44	58
Financial instruments – Hedging of debt		
CURRENT ASSETS	**2,280**	**2,199**
Held-for-sale assets and operations		38
TOTAL ASSETS	**7,649**	**7,272**

Liabilities and shareholders' equity

at 31 December, € million	2018	2017 restated
Shareholders' equity attributable to the Group	3,704	3,270
Non-controlling interests		
SHAREHOLDERS' EQUITY	**3,704**	**3,270**
Non-current debt	1,255	993
Non-current provisions	278	272
Other non-current liabilities and taxes	156	144
NON-CURRENT LIABILITIES	**1,689**	**1,409**
Current debt	62	40
Current liabilities	2,189	2,552
Overdrafts and short-term bank borrowings	4	
Financial instruments – Hedging of debt	1	1
CURRENT LIABILITIES	**2,256**	**2,593**
Liabilities related to held-for-sale operations		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**7,649**	**7,272**
NET DEBT (-)/NET SURPLUS CASH (+)	**(1,278)**	**(976)**

Condensed income statement

€ million	2018	2017 restated
SALES	**5,344**	**5,060**
Net depreciation and amortisation expense	(821)	(782)
Net charges to provisions and impairment losses	(34)	(13)
Other income and expenses	(4,058)	(3,945)
CURRENT OPERATING PROFIT	**431**	**320**
Other operating income and expenses	322	141
OPERATING PROFIT	**753**	**461**
Cost of net debt	(7)	(8)
Other financial income and expenses	(9)	(9)
Income tax charge	(243)	(189)
Share of net profits/losses of joint-ventures and associates		
NET PROFIT	**494**	**255**
Net profit attributable to non-controlling interests		
NET PROFIT ATTRIBUTABLE TO THE GROUP	**494**	**255**

KEY FIGURES

at 31 December 2018

–
Employees
8,029

–
Sales
€5,344m (+6%)

–
EBITDA
€1,268m (+16%)

–
EBITDA margin [a]
29.8% (+2.8 points)

–
Net profit attributable to the Group
€494m (+94%)

(a) EBITDA/sales from services.

HIGHLIGHTS

- Bouygues Telecom ranked No. 1 [a] for mobile voice, text and data service quality in rural zones and No. 2 [a] on average across France
- Announcement of a new Bbox range focused on superior customer service quality and the launch of the "Keep Connected" promise for fixed internet customers
- Strategic retail agreement between Bouygues Telecom and Fnac Darty
- Presentation in Bordeaux of the first 5G pilot site operating in real conditions
- Partnership between Bouygues Telecom, Axione and Mirova
- Bouygues Telecom Entreprises acquires 43.6% of the capital of Keyyo [b] and 100% of Nerim

(a) Source: 2018 survey by Arcep (the French telecoms regulator).
(b) Acquisition of a 43.6% stake in Keyyo on 18 January 2019 and a public tender offer by Bouygues Telecom with a view to holding 100% of Keyyo shares.

2.3.1 Profile

2.3.1.1 Growth strategy and opportunities

With the rapid growth in digital uses, Bouygues Telecom has positioned itself as a dependable operator thanks to the quality of its customer support and its mobile and fixed networks.

Bouygues Telecom is leveraging its key strengths – its 4G network, the excellent value for money of its mobile plans and the commitment of its teams – to roll out a four-pronged strategy.

Deliver the simplest possible customer experience across all channels

Bouygues Telecom has made a sharp customer focus and a simple, seamless experience the pillars of its strategy. This high-quality customer experience is the result of digitized services and a straightforward, efficient purchasing process, backed by the commitment of its 3,800 customer and sales advisers.

A company-wide plan was initiated in 2018 aimed at significantly boosting customer satisfaction by the end of 2020. More than 200 projects have been launched in order to make the user experience more seamless and more intuitive, and to satisfy customer expectations more quickly. In 2018, the loan of 4G mini-hubs or handsets were able to keep customers constantly connected and the customer service hotline expanded its opening hours.

Ensure reliable mobile and fixed services for customers via quality networks

Bouygues Telecom covers 99% of the French population with 4G thanks to around 21,000 mobile sites in order to keep pace with growing mobile internet use (over 28,000 sites planned by the end of 2023).

- In less dense areas, 93% of the shared network had been rolled out at the end of December 2018.
- In very dense areas, network capacity improvements continue with the addition of 2,000 new sites planned by 2022.

Bouygues Telecom also has a diverse range of available frequencies thanks to total investments of around €2 billion. Coupled with the technology underpinning its network infrastructure, this has enabled the operator to aggregate its frequency bands to offer even faster speeds and improved quality of service. In 2018, Bouygues Telecom optimized its network to refarm the 2100 MHz frequency band to 4G, as was previously done for the 700, 800, 1800 and 2600 MHz bands.

In the fixed business, Bouygues Telecom aims to bring the benefits of very-high-speed internet to as many people as possible by accelerating rollout of its fibre network, with 7.2 million premises marketed at the end of December 2018. The target is 12 million premises marketed by the end of 2019 and 20 million in 2022. In late 2018, Bouygues Telecom signed a partnership with the Axione/Mirova consortium to roll out 3.4 million premise in very dense areas. This will give Bouygues Telecom access to the entire very dense area by the end of 2021.

Boost regional development by helping reduce the digital divide

By sharing mobile infrastructure and rolling out fibre networks, Bouygues Telecom offers services to new customers across France, especially in less densely populated areas. It has forged closer relations with customers by developing local sales of its solutions, including a strategic agreement with Fnac Darty to market Bouygues Telecom fixed and mobile offers in the approximately 50 *Fnac Connect* stores to be opened, beginning in 2018. The operator also plans to open around ten new stores in 2019.

A complete range of fixed and mobile solutions for businesses

The business market is a key avenue of growth for Bouygues Telecom in both the mobile and fixed segments thanks to the high quality of its 4G network and ongoing roll-out of its fibre infrastructure. With a market share of over 20% in the mobile segment, the operator bolstered its position in the French B2B market in 2018. It aims to increase its market share by targeting:

- large and mid-size companies in the fixed segment;
- SMEs in both the fixed and mobile segments.

In line with this strategy, Bouygues Telecom has acquired 43.6% of Keyyo [a] and 100% of Nerim [b] in order to accelerate its expansion in the market serving micro-businesses, SMEs and intermediate-size businesses. Keyyo will contribute its complementary expertise in advanced digitization solutions as well as in innovative products and services, particularly in the fixed segment. Nerim will provide Bouygues Telecom with its technical expertise in the selling of data networks and website hosting for SMEs.

Bouygues Telecom subsidiary Objenious is also supporting the development of the Internet of Things (IoT) with its own network based on Long Range (LoRa) technology. This LoRa® [c] network covers 93% of the French population. The Objenious offer spans a secure network, a choice of sensors, as well as a processing platform and business-specific applications, enabling its customers to leverage the value of their data.

2.3.1.2 Strengths and assets

Committed employees

Bouygues Telecom sustains long-term growth momentum thanks to the performance and commitment of its employees. Strong employee commitment was confirmed by the latest satisfaction survey which showed that 95% of staff are prepared to give their best effort for the company. This strong employee engagement is a major asset that will help Bouygues Telecom drive continued growth and achieve its objectives.

(a) Acquisition of a 43.6% stake in Keyyo on 18 January 2019 and a public tender offer by Bouygues Telecom with a view to holding 100% of Keyyo shares.
(b) On 20 February 2019, Bouygues Telecom and Dzeta Partners signed an agreement for Bouygues Telecom to acquire 100% of the capital and voting rights of Nerim. The acquisition was completed on 13 March 2019.
(c) Associated with the LoraWAN™ protocol, the market standard, Lora® provides long-range connectivity and reduced energy consumption.

Excellent quality customer service

Bouygues Telecom provides its 20 million customers with daily support through an excellent customer relations service provided by its advisers that includes nearly 500 Bouygues Telecom stores, call centres, a website, social media and on-line assistants.

High-quality mobile and fixed offers at competitive prices

Leveraging the quality of its 4G network, Bouygues Telecom offers "B&You" SIM-only plans without a minimum term, available via the web, as well as "Sensation" premium plans, available in stores.

In the fixed segment, Bouygues Telecom offers the best value-for-money in the market on both ADSL and FTTH networks, and has recently innovated with its Keep Connected promise.

In the business segment, in addition to mobile and fixed offers, Bouygues Telecom markets an extensive range of security, digital and cloud products and services.

An excellent 4G network to underpin the explosion in mobile internet use

The high-quality nationwide coverage of the Bouygues Telecom 4G network gives the company a long-term competitive advantage, enabling it to stand out in an extremely competitive market. In October 2018, French telecoms regulator Arcep ranked Bouygues Telecom the leading mobile telecommunications operator for voice, text and data services in rural zones in France and number two on average for the entire country.

Thanks to more than 21,000 sites, Bouygues Telecom can offer its customers directly-owned coverage of 99% of the population in 2G, 3G and 4G.

In addition, thanks to its extensive range of available frequencies, Bouygues Telecom is positioned to accommodate the rise in mobile internet use by its customers.

2.3.1.3 Market position

In a French mobile market [a] that totalled 91 million SIM cards at end-2018, Bouygues Telecom was in third position with 16.4 million customers, behind Orange and SFR group, but ahead of Free Mobile and the MVNOs [b]. Bouygues Telecom had a 17.9% share of the mobile market at end-2018, 1.3 points higher than at end-2017.

In a French fixed broadband market [a] with 29.1 million customers at end-2018, Bouygues Telecom ranked fourth with 3.7 million customers, behind Orange, Iliad and the SFR group. Bouygues Telecom had 12.6% of the French fixed broadband market at end-2018, 0.5 points more than at end-2017, and an 11.3% share of the very-high-speed market at end-2017, up 1.8 points year-on-year.

Bouygues Telecom only operates in mainland France.

2.3.2 Business activity in 2018

Bouygues Telecom successfully continued its strategy in the mobile and fixed segments in 2018, resulting in very good commercial performance and enabling it to achieve objectives set.

2.3.2.1 Business review

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

The French telecommunications market has experienced sweeping change for a number of years, impacted by several underlying trends:

- strong competitive pressure in both the mobile and fixed segments, in particular in the mobile segment with a surge in promotional offers during the first three quarters of the year, especially SIM only/Web only offers;
- growing appeal of very-high-speed fixed and mobile services as customers increasingly consume video and content on demand at home and on the move.

In the fourth quarter of 2018 the French mobile phone market totalled 73 million SIM cards, excluding machine-to-machine SIM cards. The market continued to expand, increasing by 1.4% versus the fourth quarter of 2017, thanks to a 3.4% increase in the number of plan customers. The prepaid market contracted by a further 12.1% versus Q4 2017.

Mobile Virtual Network Operators (MVNOs) accounted for 8.7% of the total mainland France subscriber base (including MtoM [b], which was down 0.3 points versus end-2017.

The number of fixed broadband and very-high-speed subscribers reached 29.1 million in the fourth quarter of 2018 in the French fixed market, representing net growth of 672,000 subscribers year-on-year (up 2.4% [c]), driven by the sharp increase in very-high-speed subscribers, which rose by 28.3% [c].

Bouygues Telecom's commercial results in the mobile market

Mobile services

Bouygues Telecom renewed its mobile range in 2018 to better meet the needs of its customers. Customers with "Sensation" plans are called back by a customer relations adviser within 15 minutes or at a time of their choice, and

(a) Most recent data published by Arcep (the French telecoms 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, according to the definition by Arcep.
(b) Machine-to-Machine.
(c) Publication of data by Arcep for Q4 2018, released on 28 February 2019 with update of 2017 historical data.

can make appointments in a store. "Sensation" plans are now available with or without the "Avantage Smartphone" option, which enables subscribers to purchase or upgrade their phone at special discounts and also take advantage of extras such as unlimited Internet use on weekends, access to newspapers and magazines via the LeKiosk digital newsstand, L'Equipe sports services and Studio +.

B&You SIM-only/no minimum term plans are now available exclusively via the Web.

4G network roll-out

Bouygues Telecom has positioned itself as the operator of choice for people who want to take full advantage of digital technologies, anytime, wherever they are. To this end, it is continuing to expand its 4G network throughout France. Bouygues Telecom's 4G network covered 99% of the French population at the end of 2018.

Bouygues Telecom is already actively preparing for the arrival of 5G with numerous trials in progress in French cities, including Lyon and Bordeaux.

Commercial performance

MOBILE CUSTOMERS

Bouygues Telecom's mobile customer base grew by 1.963 million customers year-on-year to 16.4 million customers [a] at end-December 2018. Bouygues Telecom gained 573,000 more mobile plan customers excluding MtoM in the full-year 2018, totalling 10.9 million customers at end-2018.

4G PROVES A SUCCESS

Since the launch of 4G, Bouygues Telecom's customers have developed new mobile internet consumption patterns. At end-2018, Bouygues Telecom had 8.8 million active 4G customers, representing 81% of its mobile customer base, excluding MtoM, and therefore 900,000 more 4G customers year-on-year.

Bouygues Telecom's commercial results in the fixed broadband market

Fixed broadband offers

Three new fixed offers have been introduced by Bouygues Telecom, each of which is targeted at specific consumer needs:

- 2P with the Bbox Fit;
- a full internet + TV + telephone offer at an attractive price with the Bbox Must and;
- optimum internet access coupled with the power of fibre and 4K TV with the Bbox Ultym.

In addition, the operator has introduced a "Keep Connected" promise to all its fixed internet offers thanks to top-up credit added to their mobile plan or the loan of a 4G dongle until their Bbox is activated or in the event of a connection outage.

Bouygues Telecom continued to offer internet access using its 4G Box for people across France in areas as an alternative to slow ADSL speeds.

Bouygues Telecom also offers competitive fibre services for both retail customers and businesses.

Ramping up network roll-out

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

Bouygues Telecom's directly-owned ADSL network covered over 17 million households at end-December 2018 via more than 2,000 central offices.

In the very-high-speed market, Bouygues Telecom continued to roll out its directly-owned FTTH network, and signed joint investment and partnership agreements, including Public Initiative Network (PIN) agreements, increasing the number of premises secured to over 30 million at end-December 2018. At year-end 2018, 7.2 million premises had been marketed, representing growth of 3.2 million premises for the year.

In late 2018 Bouygues Telecom signed a partnership with Cityfast (an Axione/Mirova consortium) to roll out and operate 3.4 million premises in very dense areas. This will give Bouygues Telecom access to all very dense areas in France by the end of 2021, half through joint investments with SFR and Orange, and half through the agreement with Cityfast (an annual fixed operating expenditure cost, regardless of the number of customers).

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

Commercial performance

For the past three years, Bouygues Telecom has consistently performed well in the fixed broadband market, posting a market share of 12.6% at end-2018. Bouygues Telecom accounted for 34.9% of total net growth in the French fixed broadband market in 2018, attracting 235,000 new customers.

Bouygues Telecom had 3.7 million fixed broadband customers at end-December 2018, including over one million very-high-speed customers, representing 27% of its base. This growth was driven by FTTH, which accounted for 303,000 new customers during the year. FTTH thus represented 129% of net growth in fixed subscriptions in the fourth quarter. At end-2018 Bouygues Telecom had 569,000 FTTH customers.

Development of new growth opportunities

Business and corporate services

Bouygues Telecom Entreprises ranks third in the corporate services market (SMEs and major accounts) with a portfolio of three million customers, including over 50,000 SMEs and a third of the companies listed on the CAC 40. Over the past five years Bouygues Telecom Entreprises has gained market share in both the mobile and fixed segments. In 2018 the mobile business customer base increased by 9% and the fixed customer base grew by 13%.

To accelerate growth in its fixed and mobile market shares with SMEs, Bouygues Telecom acquired 43.6% of Keyyo on 18 January 2019 and then launched a public tender offer for all remaining shares. It also announced on 21 February 2019 an agreement relating to the acquisition of 100% of Nerim[b]. It will also be able to leverage the FTTO (Fibre To The Office) infrastructure rolled out in very dense areas.

(a) The number of Bouygues Telecom's customers is always disclosed at the end of the period and net of cancellations, in mobile and fixed.
(b) The acquisition was completed on 13 March 2019.

Furthermore, Bouygues Telecom also aims to increase its fixed market share with large companies by:

- leveraging its mobile market share with large companies and intermediate-size businesses [a],
- and by developing a large range of innovative solutions in mobile, fixed, internet and the related services (security/digital/cloud) via partnerships.

Internet of things

As announced, Bouygues Telecom rolled out a LoRa low-power wide-area technology network that covered almost all of France at end-2018. Its subsidiary Objenious markets a catalogue of products and services aimed at businesses for a variety of uses such as the geolocation of objects, predictive maintenance and energy monitoring.

2.3.2.2 Financial results

Bouygues Telecom posted strong growth in results in 2018.

Bouygues Telecom reported sales of €5,344 million in 2018, 6% higher than the previous year. Sales from services increased 5% to €4,256 million and sales billed to customers increased 4% to €4,057 million. This increase was driven by growth in the mobile and fixed customer base and the positive impact of the launch of new ranges of mobile and fixed offers during the second quarter of 2018. Mobile sales from network increased 3% and fixed sales from network rose 9%.

In the fourth quarter of 2018, mobile ABPU [b] came to €19.2 per month and per customer and fixed ABPU was €25.9 per month and per customer.

EBITDA stood at €1,268 million, a year-on-year increase of €171 million, resulting from better-than-expected growth in sales from services and a continued efficient cost structure. The EBITDA/sales from services margin reached 29.8% in 2018, up 2.8 points year-on-year.

Operating profit stood at €753 million, representing a year-on-year rise of €292 million. This mainly includes €250 million of non-current income related to the capital gain from the sale of mobile sites and FTTH infrastructure and €110 million of non-current income related to cancellation of fees paid for the use of 1800 MHz frequencies prior to 2018, as well as €47 million in non-current charges related to network sharing.

Net profit totalled €494 million, a significant increase of €239 million.

Gross capital expenditure amounted to €1.2 billion in 2018, as expected.

Free cash flow [c] was €188 million, an increase of €131 million versus 2017.

Total net debt stood at €1,278 million at end-2018, versus €976 million at end-2017.

2.3.3 Outlook

Bouygues Telecom confirms its free cash flow [c] target of €300 million for 2019.

(a) Nearly a third of CAC 40 companies and intermediate-size businesses are clients of Bouygues Telecom Entreprises.
(b) Average Billing Per User (See the Glossary section of this document).
(c) Free cash flow = cash flow minus cost of net debt minus income tax expense minus net capital expenditure. It is calculated before the change in WCR.

2.4 BOUYGUES SA

As the parent company of a diversified group, Bouygues SA focuses mainly on the coordination and development of the Group and its business segments. In particular, it is the place where decisions are taken that determine the allocation of the Group's financial resources.

KEY FIGURES

at 31 December 2018

–
Employees
175

–
Sales
€73m

–
Operating loss
€30m

–
Net profit
€886m

2.4.1 Internal control – Risk management – Compliance

Bouygues has made risk management one of the cornerstones of its corporate culture.

Bouygues SA, the Group's parent company, regards internal control, risk management and compliance as being among its core missions. On its initiative, many actions have been taken in each of the five business segments over a number of years. These actions are organised around three strands:

- an Internal Control Reference Manual,
- self-assessment of the implementation of the core principles of this reference manual, and
- a mapping of the major risks.

Following on from the Group's Code of Ethics, compliance is one of the key factors the Group takes into account in the conduct of its business. In close cooperation with its business segments, in 2014 Bouygues SA produced four compliance programmes relating to Competition, Anti-corruption, Financial Information and Securities Trading, and Conflicts of Interest. In September 2017, these programmes were updated and a fifth compliance programme relating to Embargoes and Export Restrictions was produced.

These programmes, approved by the Board of Directors, have been widely disseminated within the Group, under the impetus of the Ethics, CSR and Patronage Committee and the Board of Directors.

2.4.2 Management

Bouygues SA pays particular attention to management of the Group, taking steps to encourage dialogue and exchanges of experience between support structures and business segments, motivate staff and uphold a shared commitment to the Group's values. This synergy is especially visible in the initiatives taken within the field of innovation (see section 1.1.4 of this Registration Document) or in relation to CSR (see Chapter 3).

2.4.3 Employee share ownership

Bouygues has long been convinced that it is important to give employees a stake in the Group because they play a key role in its success. As a result, in 2018 Bouygues' Board of Directors approved a new capital increase reserved for employees. The leveraged operation, called Bouygues Confiance n°10, was completed successfully on 27 December 2018 with 21,143 employees, representing 30.69% of those eligible, subscribing. Details of the operation are given in the Board of Directors' supplementary report and in the Auditors' supplementary report in Chapter 6, section 6.2.2, of this document.

This once again demonstrates the Group's proactive approach to employee share ownership, which is a core component of its culture and values.

At 31 December 2018, Group employees owned 18.96% of the share capital of Bouygues and held 25.83% of its voting rights, through a number of dedicated mutual funds.

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

2.4.4 The shareholding in Alstom

Following the announcement of the merger deal between Alstom and Siemens Mobility, Bouygues SA undertook to retain its Alstom shares until the earlier of (i) Alstom's Extraordinary General Meeting called to approve the deal or (ii) 31 July 2018, as well as to vote in favour of it on Alstom's Board of Directors and at Alstom's Extraordinary General Meeting. Bouygues fully complied with these undertakings.

At 31 December 2018, Bouygues SA held 62,086,226 Alstom shares, equating to 27.8% of Alstom's share capital. On 6 February 2019, the European Commission vetoed the merger plans of Alstom and Siemens Mobility.

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

2.4.5 Services rendered to the business segments

In addition to its role as parent company 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 business segments renew annual agreements under which each of the latter can call on general and expert services as necessary.

The amounts invoiced for such services in 2018 are shown in section 2.4.6 "Financial flows" below and in the Auditors' report on regulated agreements in Chapter 8, section 8.3.1, of this document.

2.4.6 Financial flows

FY 2017 dividends

In 2018, Bouygues SA received dividends for FY 2017 totalling €806 million from its business segments as follows:

- Bouygues Construction €319m
- Bouygues Immobilier €125m
- Colas €259m
- TF1 €32m
- Bouygues Telecom €45m
- Other €26m

Service agreement costs

In 2018, Bouygues SA invoiced its business segments the following amounts under service agreements:

- Bouygues Construction €16.5m
- Bouygues Immobilier €3.4m
- Colas €18.8m
- TF1 €3.5m
- Bouygues Telecom €8.6m

Trademark licence agreements

- Bouygues Construction €500,000
- Bouygues Immobilier €250,000
- Bouygues Telecom €700,000

Flows of funds between the business segments

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

2.4.7 R&D – Human resources

See Chapters 1 The Group and 3 Statement on Extra-Financial Performance (SEFP) of this document.

2.4.8 Other activities

2.4.8.1 Bouygues Europe

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

2.4.8.2 Bouygues Asia

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

- identifying new trends;
- promoting innovation within the Group;
- supporting 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 SMEs wishing to set up or develop further in Asia.

2.4.8.3 Bouygues Développement

Bouygues fully owns the Open Innovation company Bouygues Développement. Serving all the Group's business segments, the company's main tasks are to:

- benchmark innovative start-ups working in fields identified by the business segments;
- set up investor pools;
- provide recommendations and advice on investment opportunities;
- coordinate networks of financial partners;
- support the management of equity interests (governance, entrepreneur coaching, etc.).

2.5 ALSTOM, THE PARTNER FOR MOBILITY SOLUTIONS

As a promoter of sustainable mobility, Alstom develops and markets systems, equipment and services for the transport sector. It offers a complete range of solutions from high-speed trains to metros, trams and e-buses, customised services (maintenance, modernisation, etc.) and passenger solutions as well as infrastructure, signalling and digital mobility solutions. Alstom is a world leader in integrated railway systems.

FIGURES FOR FY 2017/18 [a]

(from 1 April 2017 to 31 March 2018)

–
Employees [b]
34,500

–
Sales
€7,346m

–
Adjusted operating margin [c]
5.4%

–
Net profit attributable to the Group
€365m

–
Order intake
€7,183m

Based in France, Alstom operates in over 60 countries and has 34,500 employees. At 31 December 2018, Bouygues held 27.8% of the capital and 29.5% of the voting rights in Alstom (see also sections 2.4.4 and 6.1.3.2 of this document).

2.5.1 Profile

2.5.1.1 Context

The railway market is growing steadily, driven by increasing urbanisation. The accessible annual global railway market for the period 2018–2020 is worth an estimated €110 billion. This figure is expected to rise to an annual average of €120 billion over the 2021–2023 period, representing an annual average growth rate of 2.6% [d].

Operating in over 60 countries around the world, offering a comprehensive range of solutions and constantly innovating, Alstom enjoys a leading position in trains, systems, services and signalling.

2.5.1.2 The partner for mobility solutions

Alstom's business is based on four activities: rolling stock, systems, signalling and services.

Rolling stock

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

From Citadis™ trams, Citadis Dualis™ tram-trains and Metropolis™ metros to Aptis™ e-buses and X'Trapolis™ suburban trains, Alstom works daily to meet the mobility challenge.

Alstom champions regional mobility with its Coradia™ range, including the latest addition, Coradia Stream™, specially designed to adapt to the needs of intercity and regional transport, and its Prima™ passenger locomotives. It is redrawing the very high-speed train map with its Avelia™ range comprising Avelia™ Pendolino™, Avelia™ Euroduplex™, Avelia™ AGV™, Avelia Liberty™ and Avelia Horizon™, the latest addition. Alstom also supports the freight market with its Prima™ locomotives.

The Coradia iLint™ regional train, the first hydrogen-powered passenger train, offers operators a real alternative to diesel on non-electrified railway lines.

(a) Restated for IFRS 9 and IFRS 15.
(b) At 31 March 2018.
(c) Operating profit adjusted for the following items: net restructuring and rationalisation costs; impairment of intangible assets and property, plant and equipment; gains, losses or remeasurements arising on divestment of securities or change of control; any non-recurring item such as costs incurred or writedowns of remeasured assets in connection with a business combination; and costs associated with legal proceedings outside the ordinary course of business.
(d) Source: Union des Industries Ferroviaires Européennes/European Rail Industry Association – 2018.

Systems

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

Infrastructure

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

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

Integrated systems

Alstom, the leading provider of integrated urban systems, offers its customers full-service solutions, whether on the urban transport or mainline market.

Signalling

Alstom provides infrastructure operators and managers with the means to carry passengers and goods safely and seamlessly, thus optimising the efficiency of urban or mainline networks. Alstom also develops passenger safety solutions and network management control centres.

Alstom works hand-in-hand with its customers, whether public or private rail operators, fleet administrators or maintenance specialists, by offering a range of customised services (maintenance, modernisation, parts and repairs, support services) for their trains, infrastructure and rail control systems. Alstom provides services for all types of fleet, whether built by Alstom or not.

2.5.1.3 Strategy

Alstom's 2020 strategy is based on the following pillars:

- **customer-focused organisation:** present in 60 countries, Alstom has adapted its organisation to strengthen its international coverage and better respond to the needs of customers on a local level. The company is organised into empowered regions, each with its own supply chain to answer local needs using local resources and strengths. They form a worldwide network of local industrial facilities and strategic partnerships.
- **complete range of solutions.** Drawing on its expertise in all areas of rail transport, Alstom offers the widest range of solutions in the industry, combining its skills to offer customers more than just products. Its solutions range from parts and rolling stock, signalling and services to fully integrated systems, ensuring optimised costs, faster delivery times and an optimal level of performance for all equipment. Alstom is the world leader in integrated systems. By 2020, signalling, systems and services are expected to contribute 60% of its sales.
- **value creation through innovation.** Alstom sees innovation as a source of competitiveness and differentiation as well as a catalyst for winning new contracts. Its main programmes include a complete renewal of mainline and urban train ranges as well as the latest innovations in systems, signalling and services. Alstom intends to take full advantage of digital technology in areas such as predictive maintenance.
- **operational and environmental excellence.** When carrying out contracts, Alstom seeks to achieve the highest standards in terms of quality, cost and lead times. This operational excellence goes hand in hand with a commitment to environmental performance in response to high market expectations with regard to products (energy efficiency), manufacturing processes (eco-design, green materials) and lifecycle management (recycling). By making its products and services more competitive and ensuring excellence in project management, Alstom seeks to reduce costs in order to offset lower prices worldwide and help to improve margins. The company expects to save an estimated €250 million a year on sourcing costs through a focus on volume, design-to-cost and worldwide sourcing. Alstom will continue to increase its manufacturing and engineering footprint around the world while adapting it to the workload in Europe. A specific "Cash Focus" programme has also been introduced, with a strong emphasis on managing the working capital requirement. As far as environmental excellence is concerned, the aim is to reduce energy consumption in terms of kWh per hours worked by 20% for solutions and by 10% for operations by 2020 versus 2014.
- **diverse and entrepreneurial people.** In the belief that differentiation is a source of performance, and in order to reflect its passenger base, Alstom encourages all types of diversity within its teams in areas such as gender and multiculturalism. This internal cohesion is rooted in very strong values – team spirit, trust and initiative – and ethical rules. Alstom's development is also underpinned by an entrepreneurial mindset that promotes customer satisfaction, responsibility and responsiveness. The company intends to significantly increase diversity, for example by setting a target of having 25% of managerial positions filled by women by 2020.

2.5.2 Business activity

2.5.2.1 Commercial activity

FY 2017/18 results [a]

Alstom took orders worth €7.2 billion between 1 April 2017 and 31 March 2018. Sales over the same period amounted to €7.3 billion. Adjusted operating profit came to €397 million, giving a margin of 5.4%. Net profit attributable to the Group amounted to €365 million. Alstom's balance sheet is very strong. Free cash flow in FY 2017/18 was €128 million. Net debt remained broadly stable at €255 million at 31 March 2018 and shareholders' equity at 31 March 2018 stood at €3.5 billion.

H1 2018/19 results

Alstom booked orders worth €7.1 billion between 1 April 2018 and 30 September 2018, taking the backlog to a new record level of €38.1 billion. Sales were €4.0 billion. The book-to-bill was high, at 1.8. Adjusted operating profit amounted to €285 million, giving a margin of 7.1%. Net profit attributable to the Group was exceptionally high at €563 million. Free cash flow in the first half of FY 2018/19 was €172 million.

9-month 2018/19 results

Order intake in the first nine months of 2018/19 (from 1 April to 31 December 2018) amounted to €10.5 billion. Group sales amounted to €6 billion, an increase of 16% (up 18% like-for-like and at constant exchange rates), versus the first nine months of 2017/18.

The backlog of €39.7 billion at 31 December 2018 provides good visibility on future sales generation.

Acquisitions – Partnerships – Investments

Since end-2017, Alstom and Siemens Mobility had been working on a plan to merge their activities in order to create a European champion in transportation. The European Commission vetoed the plan on 6 February 2019 despite the remedies proposed by the two firms.

With a robust financial structure and a record backlog of €40 billion [b], representing five years of sales, Alstom will now focus on pursuing growth in an upbeat market.

Bouygues is confident in the future of Alstom and its capacity to pursue its development.

2.5.2.2 Highlights of the first nine months of FY 2018/19

- Inauguration in Nice of the first new-generation Citadis tram with innovative charging technology.
- Order for 100 Avelia Horizon™ new-generation very high-speed trains to operate in France.
- Alstom included in the Dow Jones Sustainability Indices (DJSI) for the eighth consecutive year.
- Alstom iLint hydrogen-powered trains enter passenger service in Lower Saxony.
- Launch of StationOne, the first online marketplace dedicated to the railway sector.
- Alstom, IGE+XAO and Safran create a Centre of Excellence dedicated to rail electrical systems in Toulouse.
- Alstom starts shipping Coradia Polyvalent regional trains to Senegal.
- Alstom's Gibela joint-venture opens Africa's largest train manufacturing facility in Dunnottar, South Africa.
- Alstom delivers the first Dubai metro trainset on time.

2.5.3 Outlook

The outlook for Alstom is given like-for-like and at constant exchange rates. Projections are made in compliance with IFRS 15, now the standard for recognising sales.

Sales in FY 2018/19 are expected to attain around €8 billion, with an adjusted operating margin of around 7%.

In the medium term, Alstom expects to continue to outpace market growth and gradually improve its profitability and free cash flow, though some short-term volatility is possible.

(a) Restated for IFRS 9 and IFRS 15.
(b) At 31 December 2018.

STATEMENT ON EXTRA-FINANCIAL PERFORMANCE (SEFP) 3

3.1 THE BOUYGUES GROUP'S CORPORATE SOCIAL RESPONSIBILITY POLICY

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

3.1.1 Group CSR policy

Delivering high-performance, innovative solutions for meeting sustainable development challenges, and therefore to foster progress for society as a whole, is a major avenue of growth for Bouygues. Corporate social responsibility, or CSR, at the Bouygues group also means limiting and, wherever possible, reducing the negative impacts from its activities on the environment and society by cushioning effects on ecosystems, better explaining its operations and taking the expectations of stakeholders into account.

Correspondingly, CSR is central to strategy at the Group, which is adapting its business models so that customers can be offered solutions that make life better for everyone every day.

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

Bouygues, in its business activities, takes into account United Nations Sustainable Development Goals (SDGs) and pledges to attain as many of these goals as possible by:

- reducing the negative impacts from its business activities;
- increasing their positive effects, mainly through internally developed solutions as well as best practices.

Paying close attention to the impact of its activities on these issues, the Group focuses on SDGs linked to urban environments, infrastructure, climate change and sustainable economic growth, which dovetail with the objectives of its core businesses. The priority SDGs pinpointed by Bouygues are as follows:

This chapter outlines some of the emblematic initiatives conducted by the Group and its business segments in the fulfilment of SDGs.

In 2016, the Group conducted its second materiality assessment to update the ranking of its sustainable development challenges, the results of which can be consulted by visiting bouygues.com.

In 2018, the Group adapted the presentation of its extra-financial reporting to the requirements set forth in the Statement on extra-financial performance, following the transposition of the EU CSR Directive. These arrangements have superseded the Grenelle 2 legislation, which had been in force, in France, since 2012. The Group's existing CSR-related challenges have been merged with the revised requirements, as shown in the following table:

(a) bouygues-construction.com, bouygues-immobilier-corporate.com, colas.com, groupe-tf1.fr, corporate.bouyguestelecom.fr

			Level of materiality [a]	
	Theme	**Group CSR issues**	**Construction**	**Media Telecoms**
Human resources Section 3.2	Health, safety and well-being in the workplace	Ensuring health, safety and well-being in the workplace	■■■	■■
	Employment and equal opportunity	Attracting, recruiting and integrating employees while fighting all forms of discrimination through high-quality labour relations	■■■	■■■
	Development of careers and employability	Supporting employees throughout their careers by addressing changes in occupational roles and skill-sets early on	■■■	■■■
Environmental impacts Section 3.3	Climate/Energy	Rolling out a comprehensive strategy for reducing greenhouse gas emissions and adapting products and services to climate change, in line with public policies	■■■	■
	Use of resources	Making the circular economy a driver for transforming building and communications methods	■■■	■■
	Environmental impact of products and services in use	Helping customers and end-users save energy and make sustainable use of resources	■■■	■
	Environmental externalities	Minimising the environmental impact of business activities, including biodiversity and ecosystem protection	■■■	■
Social impacts Section 3.4	Social impact of completed projects, products and services	Meeting societal expectations in terms of integration, poverty alleviation and service accessibility and conducting dialogue with Group stakeholders	■■■	■■■
	Geographical, social and economic impact	Boosting the local foothold of projects and creating sustainable value and sharing it with stakeholders	■■■	■■
Human rights Paragraph 3.2.1.3	Safeguarding human rights along the value chain	Ensuring that human rights and international conventions are upheld in all decisions and relationships with business partners	■■■	■■
Digital technology Paragraph 3.4.4.3	Data protection	Safeguarding business data and customer/user privacy	■■	■■■
Ethics Sub-section 3.4.4	Business ethics	Managing business relations transparently and responsibly	■■■	■■■

(a) On a scale of one to three, ranging from moderate to very high materiality.

The above summary is based on several analyses carried out within the Group. Because it is active in businesses as diverse as construction, media and telecoms, the Group faces a wide array of extra-financial risks and opportunities.

Specifically, this work drew on the Group materiality matrix (created in 2016), the research contributing to the 2017 Integrated Report and risk maps (see Chapter 4 on Risk factors), together with the recurrent requests from rating agencies and industry analysts.

We applied the materiality concept, which will be fine-tuned in 2019 through the creation of several materiality matrices specific to the construction and telecoms activities. Themes contained in Article 225 (the former legislation) such as food waste will not be addressed in this chapter [a].

Consequently, analysis of the CSR risks and opportunities will be progressively expanded to encompass the entire value chain (core activities as well as the issues associated with products and services and business relations) and comprehensively cover environmental, social and HR-related matters (including human rights and anti-corruption measures) [b].

The policies and associated indicators are described hereafter.

(a) Given the nature of the Bouygues group's activities, we believe the themes of food waste, the fight against food insecurity and of responsible, fair and equitable nutrition are not major CSR risks, and therefore do not warrant further development in this registration document.

(b) Due to the late publication of laws (23 and 30 October 2018), we were not able to factor in the theme of tax evasion into our analysis of CSR risks and to deal with it within our Statement on Extra-Financial Performance. Nonetheless, the Group is concerned about its fiscal footprint. The Group's tax policy is available on its web site at this address: https://www.bouygues.com/wp-content/uploads/2018/04/bouygues-group-tax-policy.pdf

3.1.2 CSR oversight

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

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

- Set up in 2001, the Ethics, CSR and Patronage Committee meets several times annually to review these three themes on behalf of the Board of Directors. The committee is currently chaired by Anne-Marie Idrac. In 2018, it gave a favourable opinion on the launch or continuation of various patronage initiatives of an educational, medical or humanitarian nature. Feedback from the extra-financial statutory audit was also presented, together with findings from the monitoring of Group-wide CSR initiatives. (See sections 5.3.4.1 and 5.3.7.4.)
- The Sustainable Development Committee, chaired by Olivier Bouygues (Deputy CEO of the Bouygues group), has the Sustainable Development directors of the Group's five business segments as its members. It coordinates joint intra-Group policies and investigates ways in which underlying sustainable development trends can reshape business models and support innovation.
- Comprising representatives from the five business segments, the Extra-Financial and CSR Reporting Committee assists in the preparation of the Bouygues Registration Document by identifying major Group-wide issues relating to CSR, creating appropriate extra-financial indicators and collecting the relevant information. It also oversees and ensures the reliability of the data-collection process.
- Finally, at each Annual General Meeting, Martin Bouygues presents the most significant sustainable development actions and indicators of the previous year to Group shareholders.

The Group Sustainable Development-Quality Safety Environment (QSE) department oversees general policy, in conjunction with support departments, and disseminates information about best practices. The above-mentioned Group-wide committees, as well as the seminars and conferences organised by this department, provide opportunities for developing practices able to meet sustainable development challenges.

Olivier Bouygues, Deputy CEO of Bouygues, is responsible for Group-wide sustainable development initiatives. The Group Sustainable Development-Quality Safety Environment (QSE) department works in close conjunction with the Innovation department. One of their key joint achievements – since 2016 – has been the innovation drive focusing on sustainable urban environments and the circular economy. The parent company's Innovation unit has made sustainable innovation a strategic priority.

More broadly, all Group-wide thematic committees systematically consider sustainable development issues in the context of their own business segments. This includes sharing industry best practices and taking into consideration the economic challenges linked to sustainable development. It can therefore be said that CSR is factored in at all governance levels within the Group.

Within the Bouygues group's business segments, coordination of CSR themes is handled jointly by the Human Resources and Sustainable Development/Environment departments of the business segments themselves. These departments report to:

- the Innovation and Sustainable Development department (Bouygues Construction);
- the Communication, Marketing and Sustainable Development department (Bouygues Immobilier);
- Senior management (Colas and TF1);
- and the Innovation department (Bouygues Telecom).

Each business segment furthermore coordinates a network of liaison officers that, for example, sit on company-wide committees. Every two years, Colas holds awareness-raising seminars for its network of Environment officers in France and abroad. After Montreal in 2018, the next seminar will take place in 2020, in one of the countries where Colas operates. Additionally, meetings in the field are used to share experiences and implement and monitor action plans.

The Sustainable Development department of Bouygues Immobilier holds a roadshow through which it aims to raise employee awareness about sustainable development goals and the occupational resources available for integrating themes such as the circular economy, nature in urban environments, low-carbon construction and residents' health into property development projects.

In the field, HR and QSE teams, as well as the whole network of operational liaison officers from the Sustainable Development teams of each business segment, spearhead the Group's CSR policies, with a focus on keeping risks under control. Each Group business segment implements its own strategy and monitors its CSR policies.

In 2018, Bouygues Construction published its CSR roadmap entitled *Responsible and committed*, which is integrated into the group's strategy and in which it refocused its goals around 12 priorities (health & safety; exemplarity of operations; ethics; energy and carbon; biodiversity; the circular economy; responsible sourcing; fundamental human rights; diversity and quality of life at work; employability and local foothold; social responsibility; openness to society). Most of these CSR themes are divided into quantitative targets and their related performance indicators.

Bouygues Telecom consulted internal and external stakeholders to assess the most significant challenges facing the company in social, HR-related and environmental matters – with the aim of updating its CSR roadmap and related targets.

3.1.3 CSR reporting methodology

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

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

To ensure the CSR reporting procedure and the qualitative and quantitative information published by the Group is both uniform and reliable, a reporting protocol covering the human resources, environmental and social components was compiled in 2013. It is updated annually in consultation with each business segment, and it incorporates the findings of the work carried out by the committees. 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 applied for each business segment are provided in the annexes of this handbook. It is available in full on bouygues.com.

Coverage rates of HR reporting indicators in 2018

To take into account the various challenges faced by the business segments as well as local constraints, human resources reporting currently has nine different types of scope:

- **Global (1),** which covers 100% of the workforce. In 2018, 13.8% of indicators had this scope;
- **Global excluding Bouygues Telecom Services, aufeminin, Gamned! and Doctissimo (2),** which covers 99.3% of the workforce. In 2018, 6.9% of indicators had this scope;
- **Global excluding Alpiq Intec, Kraftanlagen (3),** which covers 94.8% of the workforce. In 2018, 3.4% of indicators had this scope;
- **Global excluding occasional workers, Alpiq Intec, Kraftanlagen, aufeminin, Gamned! and Doctissimo (4),** which covers 94.4% of the workforce. In 2018, 17.2% of indicators had this scope;
- **France excluding Gamned! (5)** which covers 53% of the workforce. In 2018, 3.4% of indicators had this scope[a];
- **France excluding aufeminin, Gamned! and Doctissimo (6),** which covers 52.7% of the workforce. In 2018, 34.5% of indicators had this scope;
- **France excluding Newen, Neweb, Play Two and Bonzaï Digital (7),** which covers 52.6% of the workforce. In 2018, 3.4% of indicators had this scope;
- **Non-France companies with more than 300 employees excluding Miller McAsphalt group, Alpiq Intec and Kraftanlagen (8),** which comprise 47 firms representing 28.9% of the Group headcount and 60.5% of the international workforce. In 2018, 6.9% of indicators had this scope;
- **France companies and non-France companies with more than 300 employees excluding Alpiq Intec, Kraftanlagen, Miller McAsphalt group, aufeminin, Gamned! and Doctissimo (9),** which cover 81.6% of the workforce. In 2018, 10.3% of indicators had this scope.

The number of reporting scopes is higher than in 2017 due to the acquisition during 2018 of several companies in France and abroad. 2018 was a year of transition during which information systems were introduced that will reduce the number of scopes upon which our indicators are calculated for successive years.

Coverage rates of environmental and social reporting indicators in 2018

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

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

Indicator coverage rate for Bouygues Construction

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. In 2018, the coverage rate of Bouygues Construction's reporting is 98%. The remaining 2% is due to the following exemptions:

- Companies in which the equity interest is below 50% and companies accounted for by the equity method (except for the projects of Bouygues Travaux Publics where it has formed a cooperation structure such as a construction project joint venture whose sales are above €100 million and in which Bouygues Travaux Publics' stake is higher than 30% – in this case Bouygues Travaux Public is consolidated in the extra-financial reporting according to the amount of its equity interest);
- Companies acquired in the year under review;
- Companies subject to specific rules defined for certain entities
  - At Bouygues Bâtiment International, structures where the headcount is less than 10 and/or without a production activity are not included;
  - 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 excluded structures exceeds 5% of the total sales figure for Bouygues Energies & Services;
  - Bouygues Travaux Publics: projects that last less than six months are excluded from the extra-financial reporting. Also, construction project joint ventures, whose sales are below €100 million and in which Bouygues Travaux Publics is not the lead firm or is the lead firm but with an equity stake of less than 50%, are also excluded.
- The Concessions division is not included (to be consistent with financial reporting).

Indicator coverage rate for Colas

Concerning the social, environmental and hazardous chemical areas, Colas indicators use a comprehensive global scope that includes companies and joint ventures indiscriminately, even in cases where Colas only holds a minority stake (except for TPCO, listed on the Bangkok stock exchange). This scope also includes materials production firms with sales below €2 million even though they are not included in the financial consolidation. The only

(a) The France scope includes French overseas territories (French Polynesia, Saint Barthélemy, Saint Martin, Saint-Pierre-et-Miquelon, and Wallis and Futuna), mainland France 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.

exceptions are companies acquired during the year under review such as Alpiq (Switzerland) and Miller McAsphalt (Canada). These companies will be included in the next round of extra-financial reporting in 2019.

Indicator coverage rate for Bouygues Immobilier

Environmental and social indicators cover the full scope of Bouygues Immobilier in France and abroad.

In 2018, at Bouygues Immobilier, the reporting coverage rate as a proportion of sales is 94.8% when overseas subsidiaries (Belgium, Morocco and Poland) are excluded. This rate drops to 89% when the French subsidiaries (Loticis, Ossabois, Nextdoor, Patrignani, SLC and Urbis) are also excluded.

3.1.4 Main components of the SEFP

Bouygues SA is obliged to publish a Statement on Extra-Financial Performance starting from the 2018 financial year. This current report outlines and ratifies the Group CSR policy in keeping with the new legislation, which has four pillars (indicated by a SEFP pictogram outside of this chapter):

- business model (see section 1.1 of Chapter 1).
- summary table of the key CSR issues for the Group's diversified business activities (see sub-section 3.1.1).
- presentation of policies (see sections 3.2 to 3.4 of this chapter).
- presentation of performance indicators (see sections 3.2 to 3.4).

3.2 HUMAN RESOURCES INFORMATION

3.2.1 People, the Group's most important resource

"At Bouygues, people are our most important resource. Since their motivation and competence are key to our success and progress, the quality of human interaction is fundamental..." (Extract from the Group's Human Resources Charter).

In 2018, Bouygues was awarded Top Employer 2018 certification, covering both the parent company, Bouygues SA, and the five business segments, Bouygues Construction, Bouygues Immobilier, Colas, TF1 and Bouygues Telecom. It is the first French group to obtain this certification for all its businesses nationwide (see section 1.4 of this document also).

3.2.1.1 A dynamic organisation in France and abroad

The Bouygues group operates in nearly 90 countries. At 31 December 2018, it employed 129,275 people, spanning a wide range of business activities and expertise.

Headcount by region at 31 December 2018

Scope [a]: Global	Bouygues SA [b] and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2018 Group total	2017 Group total
France	425	21,614	1,837	33,702	3,232	7,686	68,496	67,004
Europe (excl. France)	23	14,816	118	9,084	283	340	24,664	17,205
Africa and Middle East	106	5,954	14	6,353	17		12,444	13,042
North America	2	977		7,683	42	3	8,707	5,885
Central and South America	89	532		410	4		1,035	956
Asia-Pacific	63	13,088		765	13		13,929	11,438
International	283	35,367	132	24,295	359	343	60,779	48,526
France + International	708	56,981	1,969	57,997	3,591	8,029	129,275	115,530

(a) Coverage: 100% of the Group's headcount (Scope 1)
(b) O/w Holding company: 175
Indicators available at 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)

Higher headcount at Bouygues Construction can be explained chiefly by two factors:

- *Outside France: the acquisition, in conjunction with Colas Rail, of Alpiq Intec and Kraftanlagen. These groups specialise in hard and soft FM for the construction industry as well as the energy, industrial and transport infrastructure sectors. These two groups have a combined headcount of 6,750 and comprise approximately 20 legal entities operating in five counties: Germany, Austria, Italy, Romania and Switzerland.*

  Bouygues Construction also bought AW Edwards (260 employees), firming up its position in the Australian construction market.
- *In France: the hiring wave beginning in 2017 continued into 2018 to provide personnel for the Grand Paris projects and for Axione (the telecoms infrastructure business of Bouygues Energies & Services), whose headcount increased by 50% year-on-year (from 1,100 to 1,650).*

As 31 December 2018, total headcount at Colas was up by 5% relative to 31 December 2017.

In France, headcount was relatively stable. Internationally, it rose by a sharp 13%. The largest increase was seen in North Amercia (+57%), resulting chiefly from the acquisition of Miller McAsphalt group in Canada.

The international headcount of the TF1 group increased last year after it acquired auféminin.

Bouygues Telecom opened a call centre in Portugal.

Workforce by gender

Scope [a]: Global	Bouygues SA and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2018 Group total	2017 Group total
Women	21.8%	19.4%	51.4%	10.8%	55.7%	41.3%	18.4%	18.4%
Men	78.2%	80.6%	48.6%	89.2%	44.3%	58.7%	81.6%	81.6%

(a) Coverage: 100% of the Group's headcount (Scope 1)

The proportion of women working at Bouygues was stable. The acquisition of several construction companies cancelled out the progress made in increasing the proportion of women, on a like-for-like basis.

Workforce by age range

Scope [a]: Global	Bouygues SA and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2018 Group total	2017 Total Group
Under 25	3.8%	7.4%	8.0%	6.4%	7.9%	10.0%	7.1%	6.7%
25 – 34	26.4%	29.4%	32.6%	21.5%	30.3%	33.5%	26.0%	25.8%
35 – 44	31.5%	28.2%	30.5%	26.5%	27.0%	34.5%	27.8%	28.4%
45 – 54	24.9%	23.2%	21.2%	28.6%	25.7%	19.1%	25.6%	26.1%
55 and over	13.4%	11.8%	7.7%	17.0%	9.1%	2.9%	13.5%	13.0%

(a) Coverage: 94.8% of the Group's headcount (Scope 3)
Indicators available at bouygues.com: Average age and seniority (France)

The increase in the proportion of employees under 35 reflects a proactive policy to recruit younger talent.

In France, each of the Group's business segments has a proactive policy of keeping older workers in employment or supporting them into retirement.

3.2.1.2 Proactive recruitment policy to support the growth and transformation of the business activities

Hiring new employees is a key issue for the Group, enabling it to support business growth. Most of the Group's business segments have set up special talent acquisition units. These units aim to support line managers and HR managers in achieving their ambitious recruitment goals. To do this, they make use of new digital resources to detect experienced professionals. In addition, the Bouygues group's business segments proactively recruit young graduates, creating gateways between the corporate world and leading academic institutions, both in France and abroad, and using technology for the benefit of candidates.

Attracting and recruiting future talent

One of the main factors behind the Group's drawing power as an employer is that it operates a sponsorship scheme to help induct future graduates. A premium higher-education partnership, signed between Bouygues SA and CentraleSupélec, has forged a special bond with students at this institution, offering them career opportunities in the Group's various activities. Within this framework, Bouygues Telecom sponsors the IT and Telecoms courses at CentraleSupélec. A strong relationship also exists with ESTP[a], specifically through the sponsorship of two student intakes by Colas (2018) and Bouygues Construction (2019), respectively, and in the form of a partnership with Bouygues Immobilier.

The aim of this sponsorship is to forge ties with students right from their first year by promoting the Group's brand and the opportunities on offer at its companies. This, in turn, aims to prepare a strong pool of interns and graduates for the future. The three-year sponsorship scheme offers regular events and an individual coaching programme supporting students in their chosen career path.

The policy for hosting students operated by Group companies in conjunction with universities and other higher-education institutions gives students and graduates access to considerable internship experience as well as to hiring opportunities.

This policy is yielding results. In 2018, the five business segments of the Bouygues group were awarded the Happy Trainees label by ChooseMyCompany, as a sign that they rank among the favourite companies for interns and work/study students.

Around the globe, recruiting tomorrow's talents means knowing how to identify the best profiles. To enhance their appeal, some

(a) École spéciale des travaux publics, du bâtiment et de l'industrie

Bouygues Construction subsidiaries such as the one in Singapore signed a partnership agreement with local universities specialising in construction and sponsor local vocational training in the construction field.

In France, the policy of extending the network to include more partner institutions continued last year with signature of a partnership agreement with ENPC[a]. Of the new intake of the International Programme, 28 high-potential students were selected for assignments in various countries. To ensure optimal career advancement, each of these **Bouygues Construction** employees is coached and mentored.

Bouygues Immobilier last year again ran its work/study recruitment forum simultaneously at its main locations in France. Around this time, the 2018 Graduate Programme was launched, which is designed to produce a pool of home-grown talent. It lasts 18 months and admission is highly selective.

Attracting and retaining talent remains a key issue for **Colas.** The group needs to become even more attractive and diversify its recruitment sources in order to benefit from a greater variety of backgrounds in a highly competitive climate. Several recruitment drives took place, especially in the Paris region, in conjunction with the start-up of Grand Paris Express rapid transport link projects, to provide both operational and support staff. Recruitment policy at Colas is based on maintaining constant ties with engineering schools, university technology institutes and other two-year higher education programmes in civil engineering and civil works, as well as institutions like Centre d'Egletons, a training school for civil-works occupations. Having these links helps build strong relationships with students, resulting in offers for internships, work/study positions and ultimately full-time jobs.

In addition, Colas conducts initiatives to promote its employer brand.

In 2018, it sponsored the "Alain Dupont" student intakes at EATP[b], EFIA TP[c] and the CFCTP[d] in Egletons, on the occasion of the graduation of 461 students who followed these different training programmes. The November "Schools forum", held at Colas' new Paris head office, and the virtual forum that followed were both a resounding success.

In addition, Colas subsidiaries regular host worksite visits and get involved at schools in their local areas. A variety of recruitment avenues are also implemented internationally (social media, local staffing agencies, websites, employee referrals and partnerships with schools).

At the **TF1** group, an internship or work/study contract is often the first step towards an employment contract. In 2018, for example, 21.6% of hiring (both fixed-term and permanent contracts) was from amongst work/study students or interns.

Last year, TF1 was also a partner in the Digital and Media Chair at Essec[e] business school and partnered with the Explora programme at Edhec[f] business school. The aim of these two specific partnerships is to strengthen ties with students through supervised projects and research in the context of their course studies

In addition, the TF1 Campus scheme was started in 2018, offered at key educational establishments for the group's professions, where members of staff regularly lecture.

Bouygues Telecom continued to host a high number of interns and work/study students across all its job types. It maintains strong relations with key academic establishments, including around 20 engineering, business and management schools. In this context, Bouygues Telecom held four events in 2018:

- a "Summer Partner Day", bringing together representatives of the targeted academic establishments with the goal of fostering dialogue between the company's senior management and influential people in the world of education;
- a "Talent Day", devoted to recruiting recent graduates;
- two "Job Fair" sessions for recruiting interns and work/study students.

Lastly, to give recruiting a more professional touch, four and half days of training are offered to help HR operational staff sharpen their hiring skills. This module began in late 2017 and was continued in 2018.

Strengthening higher-education partnerships outside France

Internationally, **Bouygues Construction**'s entities work hard to build and maintain university connections. Its subsidiary in Singapore in 2018 took part in several forums and networking sessions targeting students from prestigious universities such as the National University of Singapore and the Nanyang Technological University. The subsidiary also participated in Singapore's annual industry and construction forum, proactively promoting the opportunities available at the Group. In Europe, Bouygues Construction's Spanish subsidiary, VSL Spain, started working more closely with universities on the Iberian Peninsula.

As in France, **Colas**' international subsidiaries continue to forge ties with academic institutions, primarily through partnerships within the geographic areas that they cover. In Africa, for example, partnerships have been established with various schools such as Institut Med VI in Morocco, Ucac-Icam[g] in Cameroon and USTM[h] in Gabon. Colas Maroc attended the "Forum Horizon", "Mena Careers" and "Afric Talents" employment forums.

In Europe, most subsidiaries take part in student fairs in their respective local markets and draw on partnerships with schools and universities. Colas UK has reinforced its apprenticeship policy, setting itself the target of hiring 5% of its employees on apprenticeship contracts by 2020. The UK subsidiary launched a specific campaign targeting women, sponsoring events through the Women in Engineering network, including site visits and meetings with management.

(a) École Nationale des Ponts et Chaussées.
(b) École d'application aux métiers des travaux publics.
(c) École de formation initiale par alternance aux métiers des travaux publics.
(d) Centre de formation continue des travaux publics.
(e) École supérieure des sciences économiques et commerciales.
(f) École des hautes études commerciales.
(g) Higher education institution whose mission is to train, within and for the benefit of Africa, high-level technicians and engineers.
(h) Masuku Scientific and Technical University.

Innovating for the benefit of candidates

The Group's business segments are developing various action plans to underpin their recruitment policies and attract talent in the future. This involves reaching out via digital channels (such as social media and job boards) and prospecting on the ground (through job fairs and university forums), while, as far as possible, ensuring they have a common presence in all these areas. In May 2018, the Group devoted a day to hosting and recruiting at Viva Technology (an event specialising in new technologies) in Paris.

All of the Group's job offers can be accessed from bouygues.com, which helps publicise the opportunities on offer from each business segment. At any given time, more than 1,000 job openings are available, both in France and abroad.

In March, **Bouygues Construction** launched the recruitment campaign entitled "And why not you?". Initially targeting female candidates, the two-month campaign generated a high rate of interaction on social media, with 8,000 visits registered to the ad hoc platform. Of this number, 1,300 resulted in contact requests, which were answered by HR in less than 48 hours. Because this campaign differed markedly from usual recruitment practices, Bouygues Construction was able to attract and then recruit distinctive profiles as well as creating a pool of diverse profiles.

In early November, the new employer brand campaign, BYG Interview, was launched, with the aim of giving candidates the experience of an exceptional job interview. Clips of these new-generation interviews were aired on social media throughout November.

Depending on requirements, local initiatives also trial new forms of job interviews. Last year, for example, the Hong Kong subsidiary held group interviews during which candidates had to summon up all their creative – and persuasive – powers. The candidates were asked to build a bridge from a selection of materials and present it to a multi-disciplinary panel of judges.

In addition to Hub Carrière **Colas**[a] and the Bouygues group's careers webpage, Colas last year continued its digital communications policy, initiating an in-depth review to improve the recruitment experience for job applicants.

In 2018, Colas continued three major employee advocacy programmes (employee ambassadors) internationally to encourage its employees who are active online to raise the profile of its employer brand and share its job offers on business social media:

- The "Textkernel" app can be used to submit applications in less than one minute from a desktop PC, mobile phone or tablet. The applicant conversion rate – which measures the number of applicants submitting a CV after viewing a job offer – increased more than three-fold in a sample recruitment campaign between 2017 and 2018.
- Colas also initiated a partnership with Yaggo, a job-application platform that manages contact with candidates. This process ensures a 100% response rate to applications received while also establishing a personalised relationship, both when responding to applications and when keeping track of applicants with potential.
- Lastly, to strengthen its employer brand, Colas has launched a major innovative advertising campaign, My Job Story, focusing on employee buy-in. This campaign is based on video stories showcasing all types of professions in France and abroad. It has been developed by and for employees, who are invited to share worksite anecdotes, filmed locally using smartphones and then adapted to the campaign format by a communications agency. These stories are posted on social media as they are created over a six-month period from September 2018 to March 2019.

Outside France, Colas has made itself more visible and stepped up its communications by using social media more actively. In January 2018, Colas UK had its Gold-level Investors in People accreditation extended.

In 2018, the **TF1** group held its first Talent Dating event for recruiting interns and work/study students, which was a huge success. More than 4,000 applications were received.

Bouygues Telecom strengthened its employer brand by communicating far more actively with potential candidates using dedicated social media. Short films were shot to highlight employees, their skills, experiences and life model as well as Bouygues Telecom's commitment to responsible and inclusive corporate governance.

(a) hubcarrierecolas.com.

Recruitment and departures

External recruitment by job category

Scope [a]: Global	Bouygues SA and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2018 Group total	2017 Group total
France	155	3,528	366	4,173	612	2,110	10,944	10,043
Managerial	90	1,423	194	671	328	526	3,232	3,148
Clerical, technical & supervisory	65	1,320	172	1,227	284	1,584	4,652	3,807
Site workers		785		2,275			3,060	3,088
International		10,819	22	18,137	50		29,028	20,598
Staff [b]		3,639	22	3,082	50		6,793	4,923
Workers [c]		7,180		15,055			22,235	15,675
France + International	155	14,347	388	22,310	662	2,110	39,972	30,641

(a) Coverage: 99.3% of the Group's headcount (Scope 2)
(b) Supervisory, managerial and technical employees
(c) Site workers
Indicator available at bouygues.com: Internships during the year (France)

3

In France, hiring remained intense in the construction businesses last year because of the large number of projects in progress.

At Bouygues Construction, recruitment rose sharply in international markets, primarily after two large-scale projects were signed in Turkmenistan. This accounted for over 2,000 of the hires in 2018. In France, recruitment was also significant (+11%), mostly concerning site workers (+44%). This reflected an upturn in business activity across France, notably due to the Grand Paris projects.

At Colas, increased recruitment was mainly seen in international markets, and specifically among site workers. This hiring trend rose sharply between 2017 and 2018 (+40%). In North Amercia, Africa and Asia, hiring levels vary widely, mainly due to seasonal factors.

Number of departures

Scope [a]: Global	Bouygues SA and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2018 Group total	2017 Group total
Number of departures (all contract types)	70	11,679	402	19,313	667	1,807	33,938	32,312

(a) Coverage: 99.3% of the Group's headcount (Scope 2)
Indicators available at bouygues.com: Reason for departure (France), Staff turnover (France)

Scope [a]: France	Bouygues SA and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2018 Group total	2017 Group total
Number of dismissals (permanent employees)	5	585	24	1,508	117	264	2,503	2,513

(a) Coverage: 52.7% of the Group's headcount (Scope 6)

3.2.1.3 Compliance with ILO conventions

The Bouygues group promotes the fundamental conventions of the ILO (International Labour Organisation) 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 bouygues.com, remind all employees 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. The whistleblowing facility set up under the Group's Code of Ethics can be used to report serious violations of human rights and fundamental freedoms. Of the international subsidiaries that have more than 300 employees, 66% have an employee consultation body.

Day after day, **Bouygues Construction** deploys the expertise of its employees in 80 countries. Consequently, the company has a duty to guarantee its employees living conditions that meet clearly defined standards. The toolkit for setting up worksite living quarters, of which all entities are now aware, is audited by the Group. Another more general toolkit, containing a guide to living-quarter standards, an assessment sheet, a scorecard and the list of standards applicable to subcontractors, has been made available. It is subject to internal audits by the Health and Safety department.

In France, as a continuation of the jobs and skills planning agreement (2016) and the agreement on quality of life at work (2017), a benchmark agreement aiming to improve diversity and gender equality was signed by the Colas group. Signed in June 2018, this agreement is based on two main aspects – diversity and gender equality in the workplace – and defines the guiding principles shared by all Colas entities.

The importance of non-discrimination is regularly reaffirmed during presentations given as part of the Colas University training programmes, delivered to managers at various stages of their careers, and training of recruiters.

Outside France, Colas subsidiaries (especially those located in English-speaking countries) are conducting measures to combat discrimination. In the UK, Ireland, Switzerland and Denmark, specific statements of intent and management charters on this issue have been drawn up to supplement the group-wide charters. Ireland has included a special chapter on non-discrimination in its new HR manual, "Dignity and respect for all".

Colas UK, which takes a proactive approach, is involved in studies examining diversity in recruitment. Diversity is promoted through initiatives organised with associations of former prisoners, ex-military personnel, disabled people and outplacement[a] agencies.

In Switzerland, a system for reporting discrimination anonymously has been set up.

In Belgium, the retention of employees aged over 45 in employment is covered by specific action plans for each agency.

US subsidiaries are bound by federal laws prohibiting job discrimination in hiring, employee treatment and remuneration. They make their commitments clear and send vacancy announcements to placement agencies that specialise in the employment of minorities, or to specialist newspapers. The Colas North Amercia Corporate University offers ethics courses. US-based employees who feel they are victims of harassment may call a toll-free number for help.

Freedom of association and the right to collective bargaining

In countries where ILO conventions governing trade-union rights and freedoms have not been ratified, all subsidiaries aim to implement arrangements that give employees a voice. This is because the Group strongly believes that high-grade dialogue between labour and management is the cornerstone of harmonious relations in the workplace.

At **Bouygues Construction,** the degree of advancement of human resources policies is gauged using the Human Resources Development Index (HRDI), which is based on 21 criteria applicable to every country. Regular examination of this indicator for each country provides a detailed overview of progress in HR policy, corporate culture and values. It is also used to track year-over-year achievements for each subsidiary, signalling where remedial action needs to be taken.

Since **Colas** mainly operates in OECD countries, which account for virtually all its sales, it has few operations in countries where there are substantial risks in terms of freedom of association, forced or compulsory labour, child labour or discrimination.

Colas works with a limited number of subcontractors.

Existence of employee representative bodies in the international activities[a]

Scope[b]: International, outside France (companies with more than 300 employees)	Bouygues SA and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2018 Group total	2017 Group total
Existence of employee representative bodies in the international activities		55%		80%			67%	63%

(a) Bouygues SA and other, Bouygues Immobilier, TF1 and Bouygues Telecom are not covered by this indicator on account of its scope. Only companies employing more than 300 people operating outside France (excluding Alpiq Intec and Kraftanlagen) are concerned.

(b) Coverage: 28.9% of the Group's headcount (Scope 8)

(a) An individual support programme aimed at helping employees leaving the company find a new job.

Elimination of forced or compulsory labour and the effective abolition of child labour

Respect for fundamental values and principles of human rights is enshrined in the Bouygues group's Code of Ethics and Human Resources Charter. The Supplier CSR Charter forbids all use of forced or compulsory labour.

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 their business partners through the Supplier CSR Charter (see section 3.4.3 "Partners, suppliers and subcontractors").

3.2.2 Making life better for employees every day

3.2.2.1 Adaptable and scalable worktime organisation

Worktime organisation depends on the local business context and on the type of legal arrangements in force, which may differ from country to country.

Decisions take into account the need to satisfy customers and maintain a healthy work/life balance for employees.

Adapting and organising worktime

Several initiatives are conducted within **Bouygues Construction** (under the internal Harmonies label) in the following areas: managerial behaviour, parenting, work organisation and effectiveness, workplace/worksite conditions and self-management.

Optimal management of worktime is a key factor for ensuring a high quality of life at work. For example, employees are increasingly aware of the need to switch off if they are working irregular hours. Helping to raise awareness in this area are pop-up and other alerts, deployed under the terms of the quality-of-life-at-work agreement, of which all Bouygues Construction's entities are signatories. Facilitating time management for employees also requires offering services that make everyday living easier. Two such actions were the introduction of e-concierge services throughout France and the installation of a remote medical diagnostics booth at Bouygues Construction's headquarters. This gives employees access to e-consultations directly from their place of work.

In **Colas**' global scope, the organisation of worktime takes into account the seasonal nature of the transport infrastructure construction and maintenance business.

In France

The preferred organisation of worktime is either annualisation or a fixed number of days worked. Annualisation and the worktime modulation plan – which apply to workers and office employees, technicians and supervisors in the Operations business line – mean that work can be organised according to seasonality, while rewarding overtime. In the railway and road signalling activities operated by Colas, where night shifts are required for safety reasons, specific arrangements exist for organising work.

The method of a fixed number of days worked, which applies to managers, is being extended to clerical, technical and supervisory staff.

The resource used to manage working time and time off for employees working on a fixed-day basis keeps track of days worked, rest days and leave days on a monthly basis. It also facilitates ongoing dialogue between managers and employees about their workloads and work/life balance.

Outside France

The seasonal nature of business also has an impact on the organisation of worktime. In North Amercia, for example, weather conditions dictate that projects must primarily take place between April and November. Seasonal employees therefore make up a large proportion of the workforce. Employees are rehired from one year to the next.

In Canada, working times during periods of activity are governed by provincial regulations and, for unionised workers, by collective bargaining agreements. A Fatigue Management System Policy is in place at most Canadian companies for tracking hours worked and rest periods.

In Europe, worktime is calculated on an annualised basis in most countries, in line with the local legislation. Flexibility encourages work at the times of the year best suited to construction. At the end of the year or when new projects come in, the entities publish a schedule of activity for the upcoming year and submit it to employee representatives. In some countries such as the Czech Republic, Austria, Denmark and Iceland, subsidiaries bring in seasonal employees at the busiest times of the year.

In Africa, worktime is geared to the legislation in force in each country. An overtime rate is paid for hours worked outside normal working times. On certain projects, employees are granted time-off at the end of the month.

Working patterns are adapted during Ramadan depending on the country.

Within **TF1,** several work-organisation measures were already in place last year.

As a signatory of the Parenting Charter, the group offers its employees special arrangements for combining work and family life. For example:

- From the fourth month of pregnancy, employees can work part-time or full-time from home to avoid the fatigue from commuting.
- A set number of days are paid for parents to take care of sick children (6 days for one child, 9 days for two children, 12 days for three or more children) or disabled children (5 days of paid absence per child per year).
- The cost of childcare for children under the age of three is co-financed at a rate of €8 per day of care, up to a maximum of €1,830 annually.

Since 2000, **Bouygues Telecom** has made a time-management resource available to all levels of staff.

When required medically, Bouygues Telecom is able to adapt employee worktime, especially for those employees coping with disabilities. Along similar lines, the inter-generational contract makes provision for adapted hours and worktime for older workers employed in customer relations.

Adopting new forms of work organisation

In France, the Group has introduced working from home arrangements, which can increase employee satisfaction while yielding gains for the company by improving productivity and optimising the use of office space. The Group's business segments:

- have put into place flexible work methods and open coworking spaces;
- have defined a strategy for preventing cognitive overload (e.g. stress, burn-out) as well as harassment;
- have signed agreements enhancing the quality of life at work;
- conduct anonymous perception surveys amongst employees;
- address issues of workload and work/life balance up to twice per year, including during annual appraisals;
- have put in place early-warning systems (for filing complaints with management);
- have policies for maintaining a healthy work/life balance, while Bouygues Construction, TF1 and Bouygues Telecom have also signed the Parenting Charter. Bouygues Telecom also has a "well-being and stress observatory".

The "Place to BY" initiative operated by **Bouygues Construction,** whereby it provides coworking spaces to all employees (included but not limited to worksites), has proven hugely popular in France. Last year also marked the international deployment of the employee well-being Harmonies initiative. This policy is being applied in Australia, Morocco, the UK and Switzerland, in full respect of each country's characteristics.

Bouygues Immobilier has rethought workspaces for its clients in the commercial property market and for its own employees, aligning them with today's digital culture and changes in management practices. For example, its Galeo headquarters and several other locations have been transformed into shared workspaces, with a focus on functionality, collaborative working and well-being in the workplace.

In 2018, the Human Resources department set up its own HR Lab, which trials new methods and forms of organisation, in order to support Bouygues Immobilier's transformation. Its main mission is to sharpen Bouygues Immobilier's ability to initiate and support change, for example by running workshops on collective thinking and the effectiveness of meetings.

An agreement concerning all **Colas** subsidiaries in mainland France relating to quality of life at work was signed on 1 December 2017 and implemented in 2018.

This agreement has introduced new working arrangements for employees:

- by the development of several forms of working from home;
- by facilitating occasional remote working – a more flexible form of working from home, particularly suited to operational managers.

The agreement also offers services for employees in order to offer a better work/life balance, namely:

- assistance with their children's homework, with free access to tutoring (from infant to secondary school) and online teachers;
- childcare, along with a housekeeping service platform.

Further measures planned by the agreement will be implemented in 2019, such as help for employees who are caregivers and a legal and administrative support platform.

In May 2017, **TF1** started reorganising all of its office space in line with new working practices. This project, called Nextdoor after the joint venture set up by Bouygues Immobilier, is due to run until the end of 2020. In total, 33,000 m^2 of floor area is to be reorganised.

At **Bouygues Telecom,** the themes of workload and work/life balance are discussed twice, including during employee appraisals. An early-warning and complaints procedure has also been introduced. A new appraisal system was launched in 2018, through which Bouygues Telecom gives employees the opportunity to express their opinion on quality of life at work, specifically in terms of how they perceive and feel about their workload. Where required, concerns are flagged with HR.

Number of hours worked

Scope [a]: Global	Bouygues SA and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2018 [b] Group total	2017 Group total
Number of hours worked	704,479	97,310,717	2,871,104	111,508,974	4,671,754	11,816,085	228,883,113	222,847,775

(a) Coverage: 94.4% of the Group's headcount (Scope 4)
(b) The calculation of this indicator does not take into account occasional workers at TF1 in 2018.

Worktime schedule

Scope [a]: France	Bouygues SA and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2018 Group total	2017 Group total
Hourly	36.0%	52.1%	33.1%	80.1%	35.9%	53.6%	64.8%	65.4%
Annual (incl. senior executives)	64.0%	47.9%	66.9%	19.9%	64.1%	46.4%	35.2%	34.6%

(a) Coverage: 52.7% of the Group's headcount (Scope 6)
The indicator is specific to France and thus excludes international data
Indicator available at bouygues.com: Average number of part-time workers (France)

Absenteeism

Number of days off work as a result of a workplace accident[a]

Scope [a]: Global	Bouygues SA and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2018 Group total	2017 Group total
Number of days off work as a result of a workplace accident	2	28,557	181	50,780	447	3,365	83,332	78,610

(a) Coverage: 94.4% of the Group's headcount (Scope 4)

3

Absenteeism rate [a]

Scope [b]: France	Bouygues SA and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2018 Group total	2017 Group total
Absenteeism [a]	0.4%	3.5%	2.0%	5.0%	2.5%	4.8%	4.3%	4.5%

(a) Permanent staff
(b) Coverage: 52.7% of the Group's headcount (Scope 6)
Absenteeism is defined as the number of calendar days absent as a result of workplace accidents, commuting accidents, occupational illnesses and other illnesses versus [average number of permanent staff x 365]

After three consecutive years of contraction, the number of days off work increased at Bouygues Construction. This trend was due to new ventures or increased business involving highly technical operations situated in regions with a poor culture of safety. In such regions, a certain amount of time is needed for the Group's policies and procedures to take root and be assimilated fully.

3.2.2.2 A resolute health and safety policy

The Bouygues group aims to reduce the frequency and severity of occupational accidents to which it is highly exposed through its operations. In addition to the measures taken to ensure the safety of employees, the subsidiaries also operate policies to improve their health.

Furthermore, all business segments aim to enhance road safety and forestall psychosocial risks (through surveys, early warnings and management training in best practices).

Boosting safety in the workplace

It is on worksites where the need for accident prevention is crucial. The Group's construction businesses are therefore working extremely hard in the area of health and safety (safety equipment, training, detection and monitoring of near-accidents). In France, health, safety and working-conditions policies are implemented in consultation with employee representative bodies Implementation of a safety management system, part of which may have OHSAS 18001 certification, is the organisational bedrock at Bouygues' operating units in the construction sector.

Group entities take active steps to improve the safety of all persons who work on their sites. As personal physical integrity is at stake, Bouygues group entities require their suppliers to have identical work safety requirements when operating on Bouygues sites. In that regard, it is each supplier's responsibility to bring any identified anomaly to the attention of the manager of the Bouygues group site where it is working (extract from the Group's CSR Charter for Suppliers and Subcontractors, which is appended to procurement contracts).

To implement this policy in the field, senior managers at subsidiaries have for many years drawn on a global network of health & safety officers as well as a broad range of safety resources, including training on safety, eco-driving techniques, first aid training and 15-minute "starter" sessions on safety basics.

Other resources include awareness-raising initiatives, accident analysis, best-practice sharing, cross-subsidiary challenges and half-yearly rankings.

To promote further cooperation and sharing between the various entities of the **Bouygues Construction** group and ensure the overall consistency of internal health & safety rules and initiatives, reporting and operating procedures were reorganised in the third quarter of 2018. Health & safety is now overseen by a permanent committee of health & safety managers that meets regularly to determine policy and coordinate initiatives.

In this new governance framework, Bouygues Construction will provide all its entities with a universal, multi-business, proactive resource for managing health & safety by project, worksite, activity or service, i.e. as close as possible to the decision chain on the ground. This resource will harvest and store data, then extract, analyse and use them to make available, in the management cockpit, coded or adjusted indicators and information serving to assist proactive and responsive management practices. It is due to go live in the second half of 2019.

On the ground, Bouygues Construction continues to implement its 12 priorities, which were defined in 2017 and announced at its World Health & Safety Day on 13 June of that year. These 12 priorities are also promoted daily through the "We Love Life" campaign. At the same time, Bouygues Construction has ramped up enforcement of the wearing of Personal Protective Equipment (PPE), both in France and internationally. Action has also been taken to streamline the equipment options available.

Training courses instil the basic principles and types of behaviour required to ensure optimal safety. The courses have three modules: team leaders and supervisory worksite staff/works management/site management. Training is intensive, with two to four sessions held every month. In 2018, over 760 employees received this safety training.

Since 2018, the "Top Site" label has been rolled out to all operations that have a strong health & safety focus.

Bouygues Construction furthermore continued introducing advanced investigation techniques, including for investigating the causes of accidents, near-accidents or events qualified as "HiPo" (High Potential). It also pursued a policy of eliminating risks for which technical responses are currently not sufficiently effective.

One example is that Bouygues Construction has prohibited the use of 125mm grinders on all its worksites until suppliers can offer a device that meets all its safety requirements, both active and passive. The company's specialist departments are currently working with suppliers to find a solution. Similarly, the policy of removing ladders, stepladders and step stools in almost all of its operations is still under way. Where this is not applied (maintained-occupancy sites and certain clearly identified activities), specific risk assessments are conducted and appropriate protective measures taken. Another example is that, in 2018, a prototype of a more efficient and ergonomic form panel (B18) entered into production. On-site tests began in May last year.

In addition, pre-work warm-up sessions are held more frequently, based on a specific programme developed by specialists in cooperation with occupational therapists from Bouygues Construction's Ergonomics department.

Concerning chemicals, Bouygues Construction continues to use only those whose INRS [a] risk scores are either low or moderate. Lastly, procedures are being implemented to replace form oil or paint containing solvents with safer alternatives.

With its business partners, Bouygues Bâtiment France-Europe has started a partner support initiative as a way of enhancing the safety culture among subcontractors on all its worksites, in both the structural works and fit-out phases.

In 2018, Bouygues Energies & Services deployed a whole range of resources for welcoming and inducting new employees, business partners and temporary staff. This includes local induction procedures, enhanced safety training tools for temporary staff (agency personnel, apprentices, etc.) and the appointment of mentors or sponsors who impart the company's safety culture to new employees. Briefings are also conducted in some entities, in which a different employee gives a safety talk at the beginning of each workday.

As part of its corporate strategy "Beyond – On the Road to 2023" Bouygues Bâtiment International is focusing prevention on controlling major risks, with the objective of achieving zero high-potential accidents by 2023. Last year, it also introduced the #Safety act app for tablets and smartphones, available in the three main languages used on its worksites (French, English and Spanish). This provides comprehensive guidelines on health & safety at the company.

Following every serious accident, Bouygues Bâtiment International produces a safety-alert video that explains the circumstances surrounding the accident, the causes and what can be learnt from it. All these videos are available with English, French and Spanish subtitles, as well as in high or low definition, to facilitate access on the company's worksites.

Training is a large part of safety at **Bouygues Immobilier.** E-learning modules are provided to all employees joining the company, showing the main risks and procedures to follow. A specific safety module is included in the induction process. This supplements the classroom-based training provided to operational managers at offices or on developments, which includes first-aid training, and worksite safety.

To raise awareness among employees, Bouygues Immobilier held a Safety Day on 7 June 2018 at all its locations in France and abroad.

Safety is of paramount importance to **Colas,** which has set itself a zero-accident target. Health & safety policy is built around four priorities:

- respect for rules;
- training and informing;
- a safety-first approach to project and process design;
- follow-up of action plans.

In 2018, the Colas group's annual Safety Week addressed addiction prevention (drugs, alcohol, psychoactive medications and rules concerning the use of mobile phones), which has been added to its existing health & safety policy.

Various other initiatives have been implemented:

- "Safety Culture" days in mainland France for all newcomers to Colas (2,500 to 3,000 employees annually);
- supervisory inspections at Colas Centre-Ouest, which are also being rolled out at Colas Rail and Colas Sud-Ouest;

(a) The French National Research and Safety Institute for the Prevention of Occupational Accidents and Diseases.

- the "Goal Zero" process rolled out in Canada with Caterpillar Safety Services;
- the safety culture programme launched at SPAC together with ICSI [a];
- virtual-reality training on crushing-related dangers as part of the health & safety days for newly hired employees;
- a crushing-related dangers project with Volvo Construction Equipment, which alerts not only pedestrians if they enter a prohibited zone close to machinery, but also the operator. This system uses artificial intelligence to recognise human presence.

As soon as they join **Bouygues Telecom,** new employees, work/study students and interns are prompted to learn the safety rules of the company. This is dispensed via online training modules and concerns all professions. Bouygues Telecom has also ensured that Health & Safety and Working Conditions committees exist at all its sites, including those not obliged to have them under the new legislation on employee representative bodies.

Workplace accidents

Scope [a]: Global	Bouygues SA and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2018 Group total	2017 Group total
Frequency rate [b] of workplace accidents among staff	2.8	3.6	2.4	6.7	3.0	5.7	5.2	5.0
Severity rate [c] of workplace accidents among staff		0.29	0.06	0.46	0.1	0.28	0.36	0.36
Number of fatal accidents		4		6		1	11	8

(a) Coverage: 94.4% of the Group's headcount (Scope 4).
(b) 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. The auditor indicates that it has obtained reasonable assurance for the 2018 indicator.
(c) Number of days off work as a result of a workplace accident x 1,000/number of hours worked. The auditor indicates that it has obtained reasonable assurance for the 2018 indicator.

Indicators representing the construction businesses deteriorated last year.

Bouygues Construction has identified avenues for progress, concerning which it is taking comprehensive action – targeting research, methods and equipment as well as works and training – in order to reduce the accident rate of high-risk activities. In 2019, these actions will primarily focus on lifting/handling activities and working at heights.

The safety culture initiative launched in mainland France in late 2018 will enable Colas to take another step forward. The initiative is to be rolled out across all France-based subsidiaries (excluding SPAC) between now and 2022.

Nevertheless, regrettably 11 fatal accidents were reported in 2018. Action plans have been put in place.

Two fatal accidents occurred in the period under review at Bouygues Construction's Moroccan subsidiary. The Health & Safety department has implemented remedial measures, consisting of a teaching film and changes to the equipment at the root of the accident.

Among Colas' remedial measures, it is worth mentioning the instruction on consignment/deconsignment protocols provided in all countries, concerning primarily production plants, and the safety meeting on degraded conditions, which has been included in training for newcomers.

Protecting health in the workplace

For several years, an ergonomics initiative within **Bouygues Construction** has worked to reduce the level of arduous work in production-related professions.

Equipment prototypes continued to be developed in R&D, such as the zero-G arm and the ExoVest. A working group on load handling has been set up in conjunction with e-lab, the Bouygues group's research, development and innovation unit.

Ensuring that employees have adopted fundamental principles before starting work must become a prerequisite.

Bouygues Construction continued initiatives to protect against noise and dust by:

- modifying equipment in order to reduce vibration and noise levels;
- providing a wider choice of personal protective equipment (e.g. made-to-measure ear plugs);
- raising awareness among site workers about the importance of wearing personal protective equipment at all times to ensure comprehensive protection.

Streamlining by Bouygues Construction's Equipment division made it possible to select products with better quality and safety standards.

Bouygues Construction has strengthened its corporate policy for combating addiction, which is translated into the internal regulations of each operating unit based on a common template. This policy is:

- spread over digital corporate channels such as the intranet and corporate social media;

(a) French industrial safety culture institute.

- repeated at every major group or subsidiary-level communication event e.g. conferences and seminars;
- promoted by management, through leading by example, reminders during meetings and effective on-site implementation.

To help the implementation process, internal regulations have been supplemented with four testing/control procedures.

In late 2018, the 2019 Health Plan was launched as part of the Harmonies initiative. It has four pillars:

- ease of use and working environment;
- work/life balance;
- physical and mental health monitoring;
- work organisation.

On 9 April 2018, Bouygues Construction signed an agreement with employee representatives in which it pledged to implement the plan in every entity worldwide.

On-site awareness-raising workshops are held in France in which employees are shown how to maintain a good state of health. Ergonomics training, for both employees putting methods into practice and health & safety officers, is now provided at most international sites, in several countries, focusing on diagnostics, action proposals and team awareness-raising.

Launched in 2014, the Satin employee satisfaction survey on quality of life at work was run again in 2018 for employees at **Colas** companies in mainland France. A questionnaire was sent out to all employees. Based on their responses, each subsidiary has developed an action plan to improve workplace well-being and reduce psychosocial risks.

In the area of health, specific initiatives were again pursued to limit:

- musculoskeletal disorders: training given to site workers on preventing risks related to physical activity, and the provision of "ExoPush" exoskeletons, developed jointly by engineers, site workers and Colas experts. This aims to reduce exertion for personnel spreading asphalt while improving working conditions simply because workers are more upright and place less strain on the heart. More than 40 units have been rolled out in Australia, Belgium, central Europe, Denmark, France, and Switzerland;
- noise exposure (mandatory hearing protection): noise has been chosen as the main theme for the 2019 Safety Week;
- exposure to ultraviolet rays (frequent reminders to wear protective clothing and introduction of new long-sleeved T-shirts).

Colas has also implemented mechanisms and actions to reduce employee exposure to bitumen fumes, silica dust and chlorinated solvents. For example, Colas has worked for several years on reducing exposure to bitumen fumes, pursuing two main objectives as it implements its strategy around the world:

- reducing bitumen application temperatures, since every 12°C reduction in temperature reduces fume emissions by around 50%. In addition, the current R&D programme to expand the production of warm mixes is being supplemented by communications campaigns aimed at convincing customers to adopt warm mixes in place of traditional hot mixes. In 2016, the INRS [a] determined that the use of warm mixes results in a statistical reduction in exposure of 25%;
- upgrading the fleet of finishers (machines that lay asphalt mix) to equip them with fume extraction systems.

As part of the FNTP/OPPBTP [b] campaign, Colas also measures crystalline dust emissions for the processes that produce them.

In 2018, Safety Week (25–29 June) focused on addictions. Supporting the campaign was the film *Sous influence* – which won two awards at the Enghien-les-Bains safety film festival – and video quizzes presented by managers together with summary sheets for all employees as well as posters.

At **TF1,** postures and movements training modules are dispensed annually to employees having to lift heavy loads or work in awkward positions. Since September 2018, two weekly osteopathic consultations have been offered at the Boulogne-Billancourt site to help prevent musculoskeletal disorders among employees.

Bouygues Telecom offers a health & safety programme at its headquarters. This includes several initiatives promoting well-being and a sound work/life balance, such as a relaxation area ("Cosy Room"), a sports room, counselling, and the well-being and stress observatory, introduced in 1999 in partnership with Préventis. Workshops to raise awareness about sleep patterns and train in relaxation techniques are also offered.

Number of employees with a recognised occupational illness [a]

Scope: France	Bouygues SA and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2018 Group total	2017 Group total
Number of employees with a recognised occupational illness [a]		94		122		1	217	185

(a) Coverage: 52.7% of the Group's headcount (Scope 6)
The indicator is specific to France and thus excludes international data

(a) French National Research and Safety Institute for the Prevention of Occupational Accidents and Diseases.
(b) French civil works federation/professional body for the prevention of occupational hazards in the construction and civil works sectors.

The Group endeavours to provide its employees with social protection, both in France and in other countries.

In France, all employees benefit from personal risk coverage (long-term incapacity and death) and healthcare insurance. Entitlements are far superior than minima under the law (especially state-approved complementary healthcare policies) and contractual arrangements. In addition to employee healthcare coverage, the Group also contributes towards covering family members' healthcare costs.

The Group Personal-Risks Scheme covers the employees of Bouygues Construction, Bouygues Immobilier, Bouygues Telecom and Bouygues SA. Since 2018, extra services have been offered, designed to facilitate the following:

- healthier living (coaching to prevent backache, stop smoking, deal with stress, etc.);
- healthcare access for employees and their families through a free 24/7 remote medical consultation service reachable from France and abroad.

New for 2018, deuxiemeavis.fr is an online service allowing patients with a serious, rare or debilitating illness to obtain a second opinion from leading medical consultants in their respective areas of expertise.

The Group has also created complementary health insurance for former employees on a made-to-measure basis. Using these contracts, employees leaving the company can benefit from continued coverage of healthcare costs. This means that they are covered by the same services (direct payment by insurer of medical expenses, remote consultation, network of opticians, etc.) without having to fill out additional membership paperwork. Neither is there a non-reimbursement period, and administration fees are identical to those charged to employees (excluding direct debit fees). Two levels of coverage are offered: the exact same coverage as provided to employees, and less generous coverage for those in good health or of limited financial means.

Lastly, for employees whose employment contract has been suspended, health insurance coverage can now be maintained in all cases. To date, coverage continued only for employees on parental leave, training leave or on sabbatical, but from now on those on compassionate leave and temporary caregiver's leave will also be covered too.

In June 2018, the Bouygues group started reviewing its social insurance coverage for all its long-standing entities (excluding mainland France). The findings are expected for the first quarter of 2019. The review's focal points are death, invalidity (occupational or otherwise), healthcare and maternity coverage and retirement protection. It encompasses 62 countries and 6 French overseas departments, covering over 200 legal entities and some 67,000 employees. The aim is to have a wide-angle view of social insurance coverage in comparison with local market practices, bringing them into line where necessary.

It should be noted however that 100% of employees working in non-French entities with over 300 employees already have social protection.

3.2.2.3 Labour relations based on permanent and constructive dialogue

The two priorities of the Bouygues group with respect to labour relations are ensuring high-quality exchanges with labour representatives and coordinating dialogue with employees.

The Group believes that trade unions and other employee representative bodies are essential for progressive labour relations, which in turn contribute to its companies' success. Having open communication channels with these bodies lays the groundwork for constructive relations. High-quality labour relations is a particularly strong point for Bouygues' business segments in their various sectors of activity. At Bouygues Telecom, for example, the new employee representative bodies (Economic and Social Committees) were introduced by unanimous agreement with the company's registered trade unions.

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 subsidiaries are supplemented by the Group Council in France (30 representatives from various works councils and ESC[a] around the Group) and the European Works Council (24 representatives from 12 countries). As privileged forums for meetings between union representatives and Group executives, they provide an opportunity for forthright discussions about the Group's business and financial prospects and about developments relating to jobs, HR policy, health and safety.

With such vast representation of its employees (3,676 elected representatives and 359 bodies), the Group sees high turnouts at workplace elections (82.3% in 2018) – far higher than in France on a nationwide level (42.76% in 2017 according to France's National Council on Labour Relations).

The Group offers a unique resource allowing employee representatives to access data in the e-library of economic and HR-related information related to their scope.

Throughout the Group, 239 elections were held in 2018 to set up the first ESCs[a] in France amid high-quality labour relations, in which the contribution of employee representatives was solicited, especially with regard to the HSWC[b] committee.

Ensuring high-quality dialogue between labour and management

Because each of its businesses is so different, collective bargaining within the Group has naturally evolved by business segment so that agreements stay as close as possible to each one's requirements and limitations.

In 2018, 269 agreements were signed or renewed, underlining the dynamic labour relations within the Group.

Internationally, labour relations are guided by the rules applicable in the specific countries.

Lastly, each of the Group's business segments has been required to sign other agreements based on their own circumstances.

(a) Economic and Social Committee.
(b) Health & Safety and Working Conditions.

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

Scope [a]: France	Bouygues SA and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2018 Group total	2017 Group total
Turnout in the most recent employee representative elections	82%	87%	69%	82%	73%	77%	82%	81%

(a) Coverage: 53% of the Group's headcount (Scope 5)
The indicator is specific to France and thus excludes international data
Indicators available on bouygues.com: Percentage of employees covered by a satisfaction survey (France), Percentage of employees receiving a formal annual appraisal (France)

Turnout in elections for employee representatives increased slightly in 2018, signalling the importance and confidence ascribed by employees to the proper functioning and renewal of employee representative bodies. This indicator is confirmation of the quality of workplace relations within the Group.

Collective agreements negotiated

Scope [a]: France	Bouygues SA and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2018 Group total	2017 Group total
Labour relations/ Right to vote/ Right to organise	2	23	1	99	6	4	135	N/A
Remuneration/ Employee benefits/ Collective bargaining arrangements	2	25	2	48	2	7	86	N/A
Worktime and work organisation	3	3		10	1	4	21	N/A
Quality of life at work/ Diversity in business segments		2		11	1	2	16	N/A
Job and career management		5	1			1	7	N/A
Other		1			3		4	N/A
Total Number of collective agreements negotiated including mandatory annual negotiations	7	59	4	168	13	18	269	185

(a) Coverage: 52.7% of the Group's headcount (Scope 6)
The indicator is specific to France and thus excludes international data
N/A: not applicable

In 2018, 50% of agreements concerned labour relations, the right to vote and the right to organise, 32% remuneration and employee benefits, 8% worktime and work organisation, 6% quality of life at work and diversity, and 3% job management.

Coordinating dialogue with employees

The collaborative network – Yammer Bouygues – launched in 2015 and made available to all Bouygues group employees with an email address, gives access to an open and transparent discussion forum that can be used to stay up to date on Group news and share business-segment best practices through theme-based online communities.

This resource contains a section called Group Newsroom, which is used by the Group's senior management to communicate news to employees.

The five business segments also have their own collaborative networks. Because these networks all use Microsoft's Yammer software solution, adoption of this new work resource was easier for all concerned. Within the Group and at all its worldwide operations, widely-distributed interactive communication channels are on offer to facilitate exchange (e.g. corporate social media and chat applications). Throughout the year, various events are held within each business segment, offering opportunities to meet and dialogue more often.

In 2018, Bouygues Immobilier, Colas and TF1 each conducted employee perception surveys. Bouygues Construction conducted a satisfaction survey within the new Health & Safety department (504 employees). The participation rate was 75% and the findings were positive.

The highlight of 2018 at **Bouygues Construction** was the signature of the first-ever group agreement on quality of life at work. Covering all of Bouygues Construction, this agreement crystallises the commitment of senior management and employee representatives to high workplace standards, both in France and abroad. Another hallmark of this commitment is the Harmonies policy, which sets forth measures covering the right to "switch off", the production and auditing of the Human Resources development Index, modernisation of managerial behaviour, e-concierge services and more besides. Each company is allowed to expand this drive by sharing locally-developed best practices.

In 2018**, Bouygues Immobilier'**s Digital Transformation and Human Resources department set up the Employee Experience department, which houses shared services for employees, such as training, talent management, the HR Lab, working environment, payroll and admin, and HR data and solutions. The aim is to offer employees the same experience within the company that they are asked to offer to customers.

Colas has continued to develop its internal digital communications strategy using the Yammer network. Whether participating in communities relating to a specific theme (business lines or projects) or region (life at the Paris and Magny-les-Hameaux sites), employees are able to enhance their expertise in networks and collaborative working. This trend is set to continue with the implementation of knowledge management resources. In the area of digital technology, a portal for employees and managers combines new HR services such as an employee file management and HR self-service apps (which can be used to send vacation requests etc.). The aim is stronger ties with employees and to improve interaction. The resource was first trialled in late 2018 for widespread introduction across France in 2019.

Within the **TF1** group, digital channels enable daily dialogue with staff. In 2018, 80% of employees consulted the intranet at least once per week. The intranet is considered by employees as the prime source of information about group life. It contains a link to the Workplace by Facebook social media page, ByLink (the Bouygues group intranet) and the in-house video channel, which aggregates employee contributions from Twitter and TF1's Yammer network. Dialogue on the ground is guaranteed through the following:

- face-to-face sessions, including monthly masterclasses;
- weekly meet-ups, organised by the Fifty-Fifty diversity network, the group's Intrapreneur Business Lab and the young people's 3.0 group;
- the TF1 Initiatives committee;
- technological demonstrations in specific locations, at TF1 locations or elsewhere.

Every year, the "Social responsibility Week" organised by TF1 Initiatives (the unit which brings TF1's CSR initiatives under one single umbrella.) offers employees the chance to take part in socially responsible workshops and information exchanges, and organises hackathons for the benefit of charities in order to promote the concept of living together in harmony.

3.2.2.4 Remuneration policy rewards individual and combined efforts

The Group's remuneration policy has several objectives. It aims to give employees a share of profits and works to ensure fair pay that takes into account professionalism, potential and performance (both individual and collective). Underpinning this policy are a comprehensive system of remuneration, adaptations to professional and regional contexts, regular surveys and a commitment to ensuring that decisions are systematically reported.

Comprehensive remuneration

A comprehensive system of remuneration applies to all employees worldwide, comprising a basic salary and variable bonus payments (determined by country and occupation). These arrangements may be supplemented by other employee benefits such as occupational pensions as well as health and life insurance.

This policy is supplemented in France by mechanisms giving employees a share in the profits of the Group's various entities. In total, 99% of France-based employees are covered by compulsory or voluntary profit-sharing agreements. Additionally, employee-savings incentives (e.g. company savings and collective retirement savings schemes) are regularly supplemented by capital increases reserved for employees, such as the Bouygues Confiance n°10 plan in 2018.

Internationally, company savings arrangements similar to the French system are available in some countries. In the UK, Bouygues Construction offers ShareBY and Colas UK offers the "Colas UK Share Incentive Plan". Similar arrangements exist in Switzerland and Hong Kong.

The Group also strives to reward professional conduct and mindset among its best site workers through the Minorange Guild [a]. **Bouygues Construction** and **Colas** have 16 such site worker guilds, active in the Group's main locations. **Bouygues Telecom** recognises competence and customer service acumen through the Customer Advisors Club. Similarly, the expertise of its engineers is recognised by co-option to the Bouygues Telecom "Experts Club".

Bouygues Construction's collective remuneration policy was renewed in 2018 with the signing of new voluntary profit-sharing agreements – a sign that the company wants remuneration to reflect worksite performance and the improved results in terms of safety.

At Bouygues Construction, the Global HR platform – comprising remuneration, annual appraisals and talent management – now covers 80% of entities in France and abroad. The platform helps manage and harmonise these three key processes. It also provides a scorecard for tracking strategic HR indicators for the whole of Bouygues Construction's scope of consolidation. Roll-out began in 2016 and is due to continue until 2019.

In its pay reviews, **Bouygues Immobilier** takes an individual approach to remuneration that factors in experience and career record as well as competence, performance and prospects. An eye is also kept on pay levels in the industry.

(a) The Minorange Guild, founded in 1963 by Francis Bouygues for the construction trades, and now deployed in the Group's other business segments, contributes to highlighting exemplary behaviour by site workers in all the construction businesses.

Tailoring remuneration policies to profiles and geographical areas

All of the Group's business segments strive to uphold gender equality, especially in pay reviews.

So that it can respond to different economic contexts, both in France and in international markets, **Bouygues Construction** runs an annual pay review, which it supplements with information from another special review. Different trends come to the fore as the result of disparities between local business conditions. However, all these elements can be slotted into an overall policy.

Adjustments are made locally to take into account tight labour markets, business performance and inflation. Bouygues Construction is also looking into the use of indicators covering, for example, gender diversity, cross-disciplinarity, and geographical and job mobility.

Bouygues Immobilier offers the possibility for employees who have the right to a company car to receive a travel allowance instead. Employees with this entitlement may now choose between a company car or a monthly amount to defray expenses, covering commuting, business travel in the region as well as any other type of private travel. For the past four years, older employees have had the possibility of reducing their working hours while maintaining full-time pension contributions.

The remuneration policy applied by **Colas** around the world is based on the annual guidelines issued by senior management that takes into account the economic environment, inflation, the jobs market and wage negotiations with trade unions and employee representatives. This Colas policy keeps pay aligned with responsibilities and includes measures for young people, talent management and promotions. It rewards achievement and recognises employees' skills.

The variable remuneration policy applied by Colas is based on the overall performance of all its entities in France and around the world. The budget available for remuneration depends on three criteria: the results of the Colas group and of the relevant subsidiary, as well as individual performance. For employees, it is based solely on individual performance, whereas for managers it also reflects the performance of the subsidiary or sector of activity.

Every manager is provided with a pay review tool, plus relevant performance indicators. Managers are thus given all the information they need to review their team's pay levels and can submit their proposals with a single click to the subsidiary's and then the Colas group's "validators" for approval.

In 2018, **Bouygues Telecom** emphasised the importance of clear communication in its remuneration policy and other benefits. This included running workshops to raise awareness among managers of pay-related issues.

Conducting regular pay research

To keep employees' remuneration in line with the market, the five business segments rely on surveys that highlight pay trends in the various professions and the levels of remuneration for each specific function.

In France, reference is also made to a database containing the pay levels of managerial employees throughout the Group's business segments.

In the interests of keeping pay policy in line with market standards, **Bouygues Immobilier** takes part in the annual nationwide remuneration survey organised by Aon for the entire property-development industry. Once again, the survey showed that overall remuneration at Bouygues Immobilier is situated at the market median, which is used as an industry benchmark.

In the US, **Colas** uses local pay surveys, given the regional differences between its units in western states (California and Nevada), central states (Arkansas, Colorado, South Dakota, Illinois, Missouri, Nebraska and Wyoming) and eastern states (Alabama, North Carolina, South Carolina, Florida, Georgia, Kentucky, New York, Ohio, Pennsylvania, Tennessee and Virginia). As a result, employees are paid at a level in line with the local market. Likewise, Colas Canada uses local surveys to set pay. For unionised employees, pay is set through the collective bargaining arrangements applicable to their businesses.

In some northern European countries, market analysis has highlighted pay gaps in operations and engineering activities, resulting in remedial measures at the subsidiaries concerned. In central Europe, the large number of infrastructure projects has created tension in the job market, leading to wage increases at certain units. All countries in Europe rely on a benchmark of sector pay levels.

In Africa, the subsidiaries in Morocco, Ivory Coast and Gabon used market surveys and best practices to bring remuneration more into line with staff performance, leading to clearer targets, better management of employees, better retention and increased scope to attract new talent.

TF1 uses research on remuneration such as the survey of executive pay among SBF 120 media/industry companies carried out by Willis Towers Watson, as well as the SNPTV [a] survey. Using this information as reference, the TF1 group has implemented systems for managing pay.

Similarly, Bouygues Telecom took part in three pay surveys in 2018: the high-tech industry and market surveys (by Willis Towers Watson and Humapp) and a survey of IT employees (Lee Hecht Harrison – Altedia). These surveys use provided various levels of analysis based on funnel-type logic.

Ensuring systematic feedback

The Bouygues group appraisal process contains a section dedicated to systematic detailed feedback sessions carried out by the manager during interviews with each employee that they are responsible for.

Employees of Bouygues Immobilier, TF1 and Bouygues Telecom also have access to a personalised document summarising total benefits, i.e. salary and other advantages.

At Bouygues Construction, the Global HR system offers a firm foundation for this dialogue, providing managers with full information about employee remuneration and performance appraisals.

Bouygues Immobilier works hard to help its managers see the issue of remuneration from a wide perspective and the importance of individual feedback.

(a) The French television advertising association.

Salary trends in France

Average annual gross salary in France by job category and trend[a]

Scope[b]: France €	Bouygues SA and other	Bouygues Construction	Bouygues Immobilier[c]	Colas	TF1[d]	Bouygues Telecom[e]
Managerial	82,899	59,222	70,903	62,145	72,304	62,064
Change vs 2017[f]	1.7%	=	1.6%	1.0%	2.2%	=
Clerical, technical & supervisory	39,406	32,893	32,762	37,339	40,844	27,445
Change vs 2017[f]	-1.3%	1.1%	0.6%	1.7%	3.1%	0.4%
Site workers		28,225		27,084		
Change vs 2017[f]		1.4%		2.0%		

(a) Permanent staff
(b) Coverage: 52.7% of the Group's headcount (Scope 6)
(c) Excluding sales staff
(d) Including journalists
(e) Including customer relations advisers
(f) Change calculated on the basis of average wages in the previous year
Indicators available at bouygues.com: Total gross contribution by employer to the company savings scheme (France), Total gross contribution by employer to the collective retirement savings scheme (France), Total amount of profit-sharing (paid in 2018 in respect of 2017) and Percentage of employees promoted (France).

3

Note that the most substantial wage increase overall was granted to site workers at Bouygues Construction and Colas.

Benefits granted to employees

€ million	2018	2017 restated	2016
Net profit	1,453	1,201	784
Cost of employee benefits excluding dividends	203	209	175
Profit before costs associated with employee benefits	1,656	1,410	959
Cost of employee benefits including dividends	(280)	(281)	(248)
Dividends payable to non-employee shareholders for the year	(633)	(601)	(535)
Appropriation to reserves	743	528	176

Profit paid out as Group employee benefits and related costs takes into account profit-sharing, employer contributions to company savings and collective retirement savings schemes, expenses under IFRS on Bouygues Confiance employee share ownership schemes and stock options, as well as dividends paid on employee-owned shares.

The net residual balance of 2018 profits after employee benefits and distribution to non-employee shareholders represents an amount of €743 million, which was allocated to reserves.

3.2.3 Developing people's potential

The Bouygues group endeavours, for its employees, to create a setting in which they can develop their employability and enhance job skills through support and training programmes.

Systematic interviews with managers (mandatory in all business segments), the provision of training to all Group employees, and internal job mobility departments in each entity are some of the tangible initiatives being carried out in France and in the international operations, in keeping with the strategic targets of the business segments.

3.2.3.1 Inducting employees and supporting them throughout their careers

Inducting new employees with the help of digital tools

Work/study contracts, end-of-study internships, mentoring, and Group and segment-specific induction days are all ways used by the Bouygues group to induct new recruits successfully. Graduate programmes run by Bouygues Construction, Bouygues Immobilier and Colas, together with digital induction processes (including serious games[a] and MOOC[b] also help in this respect. The training of young people via work/study contracts helps form a large recruitment pool for the Group's business segments, which host students of all levels, from vocational high-school to postgraduate level, in all lines of work.

"In'Pulse", a fully digital onboarding process, is used at all of **Bouygues Construction's** entities as the first stage of induction for clerical, technical and supervisory staff. It is a virtual visit that gives new recruits a flavour of the culture, history and major achievements of Bouygues Construction as well as a clear understanding of its values, strategic priorities and organisation. One year after its release, In'Pulse has been completed by 6,700 new employees. In 2019, a new module will be developed to provide newcomers with extra support. An events programme will also be added for this community. In addition to In'Pulse, the Finance department of Bouygues Construction in September 2018 launched "Objective Finance", a digital induction course for finance professionals.

All induction resources were updated in 2018. Bouygues Energies & Services finished updating and producing a digital version of its induction pack. This now includes a virtual starter course in which HR staff and managers play a major role.

For several years, Bouygues Immobilier has been organising a BI Campus day, during which it reaffirms the fundamental policies underpinning its HR policy among its interns and apprentices. This day also enables young people to build networks within Bouygues Immobilier.

During their first few months in the company, newcomers are prompted to follow three online modules on the digital training platform. This is followed by two days of face-to-face training during which time they meet members of the Strategy committee. In 2018, this training included a half-day devoted to the "100% clients" module, which is used to train all categories of staff in Bouygues Immobilier's business lines and sales strategy.

In 2018, **Bouygues Immobilier** continued the work of its "Coming" committee, a body whose role is to review the outlook and decisions of Bouygues Immobilier's Strategy committee and thus provide input from its younger staff members.

The induction of young junior managers at **Colas** is carried out following an induction process in the field. For example, a site engineer can train with teams on construction sites before gradually being given responsibilities. Induction takes place in various locations in France, during which the new employee has three to four internships in different subsidiaries, and can even cover a whole region for the same subsidiary. In 2018, 40 positions for this nationwide induction scheme were filled. New managers then follow Colas University training courses, generally during their second year with Colas. The aim is to develop self-reliance, responsibility, teamwork and knowledge of the Colas group. The budding engineers quickly take on management responsibilities (between three and ten years depending on business line).

In 2018, Colas also launched a "World Tour" graduate scheme to attract new talent, targeting more specifically elite engineering schools in France such as École des Mines ParisTech, École des Ponts ParisTech and École Centrale Paris. The modular programme, which can be tailored to suit all backgrounds, consists of three learning venues visited in the space of 18 months, including two outside France, plus personalised coaching from a management team member and an HR liaison officer throughout the programme.

These actions foster pride in working for Colas, which in 2018 was ranked:

- the 7th best company for internships, by ChooseMyCompany;
- the 8th best company to work for, by ChooseMyCompany;
- the 4th best civil-works employer, by Capital, a French magazine.

Efforts to induct young people are also reflected by hires under the VIE[c] programme in technical and support roles. In 2018, 21 young people were inducted by Colas through this process, including three in North Amercia.

Since 2016, **TF1** has made a fully digital induction process, "Carrières Positives", available on its HR Information System (HRIS). With this process, data and documentation concerning new recruits are completely paperless. It also provides an overview of the company's human resources set-up even before the first day of work.

In addition, each new permanent employee is assigned a buddy who helps the new person settle in by sharing knowledge about the group and its teams.

Bouygues Telecom has introduced some new arrangements:

- It has launched in-house alumni networks for employees, which hold events such as breakfast and after-work get-togethers. It has also launched My Job Glasses, a digital hub that brings students and educational liaison officers into contact with each other.
- A community of interns and apprentices has been set up. Events include special induction days, after-work get-togethers and supervised participation in key company events.
- In 2018, Bouygues Telecom held its second onboarding day for interns and work/study students. This fun event gives talented newcomers the chance to meet and dialogue with previous interns and work/study students as well as front-line employees. Upon completion of their internships or work/study arrangements, Bouygues Telecom holds an off-boarding event to help them with the next stage of their careers, either within or outside the company. This aims to create a pool of talent consisting of brand ambassadors.
- Last year, Bouygues Telecom also started quarterly induction days, marking the first stage of its extensive employee induction process. More than 40 front-line staff gave participants an in-depth look into the workings of the company.

(a) An app that combines the serious aspects (Serious) of instruction, learning, communication or information, with the fun aspects of video games (Game) – based on the definition of researcher Julian Alvarez.
(b) Massive Open Online Courses.
(c) International business internship programme.

Work/study training contracts

Scope [a]: France	Bouygues SA and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2018 Group total	2017 Group total
Number of apprenticeship contracts during the year	3	332	23	503	50	71	982	835
Number of professional training contracts during the year	4	215	92	303	130	295	1,039	832
TOTAL	**7**	**547**	**115**	**806**	**180**	**366**	**2,021**	**1,667**

(a) Coverage: 52.7% of the Group's headcount (Scope 6)
The indicator is specific to France and thus excludes international data

The upturn in recruitment in France and increased opportunities for hosting students promoted the use of work/study contracts, the number of which rose 21% relative to the previous year. Use of work/study contracts underlines the Group's dedication to helping young people enter the world of work.

3

Promoting career advancement within the Group

Internal job mobility is positive for employees and their employability. Teams and mechanisms in each business segment assist in the dissemination of job offers, promote diversity in Group-based opportunities and support employees seeking internal mobility opportunities. Each business segment can call on the Group's Internal Job Mobility department, which is able to facilitate job mobility between the five business segments. In 2018, there was an average of 1,000 vacancies available for consultation at any given time on Mobyclic [a].

In France, arrangements are supplemented by mobility committees in various regions and the Group Coordination and Reconversion committee. In 2019, a mobility forum representing all the Group's business segments will be held on Bouygues Construction's premises.

Job and geographical mobility are part of **Bouygues Construction's** genetic make-up, enhancing employees' careers and benefiting the company at the same time. Bouygues Construction has in the past two years held its own mobility forum, structured around its main domains of activity (property development/sales, technical/R&D, production/construction, support functions and exploitation/services) or around its regions.

In 2018, as part of negotiations on the job and career management agreement, **Bouygues Immobilier** introduced measures to support the company's transformation. This consists of adapting expertise to new lines of business, giving greater prominence to nimble and collaborative working methods, especially by supporting job mobility in all its forms.

The job mobility policy pursued by **Colas** has long been a key element in its approach to career development. It aims to facilitate mobility between different jobs and/or regions to help meet employees' professional and/or personal goals and manage changes in staffing requirements for businesses. One of the challenges of this policy is making the development of talent fit Colas group's requirements. Job mobility between subsidiaries or within subsidiaries is available to all employees both in France and abroad. The principles and key rules are presented in the Colas Mobility Charter, which is available on the e-colas intranet. It states that the process is based on a partnership between the employee, manager and the human resources department. It also indicates that special arrangements are available to assist with transfers, which include expatriate assignments and secondments.

Nomades, a jobs bulletin board accessible on the e-colas intranet, displays internal job offers, which also appear, alongside others, on the Bouygues group's Mobyclic [a] platform.

Subsidiaries, especially outside France, in many cases have their own information resources detailing the opportunities on offer to employees.

A study into key jobs was carried out in 2018 in collaboration with Colas subsidiaries. This will contribute to the creation of an enhanced jobs database including all the associated skills. Through the "One Colas" corporate plan – rolled out internationally under the title "Route 22" – senior management reasserted its desire to globalise its talent by:

- recruiting staff from international backgrounds;
- offering career development opportunities to French and international employees;
- promoting job mobility across regions and continents.

At **TF1,** the mobility unit set itself a target of 150 instances of job mobility in 2018. The actual figure was 134. Career workshops were conducted with a focus on four themes: CVs, understanding LinkedIn, successful interviewing and networking. The mobility unit ran 44 such sessions, training 191 employees in total.

The mobility unit also launched "Vis ma vie Mobilité" sessions, which give employees the chance to discover new careers over a period of up to three days.

In an effort to enhance the employability and job mobility of its employees, **Bouygues Telecom** added an extra measure to support its teams, launching a portal dedicated to career development. This is called Dev Pro. It offers a wide range of individual and collective resources, such as "Booster Pro", interviews advice, "@toutjob" and details on reversible voluntary mobility, to help employees perfect their career goals.

(a) Extranet devoted to internal job mobility within the Group, available to all employees with an e-mail address.

Bouygues Telecom permanently seeks to motivate and develop employees through a focus on in-house innovation, holding annual Innovation Days, encouraging participation in Bouygues IoT Challenges, and arranging meetings with start-ups for its employees and executives – under the aegis of the Bouygues Telecom Initiatives talent programme, the training of 800 local managers within the Makesense incubator.

Managing talent

Identifying, retaining and developing talent is the key consideration at the heart of the mechanisms put in place by the Group's business segments. They promote performance and enhance commitment from individual employees and teams alike. These mechanisms encourage innovation through diversified career paths and access to the Group's management-training courses.

Since 2018, an intrapreneurship charter has defined the conditions for supporting employees wanting to develop their own project.

Career committees are active within each business segment. Group wide, two new committees – for legal and IT personnel – were set up in 2018. More committees are planned in 2019. Each business segment has specific solutions for meeting the challenge.

Identifying talent at **Bouygues Construction** is a worldwide process that uses individualised follow-up to create diversified career paths and support specific development opportunities. The talent-management policy is managed by a specific department, which is helping to move Bouygues Construction towards greater cross-disciplinarity and job mobility, ensuring that talented employees can be seconded between units.

Bouygues Immobilier last year introduced a new policy for managing talent. This involves more regular individual interviews with all employees identified through this policy. In addition, the number of talent-management programmes has been increased, a new tool has been introduced for identifying talent, and expectations in terms of managerial attitude and leadership have been redefined.

The "Point Carrières" initiative, spearheaded by the **Colas** group's human resources department, continued in 2018 to listen to employees' aspirations, offer jobs and more effectively guide their career development.

In addition, careers committees were relaunched to rethink how best to develop and support the most talented employees and prepare succession plans for key managers.

Another key resource for managing careers – a job and skills database – is scheduled to be accessible to employees in the near future. Using job description factsheets that link jobs with key skills, it will be possible to shape career paths within the various lines of business so that visibility can improved on career plans.

In Europe (excluding France), programmes have been launched to meet training needs, particularly in management and leadership as well as junior- and senior-level contract management. The first session of the "Advanced Programme for International Leaders" (APIL), aimed at Colas' international managers, took place in 2017 and 2018, bringing together nine employees of different nationalities.

To retain and reward its talent, **TF1** launched its excellence programme, "One's" in 2018, which is run in partnership with Essec [a] business school. It offers various formats for learning, from academic classroom-based teaching and coaching to coworking. In addition to this programme, an annual talent review provides a space for discussing the support procedure for key managers.

Bouygues Telecom's overhaul of its talent-management system has resulted in the following:

- improved performance management, with a redesigned performance interview and access to a library of qualitative targets representing the company's strategic challenges;
- a guaranteed solid level of expertise – for now and the future – through a workforce planning process that identifies key requirements and distinctive skillsets;
- enhanced employability for its employees by offering several certificate and diploma courses;
- improved productivity and efficiency in HR procedures as a result of simplifications.

3.2.3.2 Developing skills by offering a varied range of training courses

Line managers, HR managers and training departments in all business segments are responsible for identifying training requirements. Meetings such as annual appraisals and job-development interviews exist to help managers and employees assess and give feedback on training requirements.

The Training and Corporate University departments in the five business segments aim to develop – through grassroots initiatives – the technical and managerial skills of employees in the short and longer terms, at every level of the organisation. The Bouygues Management Institute trains senior executives at Group level. All business segments have introduced digital training platforms.

Supporting career development

Group employees have access to an increasing number of certificate and diploma courses to boost their employability. 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 (specialising in construction-related jobs), in which the Group has been heavily involved, has for several years offered in-service training as well as providing expertise in inducting and training people on work/study or occupational-integration contracts. In 2018, the Gustave Eiffel apprentice training centre hosted 360 young people. The exam pass rate was 89%.

Allowing each person to have a career that fits their aspirations and abilities means giving employees a comprehensive view of all the occupations on offer within their company. In pursuit of this goal, five training centres have been set up by **Bouygues Construction** in France, Africa, Asia, Canada and the UK. Having these centres makes it possible to offer Bouygues Construction University training outside France, especially occupational training. Some entities have started their own collaborative YouTube channels internally,

(a) École supérieure des sciences économiques et commerciales.

where employees can post videos describing their jobs and highlighting best practices.

To promote and simplify access to training, Bouygues Construction is launching Global HR Training, a new resource enabling employees to access training modules directly, arranged by subject or business line. It gives managers more responsibility, putting them at the centre of the process for identifying training requirements.

Bouygues Immobilier seeks to ensure that its employees have a common core of values and skills, and that customers receive excellent service. It sees this as key to its orderly operation, development and growth. An innovative training policy underpins the company's business development and strategy. For instance, tailor-made occupational training has been introduced to keep up with changes in skillsets. Examples include the "Customer Academy" (for training in customer relations) and the "Business University" (for training in sales and marketing).

In mainland France, a policy to support career paths has been defined and implemented by **Colas** as part of the jobs and skills planning agreement (GPEC), signed between Colas and its employee representative bodies in December 2016 for a period of five years (2017–2021), with the aim of developing and reinforcing career management.

At the heart of this approach is the individual appraisal interview, a valuable opportunity and a key tool in building career paths.

The Colas Campus training school, which offers more than 200 personalised training programmes designed for and by Colas, played host to 4,232 French-speaking employees from all backgrounds.

Alongside its health and safety training sessions, which accounted for 48.6% of total training hours during the year, Colas also prioritised business-specific technical skills (almost 19% of training hours) to help drive operational excellence at its worksites.

In 2018, **TF1** developed a bespoke leadership training course, certified by EM Lyon business school. The first intake is due for 2019.

4 QUALITY EDUCATION

Since 2016, **Bouygues Telecom** has been increasingly investing in training as it seeks to enhance the employability of its workforce. In addition to the annual training plan, it offers employees the opportunity to complete occupational training leading to formal qualifications.

As part of this process, the company has set itself four top training goals for the next three years:

- developing key skills and employability;
- continuing the transformation;
- adapting more quickly to digital culture;
- enhancing the customer experience and customer satisfaction.

Bouygues Telecom modified its work experience accreditation (VAE) system to include training days in order to make it easier for employees to qualify.

In late 2016, Bouygues Telecom launched a "Customer Portfolio Manager" qualification, based on 20 days of training, thanks to which more than 210 customer relations advisers have obtained a diploma equivalent to second-year university studies.

Bouygues Telecom currently offers 91 qualification-based courses, available through their personal training accounts.

The B2B, B2C and technology "Customer Academies" enhance the expertise of customer relations, sales and technical staff.

In June 2018, Bouygues Telecom opened two store training centres where personnel are trained in contact with genuine customers.

The company also solicits its high flyers to help design training courses on management and corporate transformation. Lastly, Bouygues Telecom has a number of business line expert liaison officers, who coordinate communities such as the "Club des Experts" (telecoms network) or the "Cercle des Chargés de Clientèle" (customer relations).

Raising awareness about the digital transformation process

Since 2018, the Group's employees all have access to the Netexplo online training platform, which enables them to learn more about issues relating to digital transformation and what this means for their job. The platform contains a digital passport, which can be used to accredit expertise.

Raising awareness about the current digital revolution, preparing for its impact on companies (in terms of processes, lines of business and more besides) and maintaining staff employability are three key challenges for **Bouygues Construction** and an integral part of training policy for the 2018-2020 period.

Bouygues Construction last year started setting up e-mail accounts for its site workers and provided training where required. So far, 1,730 new e-mail addresses have been created.

To provide better personalised support to its executives, Bouygues Construction University has designed a Digital Reverse Mentoring programme, whereby they can be coached by younger colleagues who are more versed in digital technology. This programme, which places interpersonal relations at the heart of the digital transformation process, was already available last year to management committees at three of Bouygues Construction's five entities: Bouygues Bâtiment Ile-de-France, Bouygues Energies & Services and Bouygues Bâtiment International.

In 2018, **Bouygues Immobilier** set up training to support the roll-out of new digital resources, such as BIM[a] and a new CRM [b] system.

Colas is particularly proactive in digital transformation through its "UniOne Digital" initiative, which consists of a tour of regional subsidiaries' head offices to inform and train employees in new digital practices and the use of collaborative tools such as SharePoint, Teams and Yammer. Mechanisms also exist to encourage employees to adopt these digital resources, particularly by means of the Netexplo digital academy as well as in-house digital training on desktop skills (Vodéclic).

TF1 completed the roll-out of its "Parcours Connect" training certificate, which it started in 2017. This course is offered to all employees, whatever their grade. For three days, participants:

- learn about the company's strategy and ecosystem;
- gain a view of what is happening in the outside world with respect to innovation, sales and digital technology, through learning expeditions to digital firms or to companies undergoing a shift to digital technology.

At **Bouygues Telecom,** a new Learning Management System (LMS) was launched in the autumn of 2018, offering the possibility of taking courses on a smartphone or tablet computer. The interface was updated to make it more user-friendly and intuitive.

(a) Building Information Modelling.
(b) Customer Relationship Management.

Transforming learning and training methods

The digitisation of learning provides broader access to content and training that is adapted to the operational constraints faced by employees. Innovative teaching techniques (serious games[a], MOOC[b], SPOC[c], etc.) are encouraging take-up of new content. All five of the Bouygues group's business segments have digital training platforms: Bouygues Construction (Byle@rn), Bouygues Immobilier (BI Learn), Colas (Colas Campus), TF1 and Bouygues Telecom (e-campus).

Mastering new work methods and re-examining behaviour are helping to enhance expertise among employees. This is one reason why Bouygues Construction IT set up training dedicated to design thinking and nimbleness.

Bouygues Construction's online training platform, "Byle@rn", was redesigned with three aims in mind:

- making users central to the process again;
- granting managers an enlarged role;
- enabling each employee to become a trainer by allowing them to freely contribute content to the shared catalogue.

External content has been part of Byle@rn from the outset and more will be added in 2019 by Bouygues Construction University staff, freely accessible to all group employees. In addition, the number of virtual classes available is increasing annually.

Bouygues Immobilier is digitising more of its training using a Learning Management System (LMS). This self-service system can be accessed remotely so that each employee can train at the pace they want, according to their needs. This is in addition to classroom-based sessions. Other distance-learning methods have also been made available, including virtual classes, webinars and tutorials.

At Bouygues Immobilier, every employee is instrumental in their own training and can submit individual training requests that their line manager will either approve or turn down. In case of refusal, managers must explain why. Managers are also allowed to create an individual training request for their team members. These individual requests are then approved by HR in line with the overall training budget, which reflects the company's current priorities. Approved training requests are then entered into the system as the employee's training plan.

In June 2018, the **Colas** Campus online platform providing access to digital training was opened up to all regions outside France that were not yet covered. Wherever they are located in the world, all Colas employees with an email address now have access to an online training catalogue using innovative formats.

Over the course of the year, several new offers were made available on this platform, including ten business-line tutorials available in 13 languages, with the aim of providing tips for construction projects, and various other modules. These modules are on themes such as commercial performance in the B2C activity, applicable safety regulations and using LinkedIn to boost the employer brand. Much of this content can also be accessed via a dedicated mobile app, which can be downloaded to smartphones and tablets.

Since the platform's launch in June 2018, users have logged into it over 67,000 times, receiving more than 21,000 hours of training.

TF1 invests resources to develop a culture of learning, sharing and imparting of skills. It does this by:

- offering diverse learning formats (see section 3.2.2.3);
- involving employees at each stage of their training path (co-creation, participation in the pilot, feedback and continuous development);
- harnessing in-house expertise through internal training, mentoring and coaching.

Since 2017, **Bouygues Telecom** has been enhancing its digital training courses. Its e-campus offering non-stop training is now mobile-compatible, so that employees can receive content directly to their mobile handsets.

To develop its digital offering, Bouygues Telecom encourages employees and helps them to create new training content so that their expertise can be passed on to others.

In pursuit of this goal, Bouygues Telecom in late 2018 set up an internal studio for producing training material, the "Rapidmooc", which can be used by employees wishing to share and impart their skillsets.

Existence of a formal training plan[a]

Scope[b]: France – International (companies with more than 300 employees)	Bouygues SA and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2018 Group total	2017 Group total
Existence of a formal training plan	100%	96%	88%	99%	100%	80%	98%	98%

(a) Scope of indicator extended to French companies in 2016
(b) Coverage: 81.6% of the Group's headcount (Scope 9)

(a) An app that combines the serious aspects (Serious) of instruction, learning, communication or information, with the fun aspects of video games (Game) – based on the definition of researcher Julian Alvarez.
(b) Massive Open Online Courses.
(c) Small Private Online Courses.

Training

Scope [a]: France – International (companies with more than 300 employees)	Bouygues SA and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2018 Group total	2017 Group total
Number of employees trained	235	24,476	1,444	34,320	1,872	4,556	66,903	69,796
Number of training days	848	77,529	4,367	116,952	8,622	18,118	226,436	194,498

(a) Coverage: 81.6% of the Group's headcount (Scope 9)
Indicator available at bouygues.com: Training by type

3.2.3.3 Promoting diversity and equal opportunity in every policy

Fighting discrimination

The Bouygues group's Code of Ethics states that "the Group seeks to apply a fair policy of human resources that complies with the law. The Group will refrain from, in particular, all discrimination on unlawful grounds.". Fair treatment for all and equal opportunity are among 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.

"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." (Taken from Bouygues group Human Resources Charter, drafted in 2008).

Bouygues aims to promote diversity in terms of professional experience and qualifications, at the hiring stage and thereafter. Equally important, occupational integration is managed through a variety of channels, such as direct hiring, outsourcing to occupational integration companies or to temporary employment agencies specialising in occupational integration. In addition, the Group ensures that its commitments in this domain are respected by subcontractors and Chantiers Ecoles, and integrated into its training programmes.

This diversity policy is promoted by the Diversity-Equal Opportunity committee, which meets several times annually with business-line specialists to share best practices and define joint actions.

Bouygues Immobilier and Bouygues Telecom have signed up to the "Tous en stage !" initiative, which was started by the TF1 corporate foundation to give pupils from disadvantaged neighbourhoods the chance to find out more about companies and professions.

Four of the Group's business segments have a discrimination whistleblowing system, managed by an internal counselling unit. Since 2014, employees of the TF1 group have access to "Allodiscrim'", an external, anonymous service that informs and advises employees what to do if they believe they have been discriminated against or been the victim of unfair treatment within their company.

Bouygues Construction is doing more and more to promote equal opportunities, steadily making it a part of its business culture. Specific training modules are being introduced, through which over 50 employees (HR staff and managers) connected with recruitment in some way are trained in recognising stereotypes and being inclusive.

Bouygues Construction SA is continuing its twinning initiative with students from Dumont d'Urville secondary school in Maurepas, near Paris. Through this partnership, some 60 pupils have the opportunity of visiting worksites and learning about construction-related professions. Diversity of backgrounds and intercultural relations are key areas at Bouygues Bâtiment International, which in 2018 retained its Diversity label after passing the latest audit. The "Day One" training module, aimed at first-time expatriates and focusing on the management of intercultural relations, was completed by 372 employees in the year under review.

Bouygues Immobilier provides the Respect and Performance module on the theme of managing diversity. It is dispensed to all the company's experienced managers, helping them foster cooperation within their diverse teams, whether this diversity is based on culture, generation, gender or disability. Specifically, the module aims to help these managers understand possible challenges in managing diversity and making it a source of creativity and enhanced performance.

As a founding partner of the Bagneux second-chance school near Paris, Bouygues Immobilier is also committed to supporting employment among young people from priority neighbourhoods.

The launch of the diversity policy at **Colas** in 2017 was followed in 2018 by an awareness-raising exercise among employees. This involved the following:

- regular presentations of the diversity policy during meetings of the Management Committee, during manager training or during meetings of business-unit managers at subsidiaries;
- four annual meetings of the national diversity committee;
- an article in each edition of the E-HR newsletter. In 2018, three editions were sent to over 30,000 employees worldwide (in French and English);
- a message in the in-house magazine *(Routes)*, which is distributed to all Colas employees;

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- implementation of the "Recruit without Discrimination" training course, in partnership with Les Entreprises pour la Cité. Six sessions were held throughout France (80 recruiters and HR managers trained).

Colas UK obtained Be FaIR accreditation from the Construction Industry Training Board in recognition of its commitment to fair treatment of employees. Corporate performance indicators are tracked to improve transparency and encourage responsibility among everyone. During National Inclusion Week in the UK, Colas UK conducted a series of activities and published various articles on social inclusion. The "Inclusion – Unlocking Tomorrow" campaign, which took the form of posters available both online and through a mobile app, contributes to promoting increased diversity within the company. Employees were able to test their knowledge of the subject using fun questionnaires.

Safeguarding gender equality

5 GENDER EQUALITY

Gender equality and equal opportunity is a goal expressed clearly by Martin Bouygues and shared by all Bouygues group business segments. At a convention on 25 April 2017 bringing together women's networks as well as HR chief executives, managers and employees, Bouygues launched its 2020 Group Diversity Plan, containing targets on recruitment, promotion and career development.

Recruitment

The aim is to make the Group more attractive to women. Currently the worldwide gender breakdown is 18% women and 82% men; the Group is targeting 21% women by 2020 (on a worldwide scope). The situation varies markedly depending on Group business segment. Men are more represented in the construction activities whereas at TF1, Bouygues Telecom and Bouygues Immobilier, the gender split is close to even. The Bouygues group has also set a target that, by 2020, 37% of all managers hired will be women.

Recruitment is also being targeted so that it contributes to better diversity in construction, design, finance as well as in communications and human resources. The Group is also working to encourage young women to take up careers in engineering. Bouygues Construction, Colas and Bouygues Telecom have signed agreements with the non-profit organisation Elles Bougent to make the Group's activities more visible to women throughout France and promote engineering careers among female secondary school students studying science and technology.

Promotion

The Group is intent on facilitating equal access to career advancement. Each business segment has set targets to be reached by 2020 for increasing the number of women in management positions worldwide. For example, at Bouygues Construction and Colas, these targets are 18% and 15%. In France, the Bouygues group has set a target that 20% of department heads or higher will be women by 2020. The proportion of women in executive bodies, which has been monitored for the last two years, rose to 18.8% in 2018 from 18.3% in 2017. The Group is targeting 23% in France by 2020. Already, wage equality is a reality in all the Group's business segments. Where there are gaps, specific amounts can be allocated.

Development

To improve women's career development within the Group, support initiatives are offered in various forms.

The first Group-wide mentoring scheme for women (mentored by either a man or a woman), which concluded in October 2018, was followed by a second round in January 2019. This time the intake was 39, up from 18. Mentoring schemes are also operated individually by Bouygues Construction, Colas, TF1 and Bouygues Telecom. TF1 and Bouygues Telecom have extended their programmes in conjunction with partners Cisco and Ciena. Training courses in leadership for women are offered by TF1 and Colas.

Bouygues Construction, Colas, TF1 and Bouygues Telecom all run women's or mixed networks offering conferences, mentoring workshops on how to market oneself, and informal discussions. In November 2018, following on from previous years, Bouygues SA invited 12 female employees working in various business segments to take part in the 14th Women's Forum for Economy & Society in Paris, with a view to drawing inspiration from current trends and best practices enacted in companies around the globe. In addition, a local delegation from Bouygues Construction and Colas participated in the Women's Forum in Toronto and Singapore for the first time.

Bouygues Construction continues to enact its diversity policy, which is based on raising awareness among staff, identifying female talent and conducting initiatives promoting construction-related jobs, both internally and among female secondary-school students.

In 2018, as part of International Women's Day, Bouygues Bâtiment Ile-de-France (an operating unit of Bouygues Construction), held a special event called "Women and Social Housing", about diversity in the construction sector. Approximately 100 people representing stakeholders from the industry were in attendance. The event took the form of discussion forums on the subject of promoting women to positions of responsibility.

The internal WeLink women's network, now open to all female employees, is gaining in influence as it is now available outside France (Canada, Morocco, Singapore and Switzerland). The network is present in most Bouygues Construction entities, organising events and workshops open to everyone. WeLink sees itself as and fulfils the role of a driver for greater diversity. At the same time, Bouygues Energies & Services and Bouygues Travaux Publics have set up women's mentoring schemes.

"Girls on the Move events", held in conjunction with the Elles Bougent group, have now expanded overseas to Morocco, Hong Kong and Cuba, which held successful initial events. Local firms organise worksite visits, presentations and discussions between female employees and school and college students on the subject of technical professions, with a view to making the construction industry a more attractive proposal for young women.

In 2018, **Bouygues Immobilier** rolled out an action plan based on three priorities:

- A diverse workforce: in 2018, Bouygues Immobilier achieved a balanced overall workforce but needs to maintain the policy to ensure diversity across all job categories.
- A diverse management structure: the company has exceeded the female-manager targets laid down in its gender equality agreement. But while the proportion of women in supervisory roles continues to increase steadily, efforts must still be continued in the form of new career-supporting schemes aimed at women (including participation in the Group-wide

women's mentoring programme, for example). Every year, two coaches support talented staff at Bouygues Immobilier, including several high-potential female employees.

- Equal treatment (pay reviews, promotions, etc.).

At **Colas,** diversity policy is structured around three objectives:

- Attracting more women, which means increasing the number of applicants for jobs on offer. To help achieve this goal, 18 pairs of ambassadors – each comprising a man and a woman – were appointed. After undergoing training, they are invited to speak at forums or during events at schools to tell people about Colas, what it does and what career opportunities are available for both women and men.
- Recruiting more women for all professions. Internal recruiters and business partners – temporary employment agencies and recruitment firms – are making sure to put forward applications from both sexes for all jobs, particularly in supervisory roles.
- Retaining female employees and developing their careers. In 2018, 35 female employees were offered either a leadership development training course ("Leadership au Féminin") or a year of mentoring with a Colas manager.

The WE network, a discussion forum that is also open to men (and which had over 840 members last year), also contributed to increasing gender equality at Colas.

A landmark agreement to enhance diversity and improve gender equality in the workplace was signed in June 2018 (see section 3.2.2.3 entitled "Ensuring high-quality dialogue between labour and management").

In September 2018, Colas Afrique's HR team took part in the second annual Women In Africa (WIA) summit, whose theme centred around placing confidence in Africa and believing in its talent. A number of issues were discussed such as the place of women in business and the importance of education for women's advancement.

In Europe, Colas subsidiaries ensure that gender equality is respected and apply a proactive policy, particularly in terms of recruitment. In certain countries such as the UK and Denmark, management has drawn up specific statements with precise, long-term targets. A training programme on this topic has been developed and is offered to all employees at Colas UK.

The **TF1** group works hard to promote diversity and gender equality in connection with hiring, career management, pay and promotions.

In the space of three years, the percentage of women on the Management committee (150 top group managers) has risen from 30% to 36%. Additionally, the Fifty-Fifty network (set up in 2015) puts together initiatives promoting a culture of diversity within the company. It also helps female employees to become more assertive.

These commitments have led to results. The TF1 group now ranks among the top-20 best companies for gender equality, according to the Equileap global rankings. It is thus the highest-rated media group and the fifth French company in the top-20.

The group is also committed to having more female pundits in the media. The second annual "Expertes à la Une" event last year brought together over 170 people. This event aims to remove the hurdles to greater participation by women in the media, focusing on two spheres of action: coaching women in verbal communication and raising awareness about equality issues amongst editorial teams.

At **Bouygues Telecom,** women have been represented on the company's Executive Committee at a rate of 33% since 2017.

Bouygues Telecom concluded its ninth round of mentoring with an intra-company programme and other mentoring schemes held in conjunction with TF1, Cisco and Ciena. In addition, a second cross-mentoring round, comprising members of Bouygues Telecom's Executive Committee and 15 younger talents within the company, was initiated in 2018.

Bouygt'Elles, the women's network that was started at Bouygues Telecom in 2011, is a key measure of the "Women in Management" plan – a joint venture between the senior management and the HR department aimed at increasing the proportion of women in the most senior managerial positions.

Bouygues Telecom has also been running Girls@tec days for five years as a way of enhancing the appeal of technological fields of work among women and furthering gender equality in the workplace. Lastly, the company in late 2018 started working with Elles Bougent, a non-profit organisation, to encourage young women from the age of 16 upwards to train for a career in technology or science.

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Proportion of women in the Group

Scope [a]: Global	Bouygues SA and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2018 Group total	2017 Group total
Women with Staff status [b]	21.8%	26.4%	51.5%	21.9%	55.7%	41.3%	28.7%	28.4%
O/w women with Manager status [c]	*16.3%*	*15.0%*	*26.9%*	*11.6%*	*42.7%*	*27.5%*	*18.5%*	*16.8%*
Women with Worker status [d]		10.3%		2.5%			5.8%	5.8%

(a) Coverage: 100% of the Group's headcount (Scope 1)
(b) Supervisory, managerial and technical employees
(c) In France, managers are employees who are department heads or higher; internationally, they are employees who are part of a management body
(d) Site workers

At Group level, the proportion of women with staff status was stable. The proportion of women with manager status increased by almost two percentage points.

Hiring people with disabilities

The Bouygues group is active in employing people with disabilities. Its policy in this area has four priority areas:

- recruitment through specialist forums as well as membership of specialist organisations or the use of specialist recruitment agencies;
- keeping the disabled in employment by improving access via the adaptation of workstations and equipment as well as promoting professional development through core expertise training;
- raising awareness and communicating clearly to encourage employees and managers to regard people with disabilities in a positive way, e.g. Bouygues Telecom's e-learning module on disabilities;
- subcontracting to sheltered workshops and disability-friendly companies.

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 employees. Specific policies exist to help retain disabled employees and adapt working hours to their needs.

In 2018, the Group – in conjunction with Cap Emploi – ran a job-dating event to recruit employees with disabilities on work/study contracts, which led to fresh intake of disabled people in this category. Several such positions were filled at Bouygues Construction, Bouygues Immobilier, TF1 and Bouygues Telecom in support departments.

During European Disability Employment Week, the Group's business segments got involved through a series of initiatives:

- Bouygues Construction held a "Handiquiz" throughout the week to promote retaining disabled workers or sourcing from the sheltered sector.
- Bouygues Immobilier used a film and a competition called "Handi Birds" to raise awareness.
- Colas organised sessions with visually-impaired physiotherapists.
- TF1 ran a scratchcard competition that comprised questions relating to disabilities and the recognition of disabled worker status.
- Bouygues Telecom organised a visit to learn about the Paris guide-dog association. Employees also took part in an awareness-raising workshop based on cooking (run by Kialatok, a training body) and met up with Paralympic table-tennis champion Florian Merrien.

A clear-cut process with designated liaison officers has been adopted at **Bouygues Construction** to encourage employees with disabilities or health problems to remain in the workforce. It also trains HR staff, managers and employee representatives as part of its ambitious disabilities policy.

The job-dating event, held in conjunction with Cap Emploi, gave the opportunity to 15 HR operational staff as well as managers to create a list of almost 40 potential candidates.

At **Bouygues Immobilier,** actions aimed at raising awareness among staff, recruiting and keeping the disabled in employment, as well as increasing subcontracting to the sheltered sector have paid off, with the proportion of disabled employees tripling in the space of seven years to close to 3%.

Each employee has received a brochure at their home address as a reminder of Bouygues Immobilier's commitment to this issue. A film on hidden disabilities was also shown throughout the company, including the branch network. Lastly, employees can test their knowledge on this issue using an online quiz.

Participation in several specific forums and partnerships with ESTP [a] and ESPI [b] once again led to the hiring of more disabled employees in 2018.

As part of its "Handicap" policy, **Colas** recruits disabled workers and continues to raise employee awareness about this part of its diversity policy.

Responding to the call by the French broadcasting authority (CSA), **TF1** signed an agreement with several audiovisual and journalism schools to promote training and internship opportunities for disabled students. Special training is offered to employees whose team is due to host a disabled colleague.

Both through its TV programmes and internally, TF1 is helping to drive change in how we consider other people and promote talents of all kinds. The digital onboarding platform for new TF1 employees includes a section on the work carried out by the Disability Task Force.

The TF1 and LCI TV channels took part in the nationwide "Duoday" awareness day, sponsored by the French Secretary of State for Disabled People. They did this by offering three disabled people the chance to co-present three major TV programmes alongside the regular presenters.

Last July, TF1 also launched a new magazine, *C'est quoi cette question ?*, which gives a voice to people who have been victims of prejudice.

Bouygues Telecom encourages retaining disabled employees by adapting workstations and equipment as well as promoting career development through core expertise training. In late 2017, it started offering an e-learning module designed to challenge received wisdom about disabilities and provide information about the Disability Task Force. In 2018, the module became mandatory. Last year, the Disability Task Force visited several customer relations centres in France to raise awareness and meet with employees with disabilities.

Using the sheltered sector

Making use of the sheltered sector is also a way of encouraging disabled employment (see also section 3.4.3.1).

Approximately 30 local disability officers and **Bouygues Immobilier**'s Disability Task Force worked together to forge new partnerships with companies in the sheltered sector. Framework agreements were signed in regard to activities linked to Bouygues Immobilier's core business.

(a) École spéciale des travaux publics, du bâtiment et de l'industrie.
(b) École supérieure des professions immobilières.

Colas began an initiative with its purchasing departments to encourage buying from the sheltered-workshop and disability-friendly sector. Approved suppliers are listed in a database. Ordering from this sector is encouraged wherever possible as this is a win-win for both parties.

Under its fourth triennial agreement on hiring and retaining disabled workers, the TF1 group pledged to spend €700,000 with the sheltered sector.

In addition, a special training module was dispensed to purchasing teams.

Every year, **Bouygues Telecom** renews its partnership with the charity Pas@Pas, which provides the company's purchasing teams with a full list of sheltered workshops and disability-friendly companies in France to increase business with this sector.

Employees with disabilities

Scope: France [a]	Bouygues SA and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2018 Group total	2017 Group total
Number of employees with disabilities [a]	6	557	35	953	81	286	1,918	1,903
Number of employees with disabilities hired during the year [a]	1	21	4	24	9	26	85	71
Sales [b] with sheltered workshops and disability-friendly companies during the year	n.m.	€2,157k	€238k	€1,735k	€261k	€411k	€4,802k	€5,210k

(a) Coverage: 52.7% of the Group's headcount (Scope 6)
(b) Coverage: 52.6% of the Group's headcount (Scope 7)
n.m.: non-meaningful
The indicator is specific to France and thus excludes international data

3

3.3 ENVIRONMENTAL INFORMATION

Further information can be found by visiting bouygues.com or consulting the CSR documentation of the individual business segments available on their respective websites.

3.3.1 General environmental policy

3.3.1.1 Environmental policy

Environmental issues are considered strategic by Bouygues, as it aims to rank among the leading solution providers for the planet-wide challenges of climate change and resource scarcity. Sustainable construction and urban planning are two such solutions. Consistent with this policy, the Group is also enacting indicator-driven initiatives to limit and then reduce the environmental impact of its operations.

The environmental policies of the Group's business segments cover the various phases of their activities.

In the design phase, all business segments factor environmental issues into their products and services. At the construction businesses, this is embodied by:

- environmental labels and certifications for their products (BREEAM®, LEED®, HQE™, BBC-effinergie®, BiodiverCity, Minergie® [a], E+C- [b], BBCA [c], etc.);
- promotion of the circular economy by helping create the BBCA label (see section 3.3.4.4), which recognises circular economy criteria, such as selective deconstruction methods, throughout a building's lifecycle;
- lifecycle assessments and the provision of eco-friendly alternatives.

Sustainable construction and research into environmental solutions are a key focus of innovation at Bouygues Construction, Bouygues Immobilier and Colas.

(a) Minergie® and Minergie-eco® are pan-European performance labels originating from Switzerland. They are mainly prescribed by Losinger Marazzi, Bouygues Construction's Swiss subsidiary.
(b) The E+C- (Energy + Carbon -/Positive-energy building and Carbon Reduction) label is a regulatory pilot label that is a forerunner of future energy rules. The government broadly consulted with stakeholders in designing the methodology, which resulted in the publication of guidelines and a technical reference base, criteria of which are incorporated into the BBCA and Effinergie 2017 labels.
(c) The BBCA low-carbon label certifies that a building has an exemplary carbon footprint.

Bouygues Construction indicator

Indicator	Scope (activity or region)	Coverage	2018	2017	Remarks
R&D budget spent on CSR	Global	98% of Bouygues Construction's consolidated sales	28%	39%	A significant portion of R&D expenditure is related to CSR, especially sustainable construction. In 2018, the methodology used to split R&D expenditure over the group's three broad commitments (CSR, its customers and productivity) was fine-tuned to harmonise the way in which the contributions to the three themes are allocated. This shows that CSR accounted for 28% of R&D expenditure, almost on a par with the other two themes – customers (39%) and productivity (33%). Data *for* this indicator are reported on the basis of the calendar year.
Buildings in the order intake with environmental labelling or certification prescribed by Bouygues Construction	Global Construction activities	48% of Bouygues Construction's consolidated sales	48%	69%	Whenever Bouygues Construction acts as a designer/builder, it endeavours – wherever possible – to include environmental certification and/or labelling commitments that exceed applicable regulations. The decrease in this indicator last year stems from significant order intake by Bouygues Bâtiment International that did not comprise this type of commitment. Nonetheless, half of the order intake does comprise a certification or labelling commitment.

- **Concerning Group operations** (primarily worksites and fixed locations such as workshops and production sites), management of environmental impacts chiefly relies on the use of environmental management systems (ISO 14001) as well as certifications (HQE™, LEED®, BREEAM®).
- In addition to these tools, the Bouygues group's construction businesses have developed their own methods for assessing environmental performance that factor in the specific features of their respective activities: Bouygues Construction's Ecosite and Top Site labels (see section 3.3.1.2), Colas' self-assessment checklists and Bouygues Immobilier's Clean Worksite Charter. The Clean Worksite Charter applies to all of Bouygues Immobilier's commercial property developments (10.25% of its sales) and NF Habitat HQE™ housing developments, which represent 25% of its residential property activity (89.7% of sales).
- **As part of its internal processes,** the Group implements a certification policy governing the construction and operation of its own buildings. The headquarters of Bouygues SA, Bouygues Construction and Bouygues Immobilier, Bouygues Telecom's Technopôle, Printania (a customer relations centre) and data centre, and Colas' new head office, Prism', carry this certification (see section 1.1.5 Bouygues group: main sites in Chapter 1 of this document).

Prism', Colas' new positive-energy headquarters

After two-and-a-half years of work, Colas' new headquarters – Prism' – was inaugurated in Paris on 9 July 2018, welcoming some 350 employees from the former Boulogne-Billancourt location. The project showcases the Group's business segments working together. The building itself was constructed by Bouygues Bâtiment Ile-de-France Construction Privée (part of Bouygues Construction) on behalf of Bouygues Immobilier, the developer.

Prism' is the first Green Office® to be built where Bouygues was the main contractor. It leads the field in energy performance, having been awarded three environmental certifications: Bepos-Effinergie 2013, HQE™ Exceptionnel 2015 and BREEAM® International 2013, Excellent. Thanks to 540 m² of photovoltaic roof panels and a cogeneration plant fuelled by rapeseed oil, the building produces more renewable energy than it consumes.

Given the type of products and services offered by the Group, environmental-performance policies and initiatives applied when structures are in operating phase are crucially important. Bouygues Construction and Bouygues Immobilier support customers in managing and limiting their final energy consumption. For example, their offers include performance commitments in the form of Energy Performance Contracts (EPC) for commercial and residential properties (see paragraph 3.3.3.2).

Environmental certifications relating to the operation of buildings (HQE™ Exploitation, LEED®, BREEAM® in use) prescribed by the business segments, carry requirements in energy and resource management in the area of operations and maintenance.

3.3.1.2 Environmental risk prevention

Risk analysis

In general, environmental risk prevention requires early-stage analysis that maps or assesses the risks connected with production sites or fixed business-related locations.

The business segments' main environmental risks are identified in Chapter 4 of this document, in sections 4.1 Business-specific risks and 4.5 Vigilance plan. Financial risks arising from climate change are identified and described in section 4.2.

Environmental management systems

As an integral part of CSR policy at Bouygues, implementation of an environmental management system is one of the four actions that the business segments pledge to improve the Group's environmental performance. Standards (ISO 14001, ISO 50001 and ISO 9001) and the environmental certifications (HQE™, LEED®, BREEAM®) enacted in Group operations provide a framework for environmental management.

For example, Bouygues Immobilier has pledged to abide by all requirements of the NF Habitat – NF Habitat HQE™ certifications on its residential property developments (89.7% of sales), using a management system that is audited annually by Cerqual Qualitel Certification (25% of property developments are checked in the design stage and at handover for compliance with NF Habitat HQE™).

To reduce environmental hazards on worksites and other locations operated by Colas and Bouygues Construction, both business segments rely on environmental management systems largely inspired by ISO 14001. ISO 14001 incorporates a risk assessment and procedures by which entities can address the environmental issues relating to their particular activity.

Bouygues Construction indicator

Indicator	Scope (activity or region)	Coverage	2018	2017	Remarks
Sales covered by an ISO 14001-certified EMS[a]	Global	98% of Bouygues Construction's consolidated sales	95%	91%	Management of environmental impacts in Bouygues Construction's operations is enhanced by a risk prevention policy based on an ISO 14001-certified environmental management system that is used almost universally. In 2018, 95% of the Group's operations were ISO 14001-certified.

(a) Environmental management system

At Colas, ISO 14001 certification is rolled out at more than half of fixed locations, especially materials production sites. Annual cross-audits of subsidiaries in Belgium, mainland France and Switzerland serve to evaluate facilities and reinforce environmental hazard prevention. These audits are carried out at approximately one hundred ISO 14001-certified sites per year, representing around 14% of sites in that geographical area, by specially trained internal auditors. The findings from these cross-audits are shared with the rest of the group. Other regions are also trying out similar types of exchange (e.g. the Indian Ocean region and the US), often once the EO[a] programme has started.

Internal procedures

So that the environmental risks pertaining specifically to their type of activities are better managed, the Bouygues group's business segments have implemented their own internal environmental management systems and labels.

- Bouygues Immobilier applies its Clean Worksite Charter to all commercial property developments (10.3% of its sales) and NF Habitat HQE™ housing developments, which represent 25% of its residential property activity (89.7% of sales). The Charter involves the appointment of an environmental coordinator before work begins, at the contractor's expense. These coordinators are present throughout projects. 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.
- Checklists at Colas, which cover each type of fixed facility (laboratories, work centre depots, workshops, hot and cold mixing plants, emulsion and binder plants, bitumen depots, quarries, gravel pits, recycling platforms, ready-mix concrete plants, prefabrication plants, construction waste disposal sites, etc.), constitute a concrete benchmark for assessing environmental performance. Standardised checklists have been developed for each type of fixed installation, representing around 2,800 production units all over the world.
- Initiated in 2017, the Top Site label was phased in by Bouygues Construction, fully replacing Ecosite in May 2018. For the sake of harmonisation and simplification, Top Site has been used since that date. This label, which covers sustainable development from every angle, is used to manage the impact of environmental hazards and pollution on Bouygues Construction's worksites. In addition to environmental criteria, it includes new HR, social, health & safety and quality criteria, and also assesses the level of customer involvement in obtaining the label. Given that the roll-out of Top Site began in the second part of 2018, only a few worksites have already qualified for the label. Bouygues Construction's goal is to make Top Site the common standard for all its worksites.

(a) Environmental Officer.

Bouygues Construction indicator

Indicator	Scope (activity or region)	Coverage	2018	2017	Remarks
Worksites carrying the Top Site label [a]	Global	98% of Bouygues Construction's consolidated sales	11.3%	N/A	Top Site is the new labelling scheme officially launched in May 2018 to supersede Ecosite, covering CSR from every angle, from health & safety, quality, the environment, HR and civil society. It was recently expanded to include innovation-related themes. As the label is new, it covers only four months of the reporting *period*, which accounts for the low percentage. Roll-out will continue in 2019 with a target to assess 100% of eligible sites

(a) The percentage of worksites carrying the Top Site label is calculated by dividing the number of eligible certified worksites by the number of those eligible (whether certified or otherwise). Eligibility criteria refer to duration, activity and worksite progress thresholds, with the exception of Bouygues Energies & Services.

N/A: not applicable

Colas indicators

Indicator	Scope	Coverage	2018	2017	Remarks
Environmental certification of materials production sites % of sales before inter-company eliminations	Global	100% of sales (before inter-company eliminations) generated by materials production activities	61%	62%	Environmental certification of materials production sites fell by 1 point but is still at a satisfactory level given the range of contexts around the world in which Colas operates and the minority interests held by Colas in many of these businesses. Furthermore, in some regions, managers have begun to question the usefulness of this approach, or would like to replace it with more practical and less systemic guidelines. At this stage, the debate remains open, even though there is a strong tendency at subsidiaries to define the certified scope of their activities with greater precision.
Rate of environmental self-assessment using Colas checklists [a] % of sales before inter-company eliminations	Global	100% of sales (before inter-company eliminations) of materials production activities for which checklists are applicable	83%	85%	Despite an improvement for mainland France and continued efforts elsewhere, the overall figure was lower in 2018 but remained high nonetheless. The lower level internationally was due to the increased number of production sites taken into account.
Materials production activities that use a tool to manage environmental impacts (environmental certification and/or Colas checklists) % of sales before inter-company eliminations	Global	100% of sales (before inter-company eliminations) generated by materials production activities	84%	85%	The indicator remained high despite decreasing by 1 point. The target is still 100% despite the presence of other shareholders in subsidiaries, some of which are majority owners.

(a) Activities to which the checklist applies: fixed quarries; fixed gravel pits; borrow pits; hot-mix plants; cold-mix plants; oil and bitumen refineries; asphalt plants; plants making binder, emulsions and/or fixed modified binders; ready-mix concrete plants; fixed prefabrication plants; fixed recycling plants; bituminous membrane facilities; various fixed installations; fixed bituminous binder storage facilities. This excludes some highly specific, low-volume production activities (e.g. steel framing)

3.3.1.3 Training and raising awareness to help protect the environment

The Bouygues group runs a wide range of training and awareness-raising programmes for employees and externals on the importance of protecting the environment.

Training and awareness-raising at Group level

The Group Sustainable Development-QSE department holds seminars to train Group managers to self-assess their own practices and situate themselves in relation to best practice as defined by the EFQM (European Foundation for Quality Management) model and ISO 26000. The seminar programme – called Abby – has organised over 84 sessions up to 2018 (with an average of 12 participants per session) since beginning in 2006.

Additionally, the Bouygues Management Institute (IMB) training module, "Towards the contributive firm", aimed at senior executives from the five business segments, tackles the major challenges relating to the societal shifts that are driving changes in the Group's business models. The seven sessions held in 2018 brought together around sixty managers.

At the Group Management Meeting in May 2018, the theme of the circular economy was discussed. Managers were made aware of resources depletion and the Earth Overshoot Day, and shown a presentation on the seven pillars of the circular economy as determined by Ademe[a]. Inspiration was also taken from outside the Group, and there was also a focus on what the Group is doing really well. The event also included a round-table discussion on its future interaction with the circular economy.

(a) French environment and energy management agency.

Lastly, since its launch in 2015, the collaborative intranet network, Yammer Bouygues, has driven synergies across the Group. The major sustainable development challenges (energy-carbon, circular economy, sustainable urban environments, CSR reporting, etc.) are currently managed through this network. At the end of 2018, this Group network had nearly 8,500 users.

Business segment initiatives

In conjunction with these Group-wide initiatives, the five business segments organise and run training and awareness-raising exercises so that the specific challenges relating to their respective activities can be taken into account. For example, at Bouygues Construction, Bouygues Immobilier and Colas, training programmes contain several modules that are partially or wholly devoted to such issues.

- Teams on Bouygues Construction and Colas worksites take part in QSE "starter" sessions, which raise awareness among site workers about the quality, safety and environmental issues specific to the project in progress. One area of focus can be waste and pollution hazards.
- Bouygues Construction runs webinars on the E+C- (Energy + Carbon -/ Positive-energy building and Carbon Reduction) label to build and share expertise in this field. An Ecodesign Day was also held on 30 August, during which over 150 participants were able to learn about the latest developments and trade best practices. Themes covered included the fight against climate change, the circular economy, indoor air quality and biodiversity. As a result of the event, a network of eco-designers was created . In January 2018, the Purchasing and CSR committee was made aware of the importance of including the circular economy in their business practices.
- Bouygues Immobilier involves its employees in its "One tree, one home" programme. For each housing unit sold, a tree is planted as part of the Alto Huyabamba reforestation project in Peru. At the end of 2018, three years after the partnership began, over 30,000 trees have been planted as a result of this initiative.
- European Sustainable Development Week (ESDW) and/or Mobility Week are other highlights in the internal communications calendar. To mark the ESDW last year, Bouygues Telecom ran a wide-ranging survey among employees about corporate social responsibility and what it means for the company. Over 300 questionnaires were returned, helping to set priorities for the company's CSR challenges. Bouygues Bâtiment conducted awareness-raising exercises for all its employees during the ESDW in June 2018.

Raising awareness among the general public

The Group works to raise awareness among external stakeholders about environmental protection and climate change. For example, the Energy Performance Contracts (EPC) prescribed by the business segments comprise information on how to reduce energy consumption within buildings.

TF1 raises awareness all year round through many different shows on its TV channels or websites, from weather bulletins and news reports to reports on Ushuaïa TV (a nature channel), children's awareness-raising campaigns and the *Impact Positif* podcast, produced by journalist Sylvia Amicone. In June 2018, Ushuaïa TV received three accolades at the Deauville Green Awards in the "Preservation of Biodiversity" and "Health and Living Environment" categories. Ushuaïa TV also ran a special schedule between 13 and 23 October to coincide with the campaign for better eating and less food waste, led by renowned chef Thierry Marx.

At Colas, grass-roots dialogue with local residents, which often includes information about environmental issues (including biodiversity), has led to higher acceptance of materials production activities.

One of the charities supported by the Bouygues Immobilier corporate foundation is Unis-Cité, which has pioneered voluntary community service in France. As part of this initiative, the foundation provides financial support to the Médiaterre programme, which promotes eco-friendly behaviour among families living in underprivileged neighbourhoods, which in turn reduces their water and electricity bills, whilst strengthening the social fabric of local communities at the same time.

Bouygues Immobilier indicator

Indicator	Scope (activity or region)	Coverage	2018	2017	Remarks
Number of volunteers in the Médiaterre programme supported by Bouygues Immobilier in areas of engagement	France and subsidiaries	94.8% of Bouygues Immobilier's consolidated sales	114	164	The change is due to fluctuations in the number of available volunteers in the localities supported by Bouygues Immobilier's budget.

Several employees from Bouygues Construction gave courses on the circular economy at Ecole des Ponts ParisTech, a leading school of engineering.

Furthermore, Bouygues takes part in international trade fairs to promote its initiatives and innovations for making urban environments more sustainable. For the second year running, Bouygues and its business segments were represented at the third Viva Technology event in Paris (24–26 May 2018), where it ran events and maintained an information stand. Bouygues was also represented at Pollutec in Lyon (27–30 November 2018), where several experts from individual business segments shared their experience with visitors. Lastly, the Explore The City 3D app was also updated. This gives Bouygues group employees and the general public the opportunity to view the environmental contribution of the Group's business segments (e.g. low-carbon construction), focusing on several of its benchmark projects and emblematic solutions in virtual form.

3.3.1.4 Provisions and guarantees set aside for environmental risks

In the normal course of its business, Bouygues Construction is exposed to direct pollution risks, which are both limited in nature and strictly controlled. Potential hazards are carefully assessed based on a full analysis of operations. As a result, the company does not have to set aside a material amount of provisions.

Pollution risk is included in Bouygues Immobilier's major-risk map. Land-purchasing procedures include preliminary soil testing. Obtaining a report certifying the absence of any soil or subsoil pollution is a necessary precondition before signing a contract for the purchase of land. An exemption may only be granted upon prior authorisation of the vetting committee. In this specific case, cost overruns from decontamination, assessed on a case-by-case basis, are folded into the total cost of the transaction, prior to signature of the land-purchase contract. Because the related financial data are confidential, it is not possible to disclose an order of magnitude for the amount provisioned.

Colas makes provisions for clean-up expenses on contaminated land when the amounts have been determined based on an assessment by an independent firm and when a date for site rehabilitation has been set (by the competent authority, for example) or is otherwise known (upon lease termination, for example). With regard to financial guarantees and provisions for rehabilitation, a large number of quarries and other sites worldwide are subject to specific regulatory 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 for on-site rehabilitation commitments totalled €175 million at 31 December 2018. To date, there is nothing that indicates that these comprehensive measures are 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 Management of pollution and disturbances

3.3.2.1 Preventing and rectifying pollution

Pollution arising from the Group's business activities is diverse and varied, involving air, water and soil. This is mainly generated by the Group's building and civil works sites or related to the industrial activities at certain fixed locations.

On the Group's worksites and fixed locations, external certifications (ISO 14001) and in-house standards (Bouygues Construction's Ecosite and Top Site labels and Colas' checklists) are the main resources available to operating units for preventing pollution.

Bouygues Construction handles these issues through the air and bodies of water standards that are part of its Ecosite and Top Site initiative (see section 3.3.1.2). 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.

These are all qualifying criteria to earn the Top Site label. Worksites must implement procedures for controlling environmental impacts on local residents.

Initiatives by Colas to prevent, limit and where possible eradicate pollution mainly centre on fixed locations and large worksites:

- all environmentally certified sites have as their basic documentation an environmental analysis, dashboards and action plans, most notably for reducing pollution in cases where this is deemed significant. This information is used during management reviews to analyse and limit the impact of operations and improve environmental performance. In addition to these measures, the checklists also cover non-certified sites in aspects such as administrative management, site organisation, 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;
- specific arrangements such as an environmental protection plan are drawn up for each of these major worksites, for example for the New Coastal Road project on Reunion Island, the Lens BRT[a] in northern France and resurfacing projects in Madagascar.

The environmental certifications used by Bouygues Construction and Bouygues Immobilier also contain points to watch during the construction phase. For example, an HQE™ project must ensure that all kinds of pollution (air, water and soil) are kept to a minimum. The Clean Worksite Charter aims to prevent and reduce air, water and soil pollution. Lastly, the quality benchmarks (HQE™, BREEAM®, LEED®) promoted by Bouygues Construction and Bouygues Immobilier comprise obligations for the design and operational phases that reduce air, water and soil pollution.

In its infrastructure projects, Bouygues Travaux Publics does its utmost to limit impacts on biodiversity and the natural environment. For example, as part of the Monaco offshore extension project, measures were taken to limit the dispersion of fine particles, check water quality and monitor noise. Special arrangements were enacted to limit the effects of turbidity[b] on the natural world, including a custom-made underwater screen that was installed to shield two nearby marine nature reserves. Suspended solids, water quality, terrestrial and underwater acoustics and reserve species are monitored regularly to assess the conservation status of the project's environmental criteria.

Air, water and soil pollution arising from the operations of TF1 and Bouygues Telecom are very low and, moreover, immaterial on the scale of the entire Bouygues group.

(a) Bus Rapid Transit routes.
(b) Suspended material content.

3.3.2.2 Measures taken to reduce other disturbances

The other forms of disturbances to which the Group's activities may give rise are mainly exposure to noise (either day or night-time), odours, night-time lighting or vibrations. Its Media and Telecoms businesses are concerned by the issue of exposure to electromagnetic waves.

Acceptance of production sites and worksites by local residents is a sensitive question for the Group's business segments. In addition to the measures set out in the ISO 14001 environmental certification, disturbances to local residents are among the points monitored by internal standards: Top Site (which has replaced Ecosite), Clean Worksite Charter and Colas checklists.

One of the standards of Bouygues Construction's Top Site initiative addresses the management of noise pollution in consultation with project stakeholders as soon as this is established as a risk stemming from the worksite. Furthermore, Bouygues Construction markets a noise barrier for local residents living close to worksites. It was developed by its acoustics and vibrations skills centre, which is staffed by experts from its various operating units.

Bouygues Immobilier checks noise levels on sites covered by the Clean Worksite Charter. Where necessary, remedial measures can be taken to reduce disturbances resulting from excessive noise or vibrations.

TF1 and Bouygues Telecom are especially attentive to exposure to the waves emanating from their masts. For example, a safety perimeter is set up around all of Bouygues Telecom's radioelectric sites (antenna). This ensures compliance, beyond the perimeter, with the exposure limits defined by the decree of 3 May 2002 in regard to all freely accessible areas. Any access inside the perimeter is only granted once the signals have been turned off. Bouygues Telecom also implemented new regulations based on the first specific European directive obliging companies to evaluate their employees' exposure to electromagnetic fields.

Procedures giving priority to the re-use of deconstruction materials are implemented, reducing the need for transportation as well as the related disturbances.

- For example, Colas is developing products that reduce traffic noise, such as fractal-technology noise barriers, and most significantly noise-reducing asphalt mixes (Nanosoft®, Rugosoft® and similar), which can reduce traffic noise by as much as 9 decibels. In 2018, 394,000 tonnes of this type of asphalt mix were produced. This product range reflects the continuing investment by Colas on R&D over many years, and for which it has received a number of technical awards.
- For Grand Paris infrastructure projects, Bouygues Travaux Publics is committed to cutting worksite noise pollution by installing sound barriers in sensitive areas and monitoring noise constantly.
- In its rehabilitation of the Hôtel-Dieu in Clermont-Ferrand, Bouygues Immobilier re-used 50% of materials recovered from the site, equating to some 12,000 tonnes. Truck traffic devoted to removing deconstruction materials and bringing in new building materials was halved.

3.3.3 The circular economy

The construction industry generates 70% of the 324 million tonnes of waste produced in France. Under France's energy transition legislation, coming into effect in 2020, which encourages waste reduction initiatives, 70% of the waste produced from building deconstruction activities will have to be recycled. The Group's business segments have identified several potential environmental and economic benefits in their response to this challenge and are continuing efforts to develop exemplary practices and operations in each of their activities. Various initiatives are already in place within the Group to take into account the guiding principles of the circular economy and eco-design. These include selecting sustainable materials in design phases, using less resources in the building of products, recovering and recycling materials (whereby waste is reintroduced into the production cycle as a secondary raw material), and using innovation to lengthen product lifecycles.

The Group Management Meeting, convened in May 2018 to discuss the circular economy, proved to be a key opportunity for raising awareness about this theme.

An example of the circular economy in action is the renovation of the former 3Suisses logistics platform, a ten-hectare site in Villeneuve-d'Ascq (northern France), where Linkcity and Bouygues Bâtiment Nord-Est have been making preparations to recycle or re-use (preferably on-site) the materials from the planned demolitions and renovations. The project plans to re-use the site's 10,000 m^2 solid-oak parquet flooring, thus saving the equivalent of two hundred 135-year-old oak trees. It will also re-use some 13,500 tonnes of aggregates reclaimed from the demolition of on-site logistics buildings.

Additionally, Bouygues Immobilier is carrying out a rehabilitation operation involving a former plant in a mixed-use neighbourhood in Bagneux (near Paris). This ranks as one of the most ambitious circular-economy operations by a private-sector developer in France. The work, completed in August 2017 and carried out in conjunction with Colas subsidiaries, selectively demolished virtually all the buildings, leading to the recycling of 97% of materials including all the concrete, equating to 25,000 tonnes, which was re-used on-site for backfilling after crushing.

Other Group solutions further the aims of the circular economy by making use of contributions from:

- the sharing economy (and mixing the use of space), which leads to optimised use of the goods and services offered by the Group, e.g. shared spaces in the eco-neighbourhoods built by Bouygues (car parks, gardens, third places, etc.);
- and from scalable building design principles that facilitate reversibility as well as extensions and changes in use over the lifecycle of the building or infrastructure.

For example, Linkcity's Bâtiment K project in Lyon, situated in the new Eureka Confluence neighbourhood, aims to design a building capable of adapting to major urban changes at a lower cost using the dry-construction method [a]. Initially designed as office space, the building can be transformed into housing units once the motorway running through the area is downgraded to an urban thoroughfare.

Additionally, to discover new solutions in furtherance of the circular economy and sustainable urban environments, the Bouygues group in 2016 initiated "Innovate Like a Start-up", an intrapreneurship programme spanning all of its business segments. This has led to the creation of several new activities, one of which is a digital platform listing the materials generated by deconstruction and renovation work. In 2019, the project will lead to the creation of a company owned jointly between Bouygues Construction, Colas and Suez.

For more than 30 years, Colas Ile-de-France Normandie has assimilated the fundamental challenge of responsible management of spoil and materials from sites of all kinds, as well as their recycling and re-use. It has done this by primarily developing a network of around 40 facilities – recycling platforms, sorting platforms for commercial users and inert waste storage facilities – across its region.

Premys, Colas Ile-de-France Normandie's deconstruction subsidiary, which operates throughout mainland France, recycles structural waste from buildings made primarily of concrete. This subsidiary is working to optimise the re-use or recycling of waste from interior building materials such as gutting, and in particular from selective waste sorting (ferrous and non-ferrous metals, computer room floors, wood flooring, wooden beams, false ceilings, furniture, etc.) so that they become a source of raw materials or equipment. Colas Île-de-France Normandie was able to recycle more than 1.45 million tonnes of materials in 2018, including 275,000 tonnes of reclaimed asphalt pavement from the deconstruction of former road surfaces.

3.3.3.1 Preventing and managing waste [b]

Recycling and reusing construction-related waste

Environmental management systems (e.g. ISO 14001), as well as internal standards (Ecosite and Top Site labels, Clean Worksite Charter and Colas checklists), make provision for responsible waste management. For example, one of the prerequisites for obtaining the Top Site label (which is awarded to Bouygues Construction's worksites) is sorting waste into at least three separate channels (inert waste, non-hazardous waste and hazardous waste) or more where required by local legislation. Bouygues Immobilier applies the Clean Worksite Charter [c], which makes on-site waste recycling mandatory using a waste management plan.

Bouygues group employees (from Bouygues Travaux Publics and Bouygues Immobilier) have helped produce a new instruction booklet on deconstruction and the repurposing of construction waste, in conjunction with Orée, an NGO. This booklet covers the entire deconstruction process and includes case studies and recommendations for each stakeholder concerned.

The business segments of the Bouygues group limit the production of waste arising from construction activities and promote recycling through several programmes.

Bouygues Construction rolls out programmes for reducing and recycling waste on construction sites, especially for civil works activities. Excavated materials are recovered for use as backfill or for the environmental rehabilitation of sites. Several of Bouygues Construction's operations re-use secondary raw materials directly on-site. For example, the La Maillerie development illustrates Bouygues Construction's strong commitment to re-using or repurposing on-site materials such as concrete, wood floors, lighting or shelving. Several R&D projects are currently investigating how to prevent waste. These include a selective deconstruction methodology, a zero-waste design and construction methodology and an investment calculation tool for preventing construction-site waste. Linkcity Ile-de-France is running a pilot project on the Bagneux-Mathurins development, in conjunction with Suez, using a digital model for the purposes of smart deconstruction.

Bouygues Construction has also forged partnerships with various circular-economy start-ups:

- Hesus is a networking platform connecting worksites offering spoil with those needing backfill.
- Circouleur recovers opened tins of paint from worksites to make new ones.

As part of the Grand Paris major infrastructure programme, nearly 200 kilometres of tunnels will be dug, producing 43 million tonnes of spoil to be removed. To monitor environmental impact and ensure traceability, Société du Grand Paris has set up a special platform as well as a process for managing and recycling waste. This web-based platform, TrEx, has three aims:

- store all information;
- standardise the inputting of data;
- make the information available in real time.

TrEx is aimed at firms that produce waste, transport firms and storage-site managers. Each digital form contains about 40 fields to fill in, including the quality of the spoil, the transport firm's identification number, the origin and destination of the spoil and so forth. The platform has been available since January 2017 and at the last count had nearly 200 users. It provides access to data corresponding to 1 million tonnes of spoil excavated in 2017. By mid-2018, the count was already 2.2 million tonnes. TrEx is now a mandatory part of all civil engineering contracts tendered by Société du Grand Paris.

(a) Construction method that does not require water, unlike the traditional "wet" method, resulting in lower energy consumption on worksites.
(b) Preventing food waste: given the type of businesses operated by the Bouygues group, this theme is not meaningful. Food waste is only an issue for institutional catering. However, it is mentioned specifically in some contracts with the catering providers servicing the Group's main head offices.
(c) The Clean Worksite Charter applies to all of Bouygues Immobilier's commercial property developments and to residential developments that are NF Habitat HQE™-certified (see section 3.3.1.2).

Bouygues Travaux Publics and the BRGM[a] are working on improving the understanding of trace metal mobility in excavated soil.

For its worksites, Bouygues Travaux Publics has designed a supplementary tracing system called Ubysol, which is currently in test phase on the Eole project. Ubysol uses vehicle geolocation to track the itinerary of waste plus type of waste, tonnage and place of discharge. This system not only provides productivity gains but also improves and increases the reliability of waste management processes. Ubysol uses the Objenious LoRaWAN™ connected objects network, operated by Bouygues Telecom.

Since 2016, Bouygues Immobilier has been part of the national multi-stakeholder Démoclès project, which offers guidance on deconstruction operations. In 2018, Bouygues Immobilier included the project's standard clauses in its own such operations, which has led to the application of principles promoting selective deconstruction and the repurposing of deconstruction materials.

Recycling and the circular economy are of vital importance to Colas, as shown by procedures for recovering and reprocessing of asphalt pavement from roadway deconstruction. Three indicators track this process. Since most of the materials that Colas uses are relatively heavy, recycling must be optimised at a very local level to minimise transportation requirements [b]. This local dimension is behind this industrial ecology approach and there are many examples of how Colas has successfully brought quarries, recycling centres, mixing plants and other facilities on board with these initiatives. Amongst the products incorporating recycled materials is Ecomac®, developed by Colas itself, is an ultra-thin bitumen emulsion concrete. Made mostly from recovered asphalt mixes, its low-temperature production process reduces energy consumption for the same durability.

Colas – a leading player in recycling and the circular economy

Colas is one of the world's five biggest recyclers across all sectors and types of material. As a leading producer and user of construction materials, Colas recycles and re-uses waste and site-demolition materials from its own road-building activities. It also recycles and re-uses waste and materials from other construction and public-works professionals and even other industries. This includes mirror glass waste, broken porcelain and shoe soles.

Aggregates are the commodity that human beings consume the most of, after water. Public works account for the bulk of this consumption, with road construction alone making up more than half of it. Aware of the responsibility that comes with this, Colas has been developing its recycling techniques for over 40 years and has disseminated them across all of the regions where it works. Today, 800 Colas sites transform used materials, primarily reclaimed asphalt pavement, to turn them into civil works materials. This avoids production of bitumen from a refinery, the operation of around 20 quarries worldwide and an even larger number of landfill sites.

This approach falls within the wider framework of the circular economy, thereby reducing construction costs, thus saving on materials, as well as transportation and energy (carbon). By aiming for a zero-waste approach in its civil works activities, Colas enables each region to rebuild using its own materials.

Colas indicators

Indicator	Scope (activity or region)	Coverage	2018	2017	Remarks
Recycled materials in relation to the volume of aggregates produced	Global	Asphalt mix and aggregate production activities, and railway worksites	10%	12%	This ratio edged down by 2 points between 2017 and 2018, due to a sharp rise in aggregates produced (up 12%) and a small drop in the quantity of materials recycled[a] (down 1%). Countries in the international scope saw the most significant increase in the volume of materials recycled (up 26%).
Asphalt pavement recycled in order to reclaim bitumen [b]	Global	Materials production activities	15%	15%	This indicator was stable in 2018. the quantity of asphalt pavement recycled increased by 2% and asphalt production rose 5%, but these positive trends were not sufficient to deliver a positive change in the overall indicator.
Surface area of road pavement recycled in-place million m²	Global	Worksites activities	3.3	3.6	The surface area of road pavement recycled in place by Colas subsidiaries decreased by 4% in 2018 versus 2017. The 5% increase in this indicator in the international scope overall was unable to make up for the fall at the Canadian subsidiaries, which accounted for more than one-third of this production in 2017. The reduction seen in Canada in 2018 was due to the completion of construction projects using this technology.

(a) The industry consensus holds that the target recycling rate for asphalt pavement (in order for all the asphalt pavement from milling or deconstruction to be considered recycled) is between 20% and 25% in OECD countries, with this rate varying in accordance according to urban density and the technologies employed by project owners. Colas has therefore achieved three-fourths of its estimated recycling potential, with some subsidiaries in Belgium, Switzerland, France, the US and Canada achieving this maximum ratio in 2016. There has been slower progress, however, in countries where recycling is less of a priority.

(b) The auditor indicates that it has obtained reasonable assurance for the 2018 indicator.

(a) France's geological and mining research office.

(b) These considerations are determined from lifecycle analyses and carbon footprint calculations.

Colas indicator

Indicator	Scope (activity or region)	Coverage	2018	2017	Remarks
Waste oil recovery rate	Global	All activities	65%	61%	Used hydraulic and motor lubrication oil, the main hazardous waste item generated by Colas in the course of its operations, is disposed of through a certified channel or processed responsibly. The general consensus is that the optimum waste oil recovery rate is around 80%, given that oil that is consumed and burned by vehicles and machines. Colas' ratio increased by 4 points in 2018.

Bouygues Construction indicators

Indicator	Scope (activity or region)	Coverage	2018	2017	Remarks
Non-hazardous waste that is recycled	Global excluding earthworks and Bouygues Energies & Services	77% of Bouygues Construction's consolidated sales	58%	63%	Bouygues Construction is committed to recycling and ensures that traceability solutions are used. This encourages employees to take responsibility for the conditions in which non-hazardous waste is collected, transported and recycled. The decrease in this level is due to a change in methodology, as spoil is no longer counted in this indicator. Bouygues Travaux Publics, which aims to repurpose a large part of its spoil, weighed heavily in this indicator. This is an important issue for Bouygues Construction, as evidenced by the fact that 80% of worksite waste across France is recycled.
Percentage of spoil recycled	Global civil works activity	26% of Bouygues Construction's consolidated sales	73%	66%	Spoil represents most of the waste produced by Bouygues Travaux Publics through excavation, tunnelling and earthworks. There was a sharp improvement in 2018 due to Bouygues Construction Australia, which accounted for a large part of the figure. This operating unit represents over half the total volume of spoil excavated, achieving a recycling rate of 98% under application of local regulations.

Soil decontamination

Through its subsidiaries Colas Environnement and Brézillon, the Bouygues group offers soil decontamination solutions. With over 1,000 worksites to its name, Colas Environnement has experience in most decontamination techniques. It is chiefly renowned for the high performance and reliability of its on-site treatment systems. It is also known for its transparency. It is the first company to have gained ISO 9001, ISO 14001 and OHSAS 18001 certifications. In addition to this trio of accreditations obtained in 2001, it has also been MASE[a]-compliant since 2010.

Brézillon implemented a platform for transporting, sifting and recycling contaminated soil in February 2017. At the end of 2018, the platform had handled a total of 105,000 tonnes in contaminated soil (45,000 tonnes in 2017 and 60,000 tonnes in 2018). Once received and checked, the materials are analysed by an external inspection agency. Inert materials are then repurposed on construction sites and intrinsically polluted materials are redirected for final disposal.

(a) A manual on improving health & safety and environmental issues within companies.

Colas, winner of the 2018 BIM d'or award for decontamination of the Dunkirk refinery

The deconstruction and decontamination of the Dunkirk refinery is a large-scale task (surface area of 95 hectares, 35 km of underground piping, 200 vats and even unexploded WWII-era bombs). Developing an acceptable strategy for decontaminating the site, which is due to be returned to the Port of Dunkirk, is a major challenge because of all the information that must be managed and cross-checked.

To meet this challenge, Colas used a BIM digital model integrating all the underground data, including buried structures and their blueprints (from a variety of time periods), aquifer monitoring data, geological data, the results of water and soil pollution tests, bomb impact maps and topographical surveys. The BIM resource was then used to automatically detect inconsistencies, target additional diagnostics needs and interpolate pollution data.

This development work enables Colas to create an increasingly accurate underground image, tackle remaining uncertainties, put forward a number of decontamination strategies and, later, monitor the work and the corresponding spaces. In the end, Colas will be able to provide the owner of the land with a reliable 3D audit in a standardised format. This smart document will then be usable by the owner for future site developments.

BIM applied to underground works enables better collaboration by facilitating the exploration of multiple scenarios, whose assumptions are then clearly stated. Decisions can then be made amid full transparency, which acts as a safeguard for negotiations. Finally, sites can be monitored over time, even if they pass through the hands of several operators.

Implementation within three months and use of this huge digital resource (1 terabyte at end-2018) would not have been possible without the work of a top-notch team combining both Colas' internal experts (in particular from BIMbyCo and Colas Environnement) and external service providers, who oversaw mapping, digitalisation, topography, site engineering and the management of contaminated soil.

In France, the BIM awards jury handed its 2018 gold award to Colas for the world's first-ever application of BIM to underground challenges. It also recognised the quality of the technical developments and the philosophy of collaborative openness that was central to the process.

Measures for preventing or re-using other types of waste

Although construction-related waste is the chief challenge due to the volumes involved and the environmental impacts, other types of waste arising in the course of the Bouygues group's operations must also be tightly managed.

From their offices, all the Group's business segments produce waste electrical and electronic equipment (WEEE), e.g. CPUs, laptops, screens, printers and servers, which are collected and then re-used or recycled. Processing WEEE is therefore a challenge common to the whole Group. In France, this has been entrusted to ATF Gaia, a disability-friendly company, since 2010. Starting in late 2015, the Group entrusted part of this task to another company, Nodixia, to ensure better national coverage. Since the start of these contracts, this initiative has collected 120,811 items of equipment (of which 21,891 between October 2017 and September 2018). In total, 30% of the 971 tonnes of collected waste equipment was destroyed and 70% re-used.

At the same time, Bouygues Telecom has its own recycling channel as well as a right of first refusal on telecoms and data centre equipment that is no longer used at their original sites. Whenever it has to dismantle sites, Bouygues Telecom's first action is to analyse the on-site hardware closely and, where possible, assign it for re-use. Hardware that is not re-used is sold on after reconditioning. Items that cannot be sold on are recycled by specialists in Europe. This policy has been important in the dismantling arising from the network sharing agreement with SFR (see section 3.3.3.2). Nearly 98% of the hardware from this dismantling has been re-used or recycled.

As early as 2004, Bouygues Telecom became the first telecoms operator in France to offer a service for collecting and recycling mobile handsets, irrespective of operator or brand of handset. Handsets can be turned in through all distribution channels. Since 2011, this service has been supplemented by a page on the Bouygues Telecom website devoted to the sale of pre-owned handsets, through its partnership with Recommerce.

Results of the first national campaign for collecting and recycling pre-owned mobile handsets by Bouygues Telecom

In October 2017, Bouygues Telecom partnered with WWF France, Suez, Samsung and Recommerce (a mobile phone reconditioning pioneer) to run a national campaign for collecting pre-owned mobile handsets for re-use or recycling. This campaign raised awareness among employees and the general public about the importance of handing in mobile phones within the larger context of the circular economy.

More than 27,000 handsets were collected, including 2,000 at the offices of the Bouygues group or its campaign partners. The vast majority were collected through the 400 participating Bouygues Telecom stores located throughout the country.

Among the handsets that were handed in:

- 8,300 were resold by Recommerce, thereby avoiding 250 tonnes of CO_2 eq. (30 kg CO_2 eq. per mobile), all covered by warranties, certifications and the RCube label.
- 19,000 were recycled by Suez. The materials contained inside were processed and the raw materials recovered for re-use in manufacturing other goods (e.g. household appliances or motor vehicles). Non-recyclable materials were placed in a waste-to-energy process.

Bouygues Telecom indicators

Indicator	Scope (activity or region)	Coverage	2018	2017	Remarks
Handsets collected for recycling or re-use (number of handsets)	France	100% of Bouygues Telecom's consolidated sales	270,521	252,023	The increase resulted from higher collection volumes from customers in response to the nationwide drive in October 2017 and the option provided to customers to part exchange their old handset when buying a new one Bouygues Telecom's web site.
From customers (Bouygues Telecom stores, general public and corporate websites, employees)			251,928	215,632	Showed an increase: • nationwide campaign for collecting used handsets in October 2017, leading to a 27,000 increase during the two weeks of the campaign. • handset collection made possible through the Bouygues Telecom website.
Through the after-sales service			18,593	36,391	Slower renewal rates for mobile phones.

3.3.3.2 Using resources sustainably

Energy, raw materials (such as timber and aggregates) and water are the natural resources that are vital to the Bouygues group's construction businesses.

So that requirements can be calculated precisely and utilisation optimised, digital technology such as BIM and specific lean management procedures are being steadily deployed in Group entities.

Selecting and managing raw materials

To draw less on natural resources, those business segments concerned have pinpointed two major avenues:

- optimisation of resource utilisation (through eco-design and recycling);
- giving priority to sustainably-sourced resources (e.g. certified products).

Additionally, the Group dialogues with customers to ensure that secondary raw materials, i.e. those derived from recycling or re-use, are used as much as possible in buildings and infrastructure.

Colas indicators

Indicator	Scope (activity or region)	Coverage	2018	2017	Remarks
Volume of recycled materials millions of tonnes	Global	Asphalt mix and aggregate production activities, and railway worksites	9	9	The volume recycled materials was stable in 2018.
Volume of aggregates from recycled pavement millions of tonnes	Global	Materials production activities	6	5.8	Volume of reclaimed asphalt pavement was up 2%. The industry consensus holds that the maximum recycling ratio achievable for all asphalt mix excavated or planed off the road is between 20% and 25% in OECD countries, with this rate varying locally in accordance with urban density and the technologies employed by project owners. Colas has therefore achieved three-fourths of its estimated potential, with some subsidiaries in Canada, the US and Belgium achieving this volume in 2018.

When new materials have to be obtained, the Group works to make sure its supply chains are reliable and responsible.

Bouygues Construction is trialling alternative construction methods and has developed its expertise in the use of timber – the material with the smallest carbon footprint – in its projects. Almost 100 timber construction projects (new or rehabilitated) have been completed in France, Switzerland and the UK since 2005.

Bouygues Construction is consequently buying more and more timber products for its construction sites. A partnership agreement with WWF France, which was renewed for a further three years in 2017, aims to ensure that timber purchases do not threaten the world's forests, individuals who depend on these forests and the biodiversity that they shelter. It eradicates potentially illegal timber from the supply chain and makes purchasing more responsible, considering that more and more certified timber is procured, especially with the FSC certification®. Given the volume of materials purchased and its position as a sustainable construction specialist, Bouygues Construction has an important role to play in the development of the sustainable timber sector.

In 2017, Bouygues Immobilier signed an agreement with Karibati, a consultancy that helps companies integrate bio-sourced materials into their property development projects.

Bouygues Immobilier was also a winner in the 2018 "Grand Paris Circulaire" call for projects, and presented two of its emblematic projects located near Paris at the related symposium:

- the selective deconstruction of a former industrial site in Bagneux prior to its conversion into an eco-neighbourhood;
- Sways, a project for rehabilitating a commercial building in Issy-les-Moulineaux.

Promoting eco-friendly alternatives to optimise use of raw materials

Bouygues Construction and Colas offer eco-friendly alternatives to customers for lessening the impact on the environment. Eco-friendly alternatives save on materials and have better energy efficiency and lower greenhouse gas emissions than basic solutions.

Colas has long led the way in designing low-carbon alternatives and developing eco-comparison tools for assessing these alternatives.

In France, these efforts have culminated in the Seve® eco-comparison tool, a software solution that is used in the tender process to conduct an environmental assessment of the various development and maintenance phases for road and earthworks projects. It has seven quantitative criteria, including CO_2 emissions. It compares the standard solution with a design variant that can then be proposed to the client, showing its environmental benefits relative to the standard solution for each criterion.

The road industry and the EU are working to see how Seve® can be applied internationally – something with which Colas is actively involved. In 2017, the SustainEuroRoad project, 50%-grant funded under the EU's Life project, was audited by the European Commission. It was stated that there are no other projects of this type in road construction and it stands out by being a project that helps to make contracting more objective. The European Commission's Directorate-General for the Environment has referred to the possibility of reducing greenhouse gas emissions by more than 50%, energy consumption by 70% and consumption of natural resources by similar proportions by using this software. In 2018, SustainEuroRoad enabled the creation of a new pan-European database and demonstrators at worksites and production sites across Europe (Germany, Spain, France and Hungary). Its aim is to support GPP (Green Public Procurement) [a] in its efforts to introduce environmental criteria, on a voluntary basis, into public procurement. The software is changing continually in response to users' comments so that it aligns as closely as possible with the reality on worksites.

In today's challenging economic climate, the decline in the number of low-carbon alternatives reflects the current state of the market, which is becoming less open to alternatives every year. The proportion of greenhouse gas emissions avoided declined by 5% in 2018 whilst the number of selected low-carbon alternatives remained stable. Within the industry, Colas is playing an active part in efforts to give new impetus to eco-friendly alternatives.

Considered an important avenue for differentiation in international operations, eco-friendly alternatives are used by Bouygues Bâtiment International in its projects.

To include carbon emissions levels as a decision-support indicator in its projects, Bouygues Immobilier has introduced a tool for calculating the greenhouse gas emissions of property development projects that is compatible with the E+C- regulatory framework. This makes it possible to assess the carbon footprint starting from pre-project phase and evaluate project compatibility with carbon targets contained in E+C-. Using this tool also has the advantage of raising awareness among operational managers about carbon compatibility, in turn promoting the selection of low-carbon materials and construction methods.

Eco-design

To reduce the need for raw materials, which draw on the ecosystem, the Bouygues group's business segments are conducting research or using a variety of techniques for the eco-design of products.

Research by laboratories at Colas aims to develop eco-friendly binders by applying the principles of "green chemistry", for example by introducing components bio-sourced from marine and forestry assets, reducing temperatures and limiting greenhouse gas emissions. This work focuses on using waste and renewable raw materials that have no adverse impact on the production of human food resources.

Bouygues Telecom is lengthening the useful life of its Bbox router by adhering to eco-design principles (optimising materials and ensuring their reliability, minimising components and reducing power drain) and by operating a policy for repairing and reusing this hardware. Consequently, the average useful life of a Bbox router is between eight and ten years [b].

(a) An EU initiative.
(b) Based on after-sales data and the entire installed base.

Sensations: an exemplary development, due to its timber construction and bio-sourced materials, by Bouygues Immobilier

Sensations, part of the Ilôt Bois programme – situated in the Deux Rives neighbourhood in eastern Strasbourg – is exemplary on account of its low-carbon construction, most notably for the use of bio-sourced materials. The project consists of 146 apartments in three buildings.

A feature of Sensations is that it is the first high-rise residential development to have its floors, façades, and stair and lift cores made entirely of wood. In addition, consideration was given to means of improving the indoor air quality of the apartments by aiming to use materials with low pollutant emission levels: the false ceilings eliminate 80% of the principal volatile organic compounds (VOC), wall paints are "class A+, low solvent emissions", and floor coverings are made from mostly natural and recyclable materials.

Affordable thermal comfort is offered to future occupants through the use of a reversible floor system that will cover heating requirements in winter and provide cooling in summer. In winter, a heat pump harnesses natural energy from the Rhine valley water-table, relaying it through the heating element below the floor screed. It also pre-heats domestic hot water. In summer, a system harnesses coolness from the ground to lower the ambient temperature.

All the innovative technologies used in this development will ensure a passive energy score, with heating needs not exceeding 15 kWh/m² of living area annually. The foundations of this exemplary low carbon project are:

- timber construction using bio-sourced materials where possible;
- soft modes of transport, including a bike room, with cars kept away from open spaces;
- power supplied to internal fixtures by renewable energy.

The project's CO_2 emissions, over the entire lifetime, related to the impact from materials amount to 522 kg CO_2/m² of floor area. Relative to existing carbon certifications, the project is equivalent to level C2 of the E+C- label. An application has been made to obtain the BBCA Performance label.

In October 2018, Bouygues Immobilier won the "Trophée Habitat" at the "Trophées du Cadre de Vie" awards ceremony, organised by FimbACTE, for Sensations – Strasbourg Deux Rives. It was awarded by Saint-Gobain.

3

Energy efficiency

Bouygues takes part in the energy transition through its expertise in active and passive energy efficiency in buildings and the operation of buildings under performance guarantees.

Promoting effective energy-saving solutions

The environmental certifications that the Group promotes for adoption include energy-saving targets. Energy Performance Contracts (EPC) give occupants guarantees on the energy consumption of their premises, for the duration of the contract. More and more residential properties and offices are being handed over with EPCs. Bouygues Immobilier offers clients the possibility of applying EPCs to all its Green Office® developments.

Bouygues Construction indicator

Indicator	Scope (activity or region)	Coverage	2018	2017	Remarks
Projects in the order intake where energy performance commitments are included in the contract	Energy and Services activities	22% of Bouygues Construction's consolidated sales	13%	16%	Bouygues Energies & Services markets offers that include energy-performance commitments, particularly in the form of Energy Performance Contracts (EPC). The indicator edged down mainly because of the change in type of project in the order intake in 2018.

The Bouygues group's business segments offer customers innovative but competitively priced services for optimising energy consumption. Most notably, they have built up expertise in the design of passive-energy buildings, positive-energy buildings, rehabilitation, urban services and energy performance management.

- **Passive-energy buildings:** Bouygues Immobilier has developed expertise in the design of passive-energy buildings (which consume less than 15 kWh/ m² per year for their indoor heating).
- **Positive-energy building:** in the commercial property segment, the Green Office® brand – launched in 2007 – enshrines Bouygues Immobilier's strategy for office buildings that are positive energy thanks to the use of renewable energy and bio-climatic design. Since its inception, 11 developments have been handed over.
- **Rehabilitation:** Bouygues Construction and Bouygues Immobilier have also perfected rehabilitation methods. In 2009, Bouygues Immobilier launched the Rehagreen® service package for commercial property. Based on a comprehensive multi-criteria assessment of the building, covering

technical, energy, planning, regulatory, commercial and other aspects, the purpose of the service is to identify and implement the rehabilitation scenario which most precisely meets the owner's enhancement objectives and the demands of the commercial property market, while respecting the building's architectural heritage. If the owner so wishes, the operation can be designed to fulfil the most exacting certification requirements (HQE™, BREEAM® and LEED®).

In 2018, Bouygues Construction launched "Wizom Réhabilitation", a new solution for rehabilitating residential property that includes environmental commitments, energy-performance guarantees and resident outreach on key issues. These developments, handed over in 2018, reduce energy consumption by 40–45% depending on the residence, backed by a 15-year commitment.

In 2018, Bouygues Immobilier began gutting work for the Rehagreen® rehabilitation project called Sways (Smart Ways to Work), located just outside Paris. This project, which is transforming a former commercial building, has been designed to help occupants navigate new digital technologies and discover new ways of working (either alone or in groups), taking meals and relaxing. Additionally, this office building's reversibility (i.e. it could be transformed into housing) gives it a longer theoretical life. Spaces are modular, adaptable and can be easily linked together, so they can be used more intensively. If these factors are included in the architectural design and properly planned for, demand for materials is reduced and denser urban planning is enabled. It is also matches client expectations more closely.

- **Energy efficiency management:** in order to reduce consumption, Bouygues Energies & Services and Bouygues Immobilier have developed and marketed tools for measuring and managing energy performance for their customers (Hypervision®, Flexom and Si@go®).

The Group's business segments also offer energy-performance solutions for local authorities. For example, Bouygues Immobilier ran the pilot phase for IssyGrid®, France's first district smart-grid demonstrator, in Issy-les-Moulineaux near Paris. In 2017, IssyGrid® was awarded the top prize in the Green Solutions Awards, in the sustainable infrastructure category. Thanks to this pilot project, Bouygues Immobilier is now capable of offering smart grids on all large projects. It also designs sustainable neighbourhoods to be smart-grid ready, prepared for full-scale installations in the years ahead. For the Nanterre Cœur Université development, designed by UrbanEra® (the Major Urban Projects division of Bouygues Immobilier), attention has been paid to building design and optimised energy management, with the inclusion of a smart grid and a solution developed in partnership with EDF Optimal Solutions. In total, 60% of the neighbourhood's energy is provided by a warm-water loop harnessing ground-source heat. Other components in the energy mix are bio-fluid cogeneration, photovoltaic panels and grey-water heat recovery.

Embix, a start-up founded by the Bouygues group specialising in neighbourhood-wide smart grids, has assisted in several emblematic smart-grid projects such as IssyGrid® and, more recently, Clichy-Batignolles.

Bouygues Immobilier in late 2016 teamed up with Stratumn and Energisme to add blockchain [a] to its smart-grid projects. The point of this technology is that it can enable solar energy produced by each building to be used within the neighbourhood. The future Lyon Confluence eco-neighbourhood, a sustainable-city demonstrator developed by a Bouygues-led consortium since 2016, will be the first test site for this technology.

Objenious, a Bouygues Telecom subsidiary that uses LoRa® technology to connect devices, works with business partners to offer a range of solutions for saving energy, reducing carbon footprints and supporting sustainable mobility.

The Internet of Things for the sustainable urban environment

Through its IoT subsidiary, Objenious, Bouygues Telecom was the first French operator to roll out a nationwide network designed for connected objects, based on LoRa® (or Long Range) technology, using 4,300 antennas to cover 95% of the population.

Objenious and its partner network offer several solutions for promoting sustainable urban environments.

Smart energy-saving solutions offer an immediate and easily quantifiable return on investment. For instance, the Apt group of municipalities has extended remote meter reading to cover its entire area. This service is free for consumers and allows them to track consumption and set their own warning thresholds and notification method.

The City of Montpellier has introduced a smart-parking system to assist in finding spaces, preventing traffic jams and reducing carbon footprints and to offer inhabitants new services. Having this real-time information reduces vehicle-fuel consumption relating to the search for parking spaces by 20–30% as well as lowering pollution (including noise pollution).

By equipping its self-service bicycles with an antenna, the City of Montpellier is able to retrieve comprehensive geolocation data, which is then used to identify the most frequented routes. As a result, infrastructure can be planned based on actual usage and to encourage soft mobility.

In Bordeaux, Bouygues Telecom on 3 July 2018 ran the first real-life test for 5G, using two specially equipped antenna to test the new possibilities afforded by this technology such as remote control of vehicles, telemedicine and remote maintenance.

To identify novel uses of smart technology, the Bouygues group has created a 5G accelerator, which houses under one roof all its initiatives relating to smart mobility, smart city, smart building and smart entertainment – fields in which it is extremely active.

(a) A data transmission and storage technology.

- **Urban services:** Bouygues Energies & Services, a subsidiary of Bouygues Construction, has developed a platform enabling local authorities to manage the energy of all their buildings and network infrastructure in order to reduce consumption. Other innovative services, also aiming to make urban environments more sustainable, include the following:
  - the Citybox® solution, directly connected to lamp posts, converts street lighting systems into a broadband network that, in addition to reducing energy consumption, offers digital services such as Wifi, CCTV and sound systems. At the latest count, this solution remotely managed close to 55,000 street lamps.
  - the Citycharge® solution, which installs electric vehicle charge points on lamp posts, makes it easier to roll out electric mobility solutions.
  - Alizé® is a solution offering charge points for electric vehicles aimed at local authorities and businesses, using real-time smart management.

Bouygues Energies & Services builds France's first smart city in Dijon

The Dijon metropolitan authority has awarded a contract to install and manage urban infrastructure to a consortium made up of Bouygues Energies & Services, Suez, Capgemini and Citelum (an EDF subsidiary), which will provide new services to the 253,000 inhabitants of Dijon and its surrounding area (24 municipalities).

The metropolitan area will have a single connected control centre for remotely managing services and public infrastructure so that all zones can be interconnected. Through these innovations, residents will gain in quality of life:

- a new, safer street lighting system: more than 34,000 street lamps will be modernised. Using the Citybox® technology, the street lamps will also provide digital services such as Wifi access, CCTV surveillance and electric charge points for devices;
- real-time traffic information, including smart car parking that guides drivers to free spaces. This will be a city-wide operation thanks to sensors connected to the LoRa network;
- a more fluid bus network, enabled by road-network regulation and priority to public transport (113 road junctions will give priority to buses);
- real-time information about shops and events on mobile apps and connected billboards.

Work started in summer 2018 with the replacement of traffic lights to streamline traffic flows. The control centre will enter into service in early 2019.

Additionally, the city's operations will adapt to the new usage habits. For example, residents will be able to notify an accident using a special app. Close to 330 geolocated/radio-equipped vehicles and 270 cameras will improve the effectiveness and enhance coordination between services (technical services, fire brigade and police). Over time, these innovations will save on public expenditure for the Dijon metropolitan authority. For example, a 65% reduction in energy consumption is forecast through the use of LED lighting, while maintenance expenditure is expected to be halved.

3

Bouygues Immobilier indicators

Indicator	Scope (activity or region)	Coverage	2018	2017	Remarks
Surface area of Green Office® commercial property developments in operation during the reporting period in m²	France and subsidiaries	94.8% of Bouygues Immobilier's consolidated sales	84,398	127,181	In 2018, work was still ongoing for phases two or three of Nanterre Cœur Université, Green Office® Batignolles, the Trigone Quart Opale development (in Issy-les-Moulineaux), Green Office® Meudon Gaupillat and phase B of Green Office® Spring (in Nanterre), totalling a floor area of 84,398 m².
Number of passive/ positive-energy homes being built or handed over in the full year	Global	100% of Bouygues Immobilier's consolidated sales	374	238	Sensations and Ambitions, respectively comprising 146 passive-energy and 74 positive-energy housing units, joined the ranks of Symbioz and Parc de Flore, which were still under construction in 2018, resulting in a total of 374 passive/ positive-energy units either handed over or ongoing during the year.
Number of smart grids to be rolled out	France excluding subsidiaries	89% of Bouygues Immobilier's consolidated sales	6	6	The six smart grids under development span a surface area of 617,400 m².

Reducing the energy consumption of business activities

The Group's business segments are implementing programmes to help limit or reduce energy consumption arising from their operations (most notably Ecosite and Top Site at Bouygues Construction).

At Colas, energy consumption comes in a variety of forms, from fuel purchased for machinery to electricity consumption at quarries. The cLEANergie (Colas Lean in energy) programme was run between 2014 and 2017 to provide Colas with a measuring and monitoring tool aimed at reducing the energy used by operations, from construction and production sites to buildings and logistics.

Roll-out this programme mainly revealed that the energy consumed by asphalt plant burners, vehicles and construction machines together accounted for three-quarters of Colas' direct energy consumption in almost equal proportions.

In order to better control its energy consumption, Colas is focusing its efforts on:

- measurement tools, with software currently being deployed to monitor the energy consumption of asphalt mixing plants. It can track energy consumption and mix temperatures in real time, and send alerts over the internet and to smartphones. These tools were being used by about 33% of Colas' asphalt plants at end-2018:
- employee involvement, with on-board and tracking systems being rolled out to monitor consumption of site machinery and vehicles, including training on eco-driving. Using these arrangements, Colas aims to reduce fuel consumption by 20%.
- the use of renewable energy to power installations in some regions: for example, on Reunion Island, Colas subsidiary GTOI has equipped the roofs of several depot buildings with 6,600 m² of solar panels. This solar farm has been connected to the local power grid since 2009.

Additionally, it has been observed that, in addition to low-carbon alternatives, the following help achieve indirect energy savings:

- warm asphalt mixes, which save some 15% in production-related energy relative to hot mixes. In 2018, warm asphalt mixes produced by Colas accounted for 22% of total output. All employees are ready to start expanding the use of these products across all areas.
- recycled materials, and especially reclaimed asphalt pavement (planed materials from old road pavement), which save bitumen and aggregates and reduces production and transport costs;
- in-place recycling, which also saves energy by reducing the need for materials and transport.

At Colas, the programme for controlling and reducing energy consumption meets several sustainable development challenges; economic (including financial savings), environmental and safety.

For its own transport requirements, Colas also uses rail and inland waterways as an alternative to road haulage. The quantity of materials transported by rail or waterway is equivalent to nearly 3,100 freight trains (with each train containing 44 freight wagons), which avoids using some 280,000 thirty-tonne trucks.

Colas indicators

Indicator	Scope (activity or region)	Coverage	2018	2017	Remarks
Energy used per tonne of asphalt mix produced (KWh per tonne)	Global	Asphalt mix production activities	78	78	Colas systematically and carefully measures and monitors the fuel consumption of asphalt plant burners at more than 400 plants. Although both the production of asphalt mix and energy consumption by asphalt plants increased slightly in 2018, greenhouse gas emissions remained stable year-on-year.
Warm- and low-temperature asphalt mixes	Global	Asphalt mix production activities	22%	23%	Despite a slight decline in warm mix production this year, all employees remain committed to 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, with the knowledge that the health-related benefits are also substantial. In 2018 as in 2017, the US subsidiaries achieved the highest levels, with the fine example of Branscome Inc., where warm mix accounted for 100% of production during the year.
Total energy costs (in millions of euros)	Global	All activities	427	375	At Colas, energy costs rose by 14% in 2018. These upward movements must be considered in light of the 6% increase in materials production sales before inter-company eliminations as well as the rise in energy costs.
Total energy consumption (millions of MWh)	Global	All activities	7.6	7.4	At Colas, energy consumption rose by 3% in 2018. These upward movements must be considered in light of the 6% increase in materials production sales before inter-company eliminations.

Bouygues Telecom has implemented energy management systems and now has three ISO 50001-certified (energy management system) sites: Technopôle, the Printania customer relations centre and the Montigny-le-Bretonneux data centre (near Paris). At the data centre, a self-managing free-cooling system was installed on cooling units, drawing in fresh air from outside whenever the temperature drops below 9°C. Other best practices were also implemented, including regulating the air-conditioning units and shutting some off when weather conditions permit (40% of a data centre's overall electricity consumption relates to cooling).

Bouygues Telecom indicator

Indicator	Scope (activity or region)	Coverage	2018	2017	Remarks
Total electricity consumption in GWh	France	100% of Bouygues Telecom's consolidated sales	555	562	The change relative to 2017 is hard to analyse at first glance, as data measuring mobile network consumption in the meantime became more reliable thanks to the equipment-monitoring project starting in 2018 (mobile networks represent 70% of total electricity consumption). One explanation may be the decreased number of sites subsequent to network sharing agreements. In contrast, average consumption per site increased marginally following capacity additions, a higher volume of data traffic and new customer acquisitions. Consumption decreased in data centres (8% of total electricity consumption) on a like-for-like basis thanks to the implementation of energy-efficient solutions and equipment, as well as in Bouygues Telecom stores (due to digitisation of processes and the universal use of LED lighting).

Promoting renewable energy sources

As far as possible, the Bouygues group's business segments use renewable energy sources as a way of reducing the energy footprints of their activities and of the products they use.

Bouygues Construction and Bouygues Immobilier have made positive-energy structures a major part of their business strategy, in order to prepare for the 2020 "Bâtiment Responsible" (responsible building) regulations. Positive-energy buildings produce more energy – much of which is solar, biomass or geothermal – than they consume. Challenger, the headquarters of Bouygues Construction[a], was transformed into a positive-energy building during its renovation. The new Colas head office, Prism', has received Bepos-Effinergie 2013 certification.

Hikari, developed by Bouygues Immobilier in Lyon, is France's first positive-energy mixed-use development. All energy used in the development is renewably-sourced. Photovoltaic panels have been placed on the roof and façades. It is also equipped with a geothermal system and has a cogeneration power plant fuelled by locally produced rapeseed oil. Energy production and usage are pooled through an energy communication network. Electricity is also stored on batteries to deal with peak loads.

Finally, Bouygues Energies & Services, part of Bouygues Construction, has, since 2012, been developing bespoke projects around the globe in renewable power generation, from photovoltaic and biomass to thermal and wind power.

On 8 November 2018, the world's first agrivoltaic demonstrator was opened in the Western Pyrenees. This solar farm was developed by Bouygues Energies & Services and will sustainably improve crop yields while at the same time generating renewable energy. It will produce electric power equivalent to the consumption of more than 650 homes and will save 3,000 tonnes of CO_2 emissions.

In addition, France's first offshore wind turbine – Floatgen – has been operational since September 2018. It is situated 22 km offshore from Le Croisic, off France's Atlantic coast, and was developed by Bouygues Travaux Publics.

The solar road developed by Colas, Wattway, is an example of the solutions that the Group can provide that use renewable energy sources as a way of reducing the energy footprints of its activities.

Water consumption in accordance with local conditions

The issue of water consumption varies in importance from one part of the world to another, depending on whether operations are situated in arid or temperate regions. Generally speaking, business segments within the Bouygues group are responsible for taking local water constraints into consideration. How water is managed is one of the criteria of the ISO 14001 standard and is contained in internal standards (Ecosite, Top Site and checklists).

Bouygues Construction and Colas are those most exposed to water-consumption issues in sensitive areas. Bouygues Construction is implementing specific measures to safeguard water resources through the use of special equipment, water re-use, consumption tracking and awareness-raising among employees and business partners.

For example, its subsidiary Bouygues Travaux Publics has put in place systems, wherever possible, for recycling wastewater from concrete batching plants and liquid mud plants in order to water grounds, clean tunnel boring machines and produce concrete.

(a) Challenger was the first building in the world to have achieved triple certification at the highest level in each case: HQE™ Passeport Bâtiment Durable – Exceptionnel level, LEED® Platinum and BREEAM® Outstanding.

In 2015, Colas introduced new indicators to measure and limit the pressure exerted on water resources by its operations in regions where water is extremely scarce. For these regions, water consumption by Colas' permanent facilities is estimated at approximately 909,000 m³ in 2018. In order to limit the pressure exerted by Colas on water resources in dry regions, action plans aim to increase water self-sufficiency, encourage recycling and reduce waste. Additionally, the Colas Campus provides specially designed training courses for employees (site supervisors, foremen, engineering consultants, environment managers) on water legislation.

Colas indicators

Indicator	Scope (activity or region)	Coverage	2018	2017	Remarks
Share of permanent activities located in extremely water-stressed areas % of sales before inter-company eliminations	Global	100% of the sales (before inter-company eliminations) of the permanent activities	6%	5%	Colas group's permanent facilities located in extremely water-stressed areas are in Canada (Saskatchewan), the US (California and Wyoming), South Africa, Zambia, Namibia, Guadeloupe, Martinique, Ireland, India, Morocco, the Middle East, Chile and mainland France (Normandy). These facilities consist mainly of quarries and gravel pits but also include workshops, binder plants, depots, asphalt mixing plants, ready-mix concrete plants and recycling platforms.
Water self-sufficiency rate in extremely water-stressed areas % of m³	Global	100% of the sales (before inter-company eliminations) of the permanent activities in highly water-stressed areas	73%	61%	In addition to reducing water consumption in these localities, a key objective for Colas is to increase water self-sufficiency so as to minimise disruption of the water cycle and downstream water use. The water self-sufficiency indicator for 2018 was 73%, which was 12 points better than in 2017. The water used is therefore not drawn from the local water system. Consequently, this usage has a low impact on water resources, allowing ample access by other users.
Share of sales before inter-company eliminations in extremely water-stressed areas where an action plan has been implemented % of sales before inter-company eliminations	Global	100% of the sales (before inter-company eliminations) of the permanent activities in highly water-stressed areas	76%	58%	Colas uses this indicator to drive continuous improvement in monitoring and reducing pressure on water resources in highly water-stressed areas. Action plans are increasingly being implemented where needed.

Additionally, Bouygues Construction and Bouygues Immobilier strive to promote building environmental certifications (NF Bâtiments tertiaires – Démarche HQE® and NF Habitat HQE™), which have a section on responsible water management in a building's operational phase, covering drinking water management, rainwater recovery as well as wastewater and rainwater management.

3.3.4 Climate change

In March 2017, the Bouygues group – alongside 80 companies and around 40 eminent people – signed the manifesto promoted by The Shift Project. The manifesto, containing nine proposals to decarbonise Europe, calls on European countries to act now and propose policies to achieve a level of greenhouse gas emissions as close to zero as possible by 2050. It was issued in the wake of the Paris climate accord and aims to encourage Europe to reinvent its economy, most notably by limiting dependency on transport, construction and fossil fuel-related industrial activities. In this context, the Bouygues group has pledged to implement coherent and tangible actions able to meet the challenges of climate change and the need to preserve natural resources.

3.3.4.1 Measuring greenhouse gas emissions and material impacts of business activities and products on climate change

The Bouygues group's business segments audit their carbon emissions pursuant to Article 75 of the Grenelle II law. In 2017, to keep in step with regulatory changes and identify major sources of greenhouse gas emissions, particularly those generated by the use of the goods and services produced by its business segments, the Bouygues group started expanding its carbon reporting to include scope 3b where appropriate and significant. This continued in 2018. Various methods are used in carbon accounting. Bouygues Construction uses its own CarbonEco system, while Colas relies on CO_2/sales ratios.

As part of this work, the criteria selected for qualifying an emissions source as significant (or not) are as follows: coverage[a], relevance[b] and feasibility[c]. Emission sources that do not meet one or more of these criteria are considered to be insignificant.

For example, the criteria of feasibility, relevance and coverage cannot be applied to Colas for the following two emissions sources: Use of products and services sold and End-of-life of products sold. Extending scope 3b to these two emissions sources in relation to transport infrastructure (either rail or road) is not feasible because of the complexity of calculating the CO_2 footprint with regard to the following:

- accounting for infrastructure usage;
- the lack of means to reduce or control this footprint;
- the low proportion of sales from the construction of new infrastructure;
- and the complex rules for allocating emissions in relation to usage and infrastructure end-of-life.

These two emissions sources are therefore left out of the carbon footprint calculation for Colas.

Bouygues group greenhouse gas emissions

(Kt CO_2 eq.)	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2018 Group total	2017 Group total
Scope (activity or region)	Global	France (excluding subsidiaries)	Global	France	France		
Coverage as a percentage of sales	100%	89%	100%	85%	100%	94.8%	96.2%
Scope 1	314	3	1,703	1	12	2,033	1,903
Scope 2	301	0.6	354	2	52	710	586
Scope 3	2,596	644	10,212	88	720	14,260	14,462
TOTAL	**3,211**	**648**	**12,269**	**91**	**784**	**17,003**	**16,950**

The carbon footprint is useful in providing an idea of scale but cannot be considered a reliable performance indicator because of its inherent uncertainties.

*Compared with 2017, **Bouygues Construction**'s carbon footprint decreased by 9% in 2018, with some scope 3 items also lower, such as Waste generated by operations and Upstream and downstream freight transport. Reporting methodology was also revised to cover "Use of products and services sold" more accurately. The new protocol was not applied to all projects handed over (as that would have required revision to previous studies). Hence this indicator did not cover the entire scope. As a result, it was decided not to report this item for 2018. Close attention will be paid in 2019 in applying the new reporting protocol.*

*The change in carbon footprint at **Bouygues Immobilier** is due to a change of methodology and scope to bring them into line with the E+C- label and obtain a scope 3 carbon footprint allowing for deployment of an operations-related carbon strategy that includes end-of-life emissions from building materials.*

*The footprints of **TF1**, **Colas** and **Bouygues Telecom** were broadly unchanged, in each case varying by less than 5%.*

The above details reveal an immaterial change in the Group's total carbon emissions (0.3%), which should be interpreted in the light of the foregoing information. Generally speaking, the business segments continue to work hard to develop the most faithful forms of carbon accounting possible and offer low-carbon solutions to customers, through timber constructions, circular-economy initiatives and the sharing of telecoms infrastructure.

In relation to the Group's sales, the carbon footprint declined by 6.8% between 2017 and 2018.

(a) The reported information concerns the five sources with the highest emissions and/or that cover at least 80% of the emissions.
(b) Sources exhibit existing potential for improvement and the company has some control over them.
(c) The ability to collect reliable information.

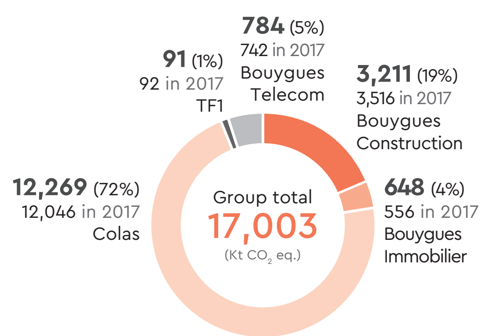
Greenhouse gas emissions by source

(Kt CO_2 eq.)

Simplified sources Bouygues group	Scope	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2018 Group total
Energy consumption (on-site combustion)	Scope 1	314	3	1,703	0.1	6	2,026
Direct emissions excluding energy	Scope 1		0.2		0.8	6	7
Consumption of electricity, steam, heat or refrigeration	Scope 2	301	1	354	2	52	710
Purchases of goods (raw materials, construction materials, etc.) and of services	Scope 3	2,318	599	7,968	83	224	11,192
Waste generated by operations	Scope 3	46	0.2	396	0.1	2	444
Upstream and downstream freight transport	Scope 3	123		1,038		5	1,166
Investments, fixed assets and leasing	Scope 3		3	585		382	970
Travel of employees (business trips and commuting), visitors and customers	Scope 3	109	5	225	5	46	390
Use of products and services sold	Scope 3					57	57
End-of-life of products sold	Scope 3		37			4	42
TOTAL		**3,211**	**648**	**12,269**	**91**	**784**	**17,003**

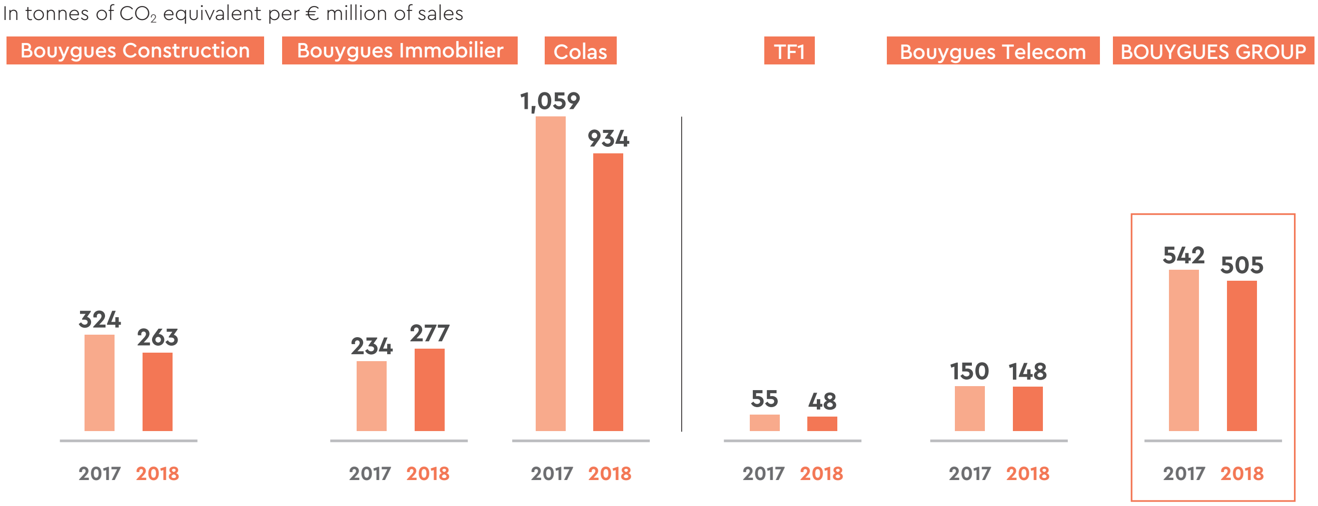
Greenhouse gas emissions by business segment

Kt CO_2 eq.



Carbon intensity by business segment[a]

In tonnes of CO_2 equivalent per € million of sales



(a) Based on the same emissions sources as listed above.

In line with its "Responsible and Committed" corporate vision, Bouygues Construction has pledged to reduce its carbon footprint, targeting a 20% decrease by 2030 relative to 2015 regarding scopes 1, 2 and 3a (up to the handover of the projects). It is evaluating the CO_2 emissions avoided thanks to its policies and positive actions such as timber construction, the use of low-carbon concrete and energy savings.

Colas has a twofold commitment:

- keep the energy consumption required for its activities under control and reduce the greenhouse gas emissions thus generated;
- reduce the energy and greenhouse gas content of products and technologies proposed to customers. To help reduce its own carbon footprint and that of its customers, Colas is drawing on its R&D policy to make more environment-friendly products:

Bouygues Immobilier, by studying the emissions linked to the construction and operation of its developments over a 40-year period, identified the three largest sources of emissions over the various lifecycle phases of its property developments, and drafted a procedure for reducing greenhouse gas emissions that was implemented in 2015, with targets set for 2020.

Network equipment accounts for close to 75% of investments, i.e. more than a third of Bouygues Telecom's total carbon footprint. The solution enacted involves sharing equipment with other operators and encouraging its re-use.

3.3.4.2 Low-carbon solutions

The recognised expertise of its business segments (construction, property, transport infrastructure, media and telecoms) has enabled the Bouygues group to design a full-service offer to help urban environments reduce their carbon impacts. For several years, the Group has been innovating to make measurable progress in energy and carbon, offering effective solutions in the areas of renovation, low-carbon construction, soft mobility and urban services.

11 SUSTAINABLE CITIES AND COMMUNITIES

- **Renovation:** the millions of poorly insulated buildings are a key issue for the Group, whose business segments have developed solutions and recognised expertise in energy renovation for housing, offices and amenities. These offers improve the business models of renovated properties and save on natural resources, while respecting the architectural heritage of buildings. In this domain, Bouygues Immobilier provides the Rehagreen® service package for commercial property (see section 3.3.3.2). The renovation of its headquarters, Challenger, into a positive-energy building, is a showcase of Bouygues Construction's technological expertise.
- **Low-carbon buildings** are economic and environmental profit centres. Bouygues and its business partners market scalable offers, beginning at the design stage and going all the way through to when buildings are up and running. These offers use traditional and bio-sourced materials that can be re-used or recycled, smart systems for optimised building management (Bouygues Immobilier's Green Office® positive-energy buildings) as well as renewable energy coupled with storage systems. Bouygues Energies & Services is part of the European research consortium working on the ELSA [a] project. The purpose of this project is to increase the amount of renewable energy generated locally and speed up the transition towards the use of smart grids. ELSA recovers used batteries from Renault or Nissan electric vehicles and re-uses them in buildings to create energy-storage systems. Six pilot sites have been set up around Europe to illustrate six different scenarios. Low-carbon construction is a major avenue of innovation and growth for Bouygues Construction and Bouygues Immobilier. For instance, the Sensations development, located in the Îlot Bois residential area in Strasbourg, is the first high-rise building that has a 100% timber frame (see box on "Sensations" in sub-section 3.3.3.2 on page 109). Sensations has been awarded the BBCA Excellence label.
- **Eco-neighbourhoods:** Bouygues and its partners offer local authorities integrated solutions combining sustainable construction, energy efficiency, functional diversity, soft mobility, biodiversity and new technologies adapted to residents' needs. The Bouygues group has several exemplary eco-neighbourhoods to its name, both in France and abroad.

  In December 2017, Bouygues Immobilier was given the "International Developer" award by Alliance HQE-GBC. In Poland, the Accent Vert and Accent Eco residential developments (292 housing units) have been certified as HQE™ Very Good by Cerway in the design phase. This is the first HQE™-certified residential development in Europe outside France. In Morocco, Cerway awarded HQE™ Passeport Exceptionnel certification to Les Faubourgs d'Anfa in Casablanca, a mixed-use development project comprising up-market apartments and shops.

  Since 2016, the Bouygues group has taken part in the creation of two sustainable-city demonstrators in France, under the aegis of the government-backed Institute for Sustainable Towns (Eureka Confluence and Descartes 21 Marne-la-Vallée). They will serve to test, free from current regulatory constraints, ground-breaking innovations in all areas of urban life. Elsewhere, two of Bouygues Immobilier's flagship projects, Font-Pré in Toulon and Nanterre Cœur Université, close to the La Défense CBD, were awarded phase 2 of the French ÉcoQuartier label.

  UrbanEra® [b] was selected to develop the Charenton-Bercy project (12 hectares including 3.6 hectares of green spaces), part of a call for bids entitled "Invent the Grand Paris Metropolitan Area" [c], which was organised by the Grand Paris metropolitan authority, Île-de-France regional authority and Société du Grand Paris. The neighbourhood has a target to re-use or recycle 80% of materials on site, 50% renewable energy and 100% rainwater recovery. All buildings will be highly energy-efficient (NF Habitat HQE™, LEED® or WELL [d] certifications) while a smart grid will help improve the management and consumption of locally produced energy.
- **Soft mobility and urban services:** Bouygues supports local authorities in the implementation of solutions promoting sustainable urban environments. Bouygues develops transport infrastructure (tram lines and cycle paths) and provides soft mobility solutions, such as strong links to public transport networks, vehicle sharing, electric vehicle charge points, shared parking spaces and electric bikes for its eco-neighbourhoods. The Bouygues group offers local authorities innovative urban services based on embedded sensors (via the Internet of Things) as well as augmented transportation solutions (Wattway, Flowell).

(a) Energy Local Storage Advanced system.
(b) The Major Urban Projects division of Bouygues Immobilier, specialising in designing and developing sustainable mixed-use neighbourhoods.
(c) Europe's largest international call for tenders in the field of property development, urban planning and architecture.
(d) Quality standard for employee well-being.

3.3.4.3 Promoting solutions adapted to climate change

Climate change leads to rising sea levels, an increased frequency of freak weather events (e.g. windstorms and rapidly rising or falling temperatures) and changes to ecosystems.

Coastal areas – which tend to be heavily populated – are at risk from the current change in the climate, considering that sea levels could rise, while climate change also produces more extreme weather, accompanied by possible erosion and flooding.

To gain popular support, protective structures in built-up coastal areas must blend in as much as possible. This is leading to the development of innovative concepts at the engineering department of Bouygues Travaux Publics.

Bouygues Construction's ABC (Autonomous Building for Citizens) is an example of what the Group will be able to implement to deal with these changes in the domain of buildings. In the context of increasingly scarce resources, ABC's performance in terms of water recycling, insulation, and renewable energy generation, is likely to represent a huge step towards independence from various networks. In 2014, a partnership with the Municipality of Grenoble was signed to develop a demonstrator, involving the construction of an apartment building with some 60 housing units. The building permit was obtained in October 2017 and work began in the summer of 2018, with the foundation stone laid in October.

VSL has been working alongside the Danish Technical University to optimise the performance of cable-stayed bridges in the face of severe weather, leading to improvements in the user safety and comfort of these structures. Research focuses on vibration control and managing risks relating to falling ice.

Bouygues Immobilier factors bioclimatic architecture into its developments: research into the best location, bioclimatic research, choice of efficient insulating materials and the use of renewable energy sources. UrbanEra® sustainable eco-neighbourhoods introduce nature into urban environments, thus reducing the urban heat island effect and improving water drainage.

Colas launched a programme of academic discussions concerning the formation of urban heat islands to factor in the complex interactions and retroactions characterising this phenomenon, which is a concern for all the world's major urban centres. Concurrently, Colas continues to pursue a rigorous experimental approach to distinguish the thermodynamic properties of building materials and is participating in the full-scale measurement and experimental programmes launched by several municipal authorities.

3.3.4.4 Reducing the Group's carbon footprint

Whether on worksites, at headquarters or in regional offices, the Group's business segments work hard to reduce the carbon footprints of their operations. The Group actively promotes timber constructions (see section 3.3.3.2). Bouygues Bâtiment Ile-de-France is putting to use its expertise in timber through the new Habitat Réhabilité subsidiary.

To reduce the carbon footprints of worksites, Bouygues Construction and Colas choose materials using eco-friendly alternatives (Seve®) and metrics to track energy savings.

Bouygues Construction is investing in innovation in the sphere of earthworks, by carrying out research into binders with low CO_2 emissions. Soil improvement during landscaping projects is traditionally done by lime washing and/or by hydraulic binder, which, through their manufacturing process, generate large amounts of greenhouse gas emissions.

Colas implements initiatives to reduce fuel consumption, such as encouraging truck drivers and plant operators to adopt fuel-efficient driving behaviour and switch off engines when idling. Initiatives are also in place to reduce fuel consumed by asphalt plant burners. Fuel consumption per tonne of asphalt mix produced is monitored worldwide.

Colas indicators

Indicator	Scope (activity or region)	Coverage	2018	2017	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	18	Although energy consumption relating to asphalt plants increased slightly[a] in 2018, greenhouse gas emissions remained stable.
Greenhouse gas emissions avoided as a result of action taken by Colas (tonnes of CO_2 eq.)	Global	All activities	156,000	153,000	The quantity of greenhouse gas emissions avoided as a result of Colas' actions rose in region of 2% in 2018 as a result of the increase in quantities of reclaimed asphalt pavement around the world, excluding North America.

(a) Broadly speaking, action specifically involved limiting energy consumption by Colas at group level (plant and vehicle fuel consumption, asphalt plant burners) and reducing the energy and greenhouse gas component of the products and techniques offered to customers (warm asphalt and asphalt mixes, in-place road recycling, recovery of road pavement for use in production of asphalt mixes, Végéroute® products, promotion of EcologicieL® and Seve® eco-friendly alternatives software, Wattway, etc.)

The BBCA label: a driver of ecological transition

To fight effectively against climate change and preserve resources, the construction sector is focusing increasingly on reducing greenhouse gas emissions, of which it accounts for 40% worldwide.

Bouygues Bâtiment Ile-de-France and Bouygues Immobilier are members of the BBCA (the Low-Carbon Building Association) and have helped launch a label of the same name by submitting projects for certification. The label is used to publicise actions aiming to reduce the carbon footprints of buildings across their entire lifecycle. It has four focuses: sustainable construction, optimised operation, on-site carbon storage and the circular economy. Operating along the same lines of environmental certifications from the US or the UK, the BBCA label is awarded by an independent entity, either Promotelec (housing) or Certivéa (offices).

Since the label's creation in 2016, Bouygues Bâtiment Ile-de-France and Bouygues Immobilier have submitted projects for assessment as early as the label's initial pilot phase. Notable among them is Green Office® Enjoy, a positive-energy office building in Paris developed by Bouygues Immobilier (in the Clichy-Batignolles mixed-development zone), which has a unique and innovative mixed timber-concrete structure. It is the largest positive-energy commercial property in France to be awarded the BBCA label.

In 2018, the headquarters of Groupement des Industries Métallurgiques (GIM), located just outside Paris and renovated by Linkcity Ile-de-France, was awarded the BBCA Renovation label. Several new Group developments have received BBCA certification. These included several apartment buildings that are part of the Abelia projects in Bry-sur-Marne (Bouygues Construction) and Only Wood in Orvault (Bouygues Bâtiment Rénovation) as well as a housing project in Choisy-le-Roi (Habitat Social, a subsidiary of Bouygues Bâtiment Ile-de-France) and student accommodation in Champs-sur-Marne (Bouygues Bâtiment Ile-de-France).

Operating fixed and mobile networks is Bouygues Telecom's largest source of energy consumption. Even though energy consumption per site has been rising on an absolute basis owing to increased geographical coverage, government-required quality standards and customer usage, it has decreased per terabyte carried (a metric which is rising exponentially). Bouygues Telecom is trialling a system that can track in real time the primary and secondary consumption of its sites, with the possibility of identifying avenues for improvement from 2019 onwards. Best practices are also implemented such as optimising equipment installation in technical rooms to manage air flows and prevent hot spots. Containment solutions that optimise air-conditioning energy efficiency are becoming more widespread as new equipment is deployed.

In 2009, TF1 joined forces with private and public stakeholders to launch Ecoprod, which aims to make TV productions more environmentally friendly. Part of this initiative is making resources for reducing carbon footprints freely available to the industry.

3.3.4.5 Partnering in research

To understand the future impacts of climate change on its business activities, the Bouygues group has become a partner and active member of The Shift Project (theshiftproject.org), a think-tank working towards a carbon-free economy. It comprises a multidisciplinary network of scientists and industry representatives acknowledged for their experience in energy and climate change issues. The purpose of this think-tank is to issue economically viable and scientifically sound proposals to policymakers.

The Bouygues group is also a partner in IDEAS Laboratory®, a think-tank bringing together experts, industry players and researchers to carry out intelligence monitoring on the theme of the city of the future. Hosted by the CEA[a] in Grenoble, IDEAS Laboratory® works to develop innovative projects meeting the social challenges of tomorrow. One such project was Cité 2030, which designed new services based on various disruptive urban scenarios. IDEAS Laboratory® is also developing a smart-thermostat solution specifically designed to help people in fuel poverty manage their budgets. The concept was tested in the homes of eight people living in social housing.

Bouygues Immobilier and Bouygues Bâtiment Ile-de-France, both members of the Low-Carbon Building Association (BBCA), are participating in the development of the BBCA label promoting low-carbon buildings (see box above), specifically by submitting candidate projects.

(a) The French Alternative Energies and Atomic Energy Commission.

3.3.5 Taking account of biodiversity

The Bouygues group has pinpointed the impacts of its construction businesses on biodiversity. These include noise and light pollution, destruction or fragmentation of habitats and species, and the possible emergence of invasive species during certain work procedures or soil sterilisation. *"Setting targets for improving biodiversity, when justified by business activity"* is one of the four principles that the Group's business segments commit to for the improvement of their environmental performance.

The Group has undertaken measures to limit such impacts and sustain biodiversity in its construction businesses.

act4nature: two Bouygues entities commit to promoting biodiversity

EPE, a non-profit organisation representing companies working to protect the environment, last year launched act4nature, which aims to protect, promote and restore biodiversity by bringing together those capable of rising to the challenge, as well as providing tangible solutions itself. In 2018, 65 companies pledged support through signature of the organisation's charter. Two of these companies were Bouygues Construction and Bouygues Immobilier.

act4nature is an initiative that starts with companies signing up to ten shared commitments. Each company then spells out how it will honour its commitment individually, putting the joint pledges into action within their industries and substantiating their plans with figures and timeframes.

Bouygues Construction is committed to building expertise in biodiversity, designing new products and services and taking an active involvement in collective action. Its biodiversity policy has three priorities:

- Innovating and bolstering the group's technical expertise in biodiversity.
- Offering new products and services focused on biodiversity.
- Getting involved in collective action with all stakeholders.

To protect biodiversity, Bouygues Immobilier has four solutions:

- A structured initiative that factors in biodiversity at every stage of a property development.
- Expertise recognised by a label.
- Raising awareness about nature in the city.
- An enlightened approach to urban agriculture.

Colas supports biodiversity in two ways:

- by actively participating in research on biodiversity:

  Colas has been part of the strategic steering committee of the FRB [a] since 2011 and recently awarded a prize to a young researcher in the category "Biodiversity and combating invasive species".

  Colas is an unintentional local propagator of invasive exotic plant species as a result of its small-scale earthworks projects. It has initiated dialogue with the scientific community to make progress in analysing and preventing this problem. Thinking around this issue is gaining momentum thanks to the involvement of an increasing number of subsidiaries around the world.

  In 2016, Colas created a sanctuary for black bees in the Alpes-de-Haute-Provence department of south-east France, in partnership with Apilab [b]. The sanctuary, which comprises 20 hives, is located at the Cozzi quarry, near Norante. This scientific project uses a protocol for the genetic analysis of mitochondrial DNA that was developed by the CNRS (French National Centre for Scientific Research), conducted in partnership with local bee-keepers and the mayors of the towns neighbouring the quarry.

- by implementing a policy with a direct connection to its operations, i.e. in its quarries and gravel pits.

  This consists of implementing and monitoring actions to enable and facilitate the presence and survival of a notable animal or plant species, and in installing beehives in collaboration with local stakeholders (bee-keepers, naturalists, nature reserves, NGOs and others).

(a) French Foundation for Biodiversity Research.
(b) A laboratory specialised in environmental biomonitoring using bees.

Colas Indicator

Indicator	Scope (activity or region)	Coverage	2018	2017	Remarks
Share of aggregates production sites working to promote biodiversity %of sales before inter-company eliminations	Global	100% of the sales (before inter-company eliminations) of the permanent aggregates production activities	51%	51%	The rate was stable between 2017 and 2018.

To take proper account of biodiversity in urban development projects, Bouygues Construction has contributed to the creation of the first-ever worldwide label for recognising construction and renovation projects that factor in urban biodiversity. BiodiverCity is currently managed by IBPC [a], an organisation bringing together builders, developers, users and trade federations.

Bouygues Construction and Bouygues Immobilier have already used this label with several certified structures.

So far, 10,172 Bouygues Immobilier housing units (either under construction or handed over) have been associated with this initiative. As an active member of IBPC, Bouygues Immobilier is working to develop the technical specifications of the BiodiverCity Ready label at the neighbourhood level, using the Nanterre Cœur Université development as a pilot scheme. Working on a bigger scale will make it possible to integrate biodiversity issues in the development of future neighbourhoods, involving as many local stakeholders as possible and optimising ecological continuities.

Bouygues Immobilier indicator

Indicator	Scope (activity or region)	Coverage	2018	2017	Remarks
Number of m² carrying the BiodiverCity Ready label or covered by a commitment to obtain it at 30 September 2018	France excluding subsidiaries	89% of Bouygues Immobilier's consolidated sales	239,755	34,755	Since June 2016, Nanterre Cœur de Quartier (a floor area of 34,755 m²) has been partnering the BiodiverCity Ready initiative as the pilot project for fine-tuning the label's specifications. Developments in Annemasse and Divonne-les-Bains in south-east France have joined the pilot project, which has increased the total or area to 239,755 m².

Bouygues Construction indicator

Indicator	Scope (activity or region)	Coverage	2018	2017	Remarks
Number of construction projects with the BiodiverCity label	Global construction activities	48% of Bouygues Construction's consolidated sales	4		The awarding of the BiodiverCity label to four new building projects is a sign of Bouygues Construction's commitment to biodiversity. In 2018, three projects by Bouygues Bâtiment Ile-de-France (La Chapelle International, Be Issy and ZAC Paris Rive Gauche) and one project by Bouygues Entreprise France-Europe (La Gloire residence and Les Tours Castilhon) were all awarded this label.

Bouygues Construction has included the protection of biodiversity into its product offering in order to give it value added and make it stand out from the competition.

For several years, Bouygues Construction has been running R&D programmes investigating biodiversity in infrastructures (measures to stop invasive species, offsetting mechanisms, encouragement of marine biodiversity, etc.) and urban biodiversity (green roofs, biodiversity in property development, etc.). This commitment has been conveyed by a host of different actions, including:

- participation in the annual National Biodiversity Conference since 2012;
- support for charities working to preserve biodiversity such as the French Bird Protection League (through "Club Urbanisme, Bâti et Biodiversité"), or by contributing to the urban biodiversity database alongside Natureparif in the Paris region.

(a) International Biodiversity and Property Council.

Here is a sample of the projects in which measures to protect and reintroduce biodiversity have been taken:

- the work to extend the port of Calais, the design of which includes a resting place for birds and a bird-watching observatory;
- the offshore extension of Monaco's port area, where 500 m^2 of posidonia beds and 141 large clams were moved to protected sites (primarily the Larvotto marine reserve), and where marine infrastructure has been eco-designed through the addition of ecological adjustments to the caissons, rockfill and outfalls, including the addition of artificial reefs. These ecological adjustments aim to improve the potential for nature to reclaim the space, restore lost ecological systems and provide for habitats and ecological corridors.

For the Paris Rive Gauche mixed-development zone project, Bouygues Bâtiment Ile-de-France is developing M6B2, known as the Biodiversity Tower. This tower, with its unique fully vegetated façade, is due to include a vertical garden where 285 shrubs of wild varieties will be planted.

Furthermore, Bouygues Construction and Bouygues Immobilier are encouraging urban agriculture. In 2018, for example, staff from UrbanEra® and Bouygues Immobilier's sustainable development department teamed up with AgroParisTech to produce a guidebook for supporting operational staff in implementing urban agriculture solutions in their neighbourhood and building developments.

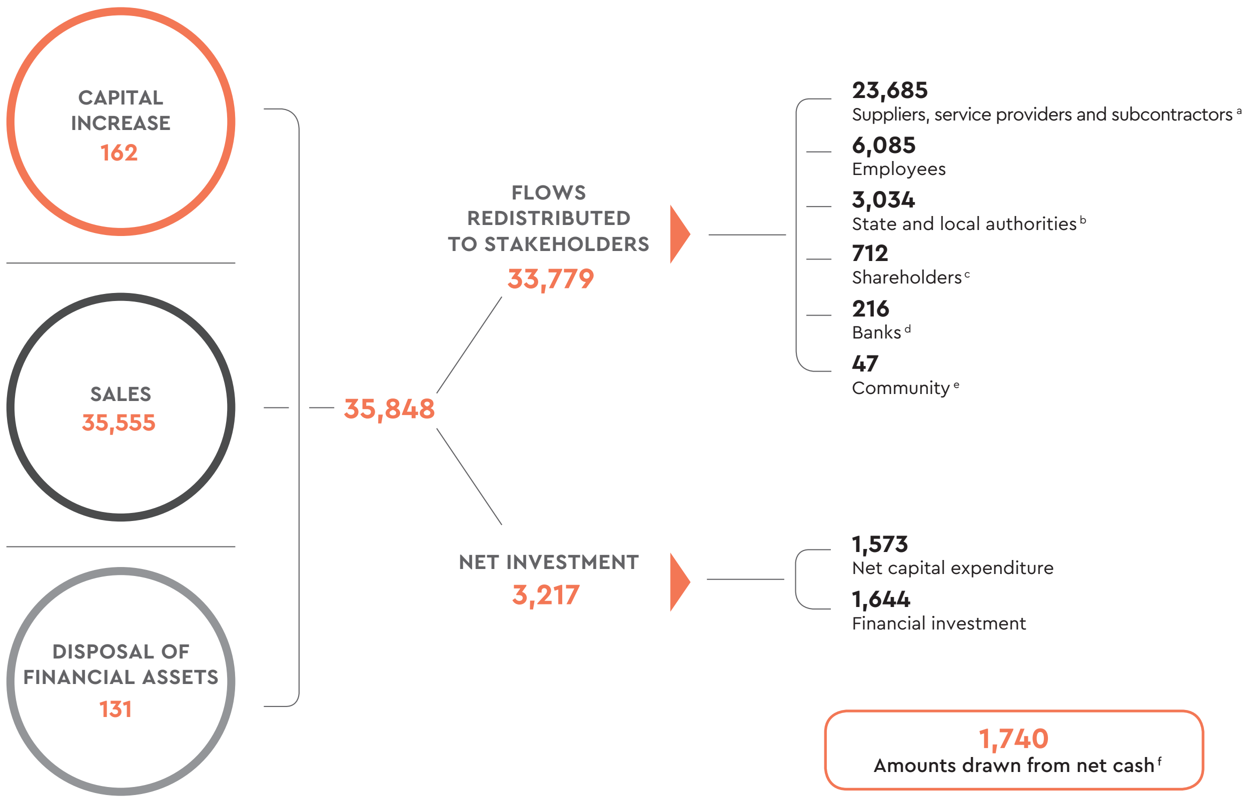
3.4 SOCIAL INFORMATION

Further information can be found by visiting bouygues.com or consulting the CSR documentation of the individual business segments available on their respective websites.

Financial flows generated by the Bouygues group in 2018

€ million

The redistribution of the financial flows generated by the Bouygues group has a positive impact on regional economic development and appeal. Investing in the Group's future growth contributes to sustaining this positive impact.



(a) Purchases and other external expenditure
(b) Income tax, social security contributions and other taxes
(c) Dividends for 2017 paid in 2018, of which €77 million paid to employees
(d) Cost of debt and other charges
(e) Donations, patronage and sponsorship
(f) After changes in the working capital requirement (WCR) and currency effects

3

3.4.1 Socio-economic impacts worldwide

The purpose of the Bouygues group's activities is to provide solutions that drive progress and support the major changes within society. Its business activities have an impact on regional and local development through the construction and maintenance of road and rail transport infrastructure and buildings as well as through the expansion and operation of a telecommunications network. In this respect, they aim to:

- **protect populations against major risks.** The Chernobyl confinement shelter, work on which took place between 2010 and 2016, will limit the environmental risks connected with this defunct nuclear power station;
- **facilitate personal travel.** The urban cable car that became operational in Brest in 2017 (and the one due to open in Toulouse in 2020) offers an alternative mode of transport that is environmentally friendly and more economical for passengers;
- **help provide access to housing and urban services.** With its diverse offers, Bouygues endeavours to meet the needs of first-time buyers and users of social housing. Bouygues Immobilier markets a significant portion of its developments (62% of block reservations in 2018) to social landlords. It also develops housing adapted to senior citizens (e.g. Les Jardins d'Arcadie). Additionally, the eco-neighbourhoods developed by Bouygues seek to factor in social diversity and access to public amenities;
- **combat fuel poverty.** Bouygues Construction's solution that provides energy renovation for social housing, without the need to decant the occupants, helps social landlords reduce fuel poverty among low-income households. The company has signed the EnergieSprong charter, the purpose of which is to support the mass roll-out of energy renovations in social housing. This Europe-wide initiative is based on a high-grade level of specifications: zero-energy renovation [a] guaranteed over 30 years; one-week renovations without decanting residents; cost overruns funded by the resale of renewable energy and energy cost reductions; and a focus on occupant satisfaction;
- **develop the means of communication.** The roll-out of very-high-speed technology (4G and fibre) to cities and more sparsely populated areas is helping local and regional economic development as well as expanding digital services to as many people as possible, including in rural areas;
- **promote harmonious living.** Bouygues Construction and Bouygues Immobilier are rethinking the whole concept of accommodation to encourage harmonious living in their eco-neighbourhoods and respond to the growing need for shared spaces and services.

Grand Paris: a major infrastructure project to improve urban mobility

Grand Paris is defined by the specific French law of 3 June 2010 as "an urban, social and economic project of national interest that unites the major strategic areas of the Paris region". Grand Paris aims to create a vast 200-km public transport network, made up of 68 stations for a total investment of €24.5 billion. Bouygues Travaux Publics and other Group entities are amongst the companies building this network.

Société du Grand Paris, a public corporation overseeing the work on and the funding of the Grand Paris Express rapid transport project, is also tasked with urban development. Specifically, it is leading operations to develop the areas around the project's stations, including the construction of residential property. For example, Linkcity Île-de-France and Bouygues Immobilier in 2017 won contracts to develop seven and four sites, respectively, as part of the "Invent the Grand Paris metropolitan area" [b] call for tenders. That corresponded to 20% of the projects up for tender.

Following the success of its initial tender, the Grand Paris metropolitan authority ran a second one. Four Bouygues Immobilier projects and nine Linkcity Île-de-France projects have been short-listed. Final selection will take place in May 2019.

In September 2018, Société du Grand Paris awarded the Colas Rail/Alstom consortium the contract to install the tracks and overhead lines on Line 15 South, East sector, of the Grand Paris Express. This includes construction of 17 km of metro lines linking eight stations.

Fibre-optic networks add to the appeal of many towns, cities and regions, and this is helping to fuel innovation. The high speeds available and the signal stability are encouraging the boom in e-learning, working from home and e-health. Bouygues Telecom has announced ambitious plans to invest in fibre to meet the rising demand from households for very-high-speed broadband. By 2022, it plans to have 20 million premises marketed nationwide in France. At 30 September 2018, it was one-third of the way to reaching this target. As well as laying fibre in urban areas, Bouygues Telecom will participate in Public Initiative Networks [c] (PINs). Agreements sealing the arrival of Bouygues Telecom on the PINs of Axione, Covage, Altitude, TDF and Orange have already been signed.

The presence of the Group's activities in a given place helps to develop and sustain employment. Its business segments, whether in France or elsewhere, use local labour as a priority and encourage the development of local subcontractors. Colas has a positive impact on employment and regional development where it operates, through its workforce of 58,000 employees and network of long-standing local units. As customer proximity is a priority, jobs cannot be relocated abroad.

(a) Thermal renovation aiming for a passive energy score.
(b) Europe's largest international call for tenders in the field of property development, urban planning and architecture.
(c) Fibre-optic networks rolled out by infrastructure operators in partnership with local authorities.

France

The Group's companies span the entire country (63% of sales and 68,496 employees).

As such, the Group operates at the heart of regional economies and is a driving force for local employment. Additionally, TF1 Publicité has an offer especially for French SMEs to help them gain visibility and access the nationwide market – a further sign that the advertising slots on TF1's main TV channel are not merely reserved for multinationals.

Forging ties with local populations to encourage social cohesion

Bouygues Immobilier is rethinking the concept of housing in pursuit of harmonious living. To achieve this goal, its new housing units are designed to respond to the growing need for shared spaces and services (an extra room, terrace, concierge service, delivery and nursery services). Through "Entre Voisins", a social media app using which neighbours can exchange services, Bouygues Immobilier is working to foster friendly atmospheres in its apartment buildings. Bouygues Immobilier now offers "Entre Voisins" to every resident in its housing developments.

- Les Fabriques, developed by Bouygues Immobilier and Linkcity in Marseille, is an example of a neighbourhood integrating into an existing social and economic ecosystem. By promoting the usage economy, fostering social ties, creating shared living spaces and connected services, Les Fabriques focuses on the circular economy, creativity and mixing the use of space, as well as on new lifestyles and ways of consuming. The first phase of this future neighbourhood is based on an economic model that prioritises technological and digital innovation, in what will be the largest makerspace in France.
- The participative arts laboratory in the future Nanterre Cœur Université neighbourhood, which is being developed by Bouygues Immobilier, is exposing various works of art throughout the construction site. All local residents are invited to share their visions of this urban project, which helps to forge links with the local community in neighbouring areas, in turn helping to gain acceptance for this redevelopment project, which can cause major disturbances for local residents.

The Group's business segments are drivers of occupational integration. 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.

In 2017, Bouygues Construction set out an ambitious policy for employment and occupational integration in which it made three commitments:

- a job and occupational integration initiative for each worksite;
- a job and occupational integration initiative per year on each of its long-standing sites;
- and a training initiative on each major worksite subject to an occupational integration clause.

Having this policy gives actions a more qualitative dimension, especially as regards initiatives to help job-seekers and secondary school students in priority education networks.

Colas partners with CNCE-GEIQ[a] to combat discrimination in access to employment via actions applied locally.

Finally, the TF1 Corporate Foundation focuses on diversity and helping young people find employment by recruiting, each year, young people between the ages of 18 and 30 from underprivileged areas through a competitive process. Additionally, the foundation each year organises an inter-company internship scheme aimed at 14/15-year-olds (300 pupils hosted at TF1 in 2018). Lastly, the foundation encourages TF1 employees to take part in the "Stop Illettrisme" anti-illiteracy programme, whereby help in reading and writing can be given to the employees of service providers.

After two voluntary redundancy plans, Bouygues Telecom has made a pledge to the French government that it will work to support employment in vulnerable areas. This has involved the signing of two national regeneration agreements. In that context, Bouygues Telecom, together with HEC Paris and BPI group, has created "L'université de l'excellence", the first training opportunity in France dedicated to managers of sheltered workshops and disability-friendly companies. 2018, the second year of "L'université de l'excellence", began by focusing on the subject of innovation and digital technology. In the first year, 25 managers received training, which included a lecture on innovation at Bouygues Telecom.

(a) French national committee for coordinating and evaluating groups of employers that promote occupational integration and vocational training.

Bouygues Construction indicators

Indicator	Scope (activity or region)	Coverage	2018	2017	Remarks
Number of hours devoted to occupational integration and the corresponding FTE[a] equivalent (France)	France	45.3% of Bouygues Construction's consolidated sales	1,250,596	1,144,437	After starting official programmes in employment and occupational integration in 2017, Bouygues Construction continued to provide support above and beyond its contractual obligations in 2018, implementing tangible actions across all its locations.
Percentage of expenditure favouring local companies %	Global	98% of Bouygues Construction's consolidated sales	91%	92%	This indicator was stable at a high level. Local purchasing equates to a purchase within the country. Purchases were made in 2018.

(a) Full-time equivalent

International

The Group endeavours to source site workers and supervisory employees locally, which strengthens its position in terms of direct and indirect employment, fosters the transfer of expertise and supports local communities.

Colas Canada has taken steps since 2012 to integrate members of the First Nations[a] within its works teams. A nationwide approach is currently being drawn up. For example, this may include setting up partnerships on common themes, establishing training programmes (literacy, efforts to combat addiction, etc.) and prioritising the hiring of indigenous populations.

In the Philippines, VSL, a Bouygues Construction subsidiary, joined the Youth Inclusion Network, a network of companies committed to fostering the occupational integration of underprivileged young people as a means of fighting social exclusion. VSL is active both in the field and in the governance of this NGO, whose members offer special internships and help find work for these young people.

3.4.2 Relations with people and organisations affected by the company's business activity

3.4.2.1 Dialogue with stakeholders

At Bouygues, dialogue with stakeholders is conducted at three levels: group, business segment and at the local level.

The Group dialogues with stakeholders, including extra-financial ratings agencies, the investor community, trade unions, government departments and NGOs in an effort to take their expectations even more into account.

In 2018, Bouygues published its first-ever Integrated Report[b] as a summary of its vision, strategy and corporate culture, detailing how it creates both financial and non-financial value for its stakeholders. It does this by describing its environment, presenting its strategic and cultural fundamentals and providing a portrait of its expertise.

Each business segment maps out its respective stakeholders and liaises with them regularly on their own specific issues to identify areas for improvement and the associated relevant actions.

Being attentive to customers and satisfying them are at the forefront of concerns

The business segments place satisfying and listening to customers at the forefront of their concerns. Measuring customer satisfaction is a basic requirement of ISO 9001 (quality management system). Bouygues Construction and Bouygues Immobilier encourage customer surveys to be carried out at the end of each commercial phase.

Worksite customers take pride of place in Bouygues Construction's Top Site label, which can only be granted with their approval.

In order for residents' needs to be more clearly identified and taken into account in product design, Bouygues Construction, for example, has carried out collaborative analysis on the subject of seniors living safely and independently in their own homes. Its aim is to obtain input from older people in order to design and build housing that will meet their needs, through a multi-disciplinary working group made up of landlords, sociologists, occupational therapists, home help providers and company employees. Bouygues Construction posted a summary of the proposals on its website. The findings of this analysis will serve as a foundation for designing scalable accommodation and tailored services for the Eureka Confluence eco-neighbourhood in Lyon, a prize-winning sustainable-city demonstrator.

A new system for optimising feedback from customer advisers or sales staff in direct contact with customers was implemented by Bouygues Telecom in July 2018. Called "Be Progress", it will help manage the customer experience more effectively. The system combines all the previous arrangements into one simplified process so that complaints and errors affecting the customer experience can be sent and resolved more easily as part of a team effort.

(a) Canadian indigenous peoples, excluding Inuit and Metis peoples.
(b) Available on bouygues.com

Beginning last year, another project aimed at improving customer satisfaction within Bouygues Telecom offers an interface to advisors to receive direct feedback from the customers that they have just dealt with. This enables them to play an active part in improving the quality of service provided.

Bouygues Telecom also held an open day at each of its six customer relations centres, during which customers were able to learn about what being a customer advisor entails.

Bouygues Telecom's Customer Committee leads the company forward

Since 2015, Bouygues Telecom has involved its customers in the improvement of its products and services by listening to their opinions through the Customer Committee.

This 20-strong team – the only one of its kind in the telecoms sector – is tasked with helping Bouygues Telecom's employees improve the customer experience by providing opinions and suggestions concerning offers and products and by submitting new ideas. This dovetails with the company's determination to place customer satisfaction at the forefront of its concerns. Bouygues Telecom asks them for their input on many different issues, such as the overhaul of the customer area on the website, parental controls on the Bbox home gateway, and the layout and clarity of bills. Each year, the Customer Committee is asked to choose – from among the ten NGO projects selected by the Bouygues Telecom Corporate Foundation – its three favourites, which then receive technical and financial support from the company.

During 2018, members of the Customer Committee were consulted on the redesigned documentation showing new customers how to connect their Bbox. They also participated in a survey on corporate social responsibility issues at Bouygues Telecom.

Nearly four years after being established, the Customer Committee has quantified the results of its dialogue: altogether, 1,200 posts on the private forum, attracting nearly 14,000 comments. There have also been three meetings with the Executive Committee and its chair.

At TF1, the news mediator receives opinions, queries and complaints concerning the news broadcasts of TF1 and LCI, via the Viewer Relations section [a] on the LCI website. She also provides explanations about how television news is produced and the rules by which it must abide. This person also notifies the newsrooms whenever several similar opinions are voiced by viewers.

Constant dialogue

External social media are an excellent channel for exchanging ideas with stakeholders. Besides TF1, several of the Group's entities run blogs discussing current and future trends on which users can comment: bouyguesdd, blog.bouygues-construction, demainlaville, blog.colas, blog.bouyguestelecom.

Each of Bouygues Immobilier's flagship projects is accompanied by comprehensive online content, posted on a dedicated website or on social media, for the purposes of informing and exchanging information with project stakeholders.

At Bouygues Immobilier, the quality-enhancement strategy is a constant way of exchange with customers, albeit indirectly. Satisfaction surveys at the purchasing and handover stage, together with the Net Promoter Score, give information about customer expectations and help apply continuous improvements in the quality of services and developments.

Through its Les Experts community, composed of in-house volunteer experts who are on hand to deal with highly technical questions, Bouygues Telecom supports customers in their digital lives through social media (such as Facebook and Twitter) as well as through its help forum, which has close to 1.4 million monthly visitors.

Close, high-quality relations with its audience is a priority for TF1, which keeps permanently in touch with viewers through social media and the TF1&Vous page. Audiences can interact about shows and presenters at any time.

Lastly, the mobile apps developed for residents of Bouygues-designed eco-neighbourhoods aim to improve communication with managers, local authorities and developers, as well as with retailers present in the neighbourhood.

Consultation exercises with local authorities and local dialogue

At the local level, procedures have been introduced to promote grassroots dialogue between site and worksite managers and local residents, as well as to foster public acceptance of the Group's construction businesses (Bouygues Construction, Bouygues Immobilier and Colas).

Bouygues Immobilier is developing consultation and co-design methods for its property developments. One example is Sollys, a collaborative housing project in Lyon Confluence. The co-design methodology is based on a combined working group bringing together experts and users to design the project together. To help produce a consensus, design thinking [b] methods are used. Co-design brings together buyers before the handover of a housing development so that they can work together, making this a method conducive to the creation of more shared spaces.

Shared concierge services are another useful way of forging social ties within neighbourhoods. Services catering for various types of users (residents, employees or visitors) are available seven days a week, at all times of the day. Accessibility, ease of use and proximity are the watchwords. One example of a successful concierge service in action is in the Ginko residential development. It was created jointly along with a café bar and a coworking space, providing a place for living, meeting people and forging ties between residents.

(a) www.lci.fr/la-mediatrice-vous-repond.

(b) Co-design methodology developed at Stanford University in the 1980s. The process (e.g. for designing a product) uses interviews to establish what end-users do, think, feel and say, in order to move from an idea to a prototype, and finally to the testing phase.

Acceptance of production sites by local residents is becoming an increasingly sensitive issue for Colas worldwide. Issues include concerns of nuisances (odours, dust, traffic, noise) and risks of environmental or health impacts. Colas has identified community acceptance as one of its CSR priorities and has initiated action plans focused on two areas:

- exemplary production sites – each site must implement progress measures that go beyond mere compliance with administrative or regulatory requirements;
- regular dialogue with local residents, elected representatives and the relevant authorities – maintaining an open dialogue with local communities makes it possible to better understand their expectations, explain the reality and constraints of production sites, and promote mutual understanding to prevent crisis situations.

Colas Indicator

Indicator	Scope (activity or region)	Coverage	2018	2017	Remarks
Materials production sites working to promote dialogue with local communities[a] as a % of sales before inter-company eliminations	Global	100% of sales (before inter-company eliminations) generated by materials production activities	47%	47%	The indicator covering local dialogue was stable in 2018 after rising sharply in 2017 in response to targeted action plans.

(a) Activities that can justify (through a specific report) during the reporting period that they have genuinely interacted with local residents, elected representatives and government through meetings and proper responses to complaints. Supporting documentation must be kept on file.

Within the scope of their operations, Bouygues Construction and Bouygues Immobilier also implement initiatives promoting dialogue with local residents. On selected urban-development or property-related projects, they also listen to local populations and stakeholders using methods such as interviews, digital co-creation platforms and recording vox pops with passers-by.

"City Play", a serious game for joint construction with stakeholders

Bouygues Construction in 2017 developed a serious game [a] called "City Play" in order to co-construct a future eco-neighbourhood with all the stakeholders (local residents, town hall, not-for-profit organisations, local authorities, architects, retailers, etc.) In 2018, 25 City Play sessions were held in conjunction with 19 local authorities in France, yielding 2,630 ideas in total. Here are some usage examples:

- Épron (Normandy): to give an identity to a mixed-development zone;
- Rennes hospital: to express a place's identity in words;
- the Strasbourg Les Brasseries project: to highlight the history of this former brownfield site.

"City Play" has led to a greater buy-in of projects by local communities and created a bond with the emerging urban environments.

As a signatory to the Operator-Municipality Guidelines (GROC), Bouygues Telecom has since 2006 committed itself to strengthening dialogue with local elected representatives and dealing transparently with local residents whenever installing antenna in a given area. Electromagnetic-field forecasts for the planned equipment are conducted at the behest of local municipalities. The Waves and Health page on Bouygues Telecom's corporate website (in French) is devoted to this topic.

In 2017, Bouygues Telecom adapted its method for calculating exposure to incorporate the national ANFR [b] guidelines set forth under the Abeille law.

3.4.2.2 Patronage and partnerships

Patronage policy is implemented at Bouygues group level, within business segments and through community initiatives. The Group is active worldwide and contributes to local life wherever it operates.

The three main areas of patronage policy at Bouygues SA are community and social projects, education, and healthcare. The Group's parent company helps and supports all kinds of initiatives, small-scale or otherwise, giving priority to long-term actions. It pays particular attention to projects sponsored by Group employees.

Each of the Group's five business segments also carries out its own patronage initiatives through their own corporate foundations.

(a) An app that combines the serious aspects (Serious) of instruction, learning, communication or information, with the fun aspects of video games (Game) – based on the definition of researcher Julian Alvarez.

(b) French Agency for Frequencies Management.

The Francis Bouygues Corporate Foundation supports deserving students

Created by Martin Bouygues in 2005 to promote equal opportunity, the Francis Bouygues Corporate Foundation encourages deserving, motivated school-leavers from low-income backgrounds to undertake long courses of study and fulfil their career goals.

In the past 14 years, the Foundation has awarded grants to 789 young students (of 40 different nationalities), 375 of which have now graduated. In addition to this financial assistance (ranging from €1,500 to €10,000 annually), each grant-holder is supported by a mentor working on a voluntary basis, chosen from among Bouygues group employees (active or retired) or by former Foundation grant-holders who have graduated and found employment.

In 2018, the board of the Francis Bouygues Corporate Foundation decided to increase its support for young people by lifting the number of students for each new intake from 60 to 100 starting in 2019.

Group spending on patronage and sponsorship

Whenever possible, the Group's business segments give tangible expression to their societal commitment by volunteering their knowledge and expertise.

€ '000	The Francis Bouygues Corporate Foundation	Bouygues SA	Bouygues Construction	Bouygues Immobilier	Colas	TF1 [a]	Bouygues Telecom	2018 Group total	2017 Group total
Cash spending on patronage and sponsorship	1,119	3,022	3,249	1,781	5,392	3,336	555	18,454	18,619
Spending in kind on patronage and sponsorship					105	34,845	218	35,168	35,130
TOTAL	**1,119**	**3,022**	**3,249**	**1,781**	**5,497**	**38,181**	**773**	**53,622** [b]	**53,749**

(a) Spending by TF1 is calculated on a calendar-year basis; for the others, it is calculated on the 12-month rolling period from 1 October 2017 to 30 September 2018.
(b) The total amount of patronage spending (cash or in kind) decreased slightly by 1% between 2017 and 2018, reflecting a 1% fall in total cash spending.

Focusing on skills-patronage programmes and donations in kind

Whenever possible, the Group's business segments give tangible expression to their societal commitment by volunteering their knowledge and expertise. TF1 donates airtime to a broad variety of causes and charitable organisations. Les Pièces Jaunes, Les Restos du Cœur, Sidaction, ELA (leukodystrophy research) and the Laurette Fugain charity (leukaemia research) are some of the beneficiaries receiving regular large-scale support. The TF1 TV channel provides charitable organisations with direct assistance while helping them gain in profile. This includes special prime-time operations, the production and free airing of TV spots as well as donations of game-show winnings and cash donations.

In 2018, more than 500 Bouygues Telecom employees were given a half-day off to take part in the second annual "We Love Solidarity" week, organised by the Bouygues Telecom Corporate Foundation. Altogether, 49 charities were helped by 95 initiatives ranging from help with communication strategy to renovation of a secondary school for disadvantaged young people.

Since the bill entitled "For a Digital Republic" became law in 2016, Bouygues Telecom has offered mobile customers the opportunity to make charitable donations simply by sending a text message to the special short number allotted to the charity. Donations from Bouygues Telecom customers since the beginning of this service total €300,000.

Since 2010, the Bouygues Immobilier Corporate Foundation has been a partner in the major "Les Médiaterre" project run by Unis-Cité, in which families living in underprivileged neighbourhoods are shown, over a period of six to nine months, how to develop daily eco-friendly behaviour, from not leaving appliances on standby to using low-energy light bulbs and turning off taps.

Bouygues Construction indicator

Indicator	Scope (activity or region)	Coverage	2018	2017	Remarks
Number of partnerships [a] during the year supporting integration, education and healthcare	Global	98% of Bouygues Construction's consolidated sales	444	342	The higher number of partnerships forged by Bouygues Construction in 2018 derives from increased recognition of social issues by operating units and a wider spectrum of data used in the reporting process.

(a) A partnership contract, a long-term commitment to a charity, a one-time operation committing to minimum funding of €1,000.

3

Encouraging employee involvement

Several subsidiaries have made arrangements so that employees can take part in community action initiatives during worktime.

Since 2008, Bouygues Construction's Terre Plurielle foundation has supported over 250 community projects promoting access to education, the labour market and healthcare, and sponsored by 306 group employees both in France and abroad. In total, 189 charities are supported in over 30 countries through these initiatives.

Bouygues Travaux Publics is part of the "Job dans la Ville" programme, helping young people gain access to qualifications and employment. To help them enter the world of work, "Job dans la Ville" offers these young people the chance to visit companies and attend CV and cover-letter workshops as well as careers advice sessions.

Under the "Colas Life" programme, employees of the company have the possibility of supporting selected NGOs. Many employees have, through volunteering, donations and skills patronage, joined efforts to promote access to education, through the "On the Road to School" scheme.

The Bouygues Telecom Corporate Foundation has 1,302 volunteers from within the workforce. When they become charity volunteers, employees can spend 14 hours of their worktime each year on patronage initiatives. The foundation, in addition, offers employees an opportunity to propose favourite charities of their own choice for patronage. Since 2011, customers have also had the opportunity to put forward a charity or charities for patronage by means of an exclusive annual call for projects. In 2018, the Bouygues Telecom Corporate Foundation financially supported ten projects put forward by customers and six proposed by employees. These projects focused on either helping people encountering social or medical hardship, or protecting the environment.

The partnerships implemented by Bouygues Immobilier's corporate foundation with Unis-Cité over the past decade, and "Ticket for Change" (since 2017), are also ways of involving employees (see section 3.3.1.3).

Committed to urban planning and urban environments

The priorities of the Bouygues Immobilier Corporate Foundation are based around raising public awareness of architecture and urban planning, encouraging thinking among experts about the city of the future, and promoting community action, especially by strengthening social ties on a neighbourhood level. Since 2007, it has partnered with La Cité de l'Architecture et du Patrimoine [a] in Paris. This partnership has been extended for a further three years until 2019. Its aim is to share thinking on matters such as the place of architecture in daily lives, urban construction and future land use.

Bouygues Bâtiment International is also a sponsor of the Global Awards for Sustainable Architecture, organised by La Cité de l'Architecture et du Patrimoine. These prizes are awarded annually to five architects for innovation in sustainable development.

Bouygues Travaux Publics is a major donor to Inrap [b], providing funding for the organisation of national archaeology days, the publication of original, entertaining and educational editorial content and exceptional openings of digs to the public. One example is the construction site for the Nîmes-Montpellier railway bypass where *Tip-Taupe*, a collection of game booklets, was officially launched. This patronage initiative is a reflection of Bouygues Travaux Public's lasting commitment to popular science and the preservation of heritage.

Bouygues Bâtiment Ile-de-France has developed an app, "Naturellement Engagés" [c], to promote exemplary sustainable-development projects among customers and other stakeholders.

The Bouygues Immobilier Corporate Foundation, partnering with L'Observatoire de la Ville, produced the Réver(cités) exhibition on resilient and recyclable cities, which began at La Cité de l'Architecture et du Patrimoine (in Paris) in late 2016 before travelling around the country in 2017 and 2018. This exhibition shines a spotlight on 30 innovative projects in sustainable urban planning, located in Europe, Canada, South Amercia, Asia and South Africa. The next exhibition, which opens on 30 January 2019 at La Cité de l'Architecture et du Patrimoine, is called "Décloisonnons la Ville!" ('opening up the city'). and will focus on social innovation in towns and cities as well as looking at new forms of intra-community action.

Through its partnerships and own research, the Bouygues Immobilier Corporate Foundation is in constant dialogue with all types of stakeholders involved in shaping the city of the future.

3.4.2.3 Academic partnerships

The Bouygues group has set up partnerships with the academic world in an effort to meet major environmental and social challenges more effectively. For example, Bouygues SA, alongside Alstom, participated in the Advanced Master in Smart Cities Engineering and Management offered by École des Ponts ParisTech and EIVP [d].

To develop training programmes in sustainable construction techniques, the Group co-designed the specialist masters-level course in sustainable housing and construction alongside ENSAM [e] and ESTP [f]. TF1 and Bouygues Telecom have run open innovation initiatives (such as hackathons and student project support) in the context of Le Spot Bouygues at Epitech IT school, where 120 m² of space is reserved for students working on some of the Group's innovative projects.

Bouygues Telecom collaborates with Webschool Factory, Epitech, ECE [g] and EDHEC [h] on various initiatives, from helping organise innovation open days to sitting on judging panels, supervising final-year projects and organising challenges.

(a) Bouygues Immobilier has retained its status as the exclusive founding partner of La Cité de l'Architecture et du Patrimoine in Paris, the largest architectural centre in the world (22,000 m²).
(b) French National Institute for Preventative Archaeological Research.
(c) www.naturellementengages.com
(d) École d'ingénieurs de la Ville de Paris.
(e) Arts et métiers ParisTech.
(f) École spéciale des travaux publics, du bâtiment et de l'industrie.
(g) École centrale d'électronique.
(h) École des hautes études commerciales.

Bouygues Construction is working on high-potential areas of innovation in conjunction with the universities of Cergy-Pontoise (mobility) and Aachen in Germany (asbestos-removing robots), Zurich ETH and NTU in Singapore (robotics), École Centrale de Lille (Construction 4.0 chair[a], construction-site modernisation) and Stanford University (BIM).

In May 2018, Bouygues Construction and École Centrale de Lille signed the agreement governing the Construction 4.0 chair, in the context of which a team of doctoral students, young researchers and Bouygues Construction employees will research the following three fields:

- worksite robotisation and automation as a means of industrialising production, by studying 3D printing, prefabrication and the possibility of putting robots on worksites;
- worksite optimisation to harvest, process and automatically use worksite data for the purpose of improving the organisation of production and the supply chain;
- implementation of disruptive methods for efficient, automated, smart and tailored design.

Bouygues Construction has also started a project called the worksite of the future based on new academic partnerships with several universities in France and abroad (Technical University of Munich, University of Texas at Austin and Harlington, Université de Sherbrooke and University of Alberta in Canada, and Lund University, Sweden).

Colas has forged academic partnerships with universities and other higher education establishments (e.g. University of Birmingham and of Alberta in Canada, the École Centrale engineering school in France) and scientific and R&D bodies and companies (Ineris[b], the CEA[c] and ChemSud).

Bouygues Immobilier, through its support of L'Observatoire de la Ville, has forged partnership ties with the urban-planning department of l'Institut d'Études Politiques in Paris, l'École des Ponts ParisTech, l'École du Design de Nantes Atlantique and Nantes University.

For additional information, see section 1.1.4 Bouygues and Innovation.

3.4.3 Partners, suppliers and subcontractors

Bouygues' overall performance is intrinsically linked to that of its suppliers and subcontractors. The selection of innovative products and services in technological, environmental and societal terms is essential to be able to offer the most high-performance and responsible solutions. The implementation of a CSR policy for Group purchasing is one of the conditions required for promoting this partnership mindset and developing joint value creation for its customers. Lastly, Open Innovation policy at Bouygues can also be seen through its programme supporting start-ups.

3.4.3.1 Integrating CSR criteria into the purchasing policy

For a number of years, Bouygues has undertaken to comply with the Corporate Social Responsibility (CSR) principles defined in the UN Global Compact, and to integrate them into the purchasing processes of its subsidiaries both in France and abroad.

In 2017, under the terms of the new due diligence law in France, the Group established its first monitoring plan for suppliers and subcontractors setting out the measures taken by its subsidiaries to prevent and mitigate the main risks identified in the areas of human rights, personal and environmental health and safety and detailing how these measures are monitored (see Chapter 4, Risk factors, section 4.5). This policy embodies the Group's requirements as defined in the CSR Charter for suppliers and subcontractors, which is systematically appended to purchasing contracts.

The purchasing departments of the Group's business segments are key to implementing these policies, which have two main components: assessment of subcontractors and suppliers, and careful selection of products and materials for their operations.

In March 2018, Bouygues Construction announced its new responsible purchasing policy as part of the "Responsible and Committed" initiative. Purchasing managers have been trained in the important issues related to responsible purchasing. Ten associated targets were set for them in their 2018 appraisals on which they will be evaluated 12 months later.

Colas' responsible purchasing approach is designed to be gradual and targeted, considering its large number of suppliers, service providers and subcontractors as well as the decentralisation of purchasing decisions to subsidiaries. An official ethical code for purchasing staff was disseminated in September 2018, laying down the rules that all staff in contact with suppliers or subcontractors must observe. This code deals with the following issues: personal behaviour, compliance with legislation and regulations, criteria for supplier selection and transparency, conflicts of interest and corruption, confidentiality obligations, the duty to alert and penalties.

Assessment of subcontractors and suppliers

Bouygues Construction, Bouygues Immobilier, TF1 and Bouygues Telecom use external assessments to evaluate and monitor the social and environmental performance of their suppliers and subcontractors.

Bouygues Immobilier assesses all suppliers and subcontractors using a framework contract based on the EcoVadis platform. Since 2017, small, medium-sized and micro businesses have been assessed using this digital platform to improve monitoring of CSR performance. The company wants all its suppliers assessed using this platform by 2020.

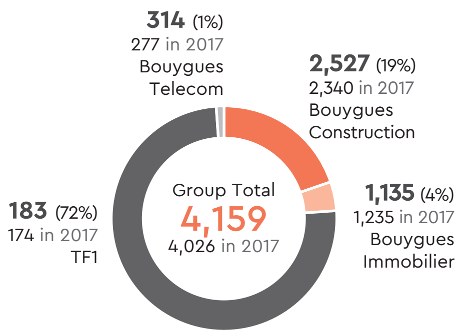
In order to go further, these business segments have conducted supplier CSR audits. In late 2016, for example, Bouygues Construction signed a framework contract with SGS for the latter to carry out supplier CSR audits for countries and sourcing categories classified as high risk. This began in 2018.

(a) A research chair focused on increasing the productivity of the construction sector, bringing together doctoral students, young researchers and Bouygues Construction employees.
(b) The French environmental safety institute.
(c) The French Alternative Energies and Atomic Energy Commission.

At Bouygues Telecom, CSR risk mapping by purchasing category (updated in 2017) is the starting point of the supplier assessment policy. The company conducts audits for major suppliers and on-site audits for suppliers of high-risk purchasing categories. This includes verifying the manufacturing conditions for Bouygues Telecom-branded home gateways.

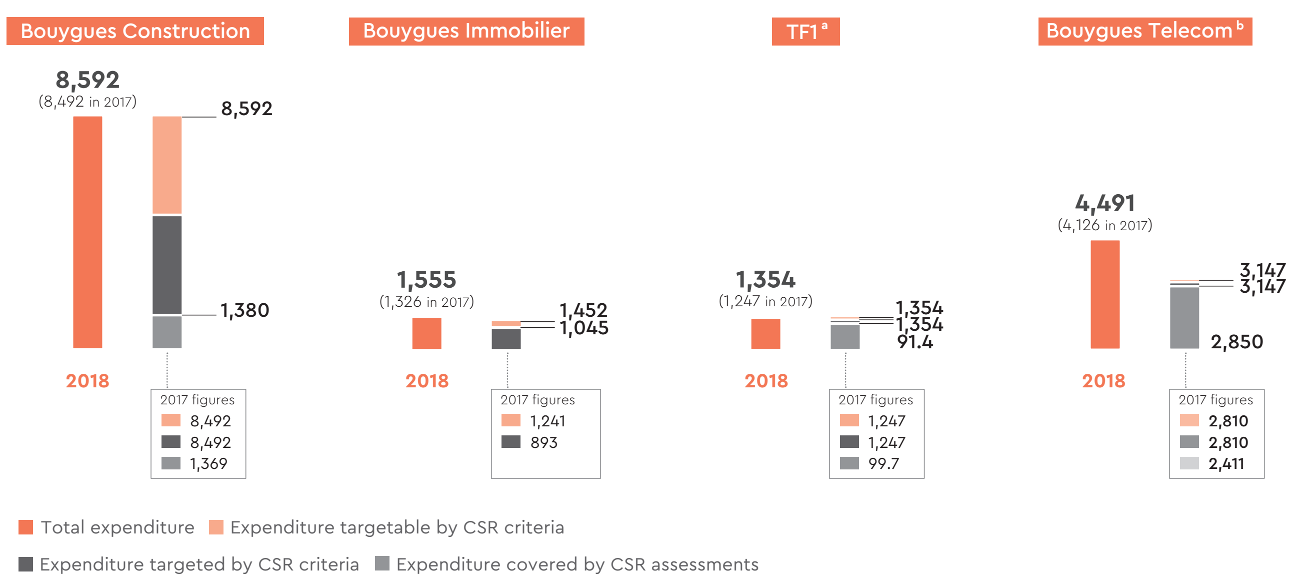
Number of suppliers and/or subcontractors that underwent a CSR assessment

over the past two years



Share of business segment expenditure targeted by CSR criteria or covered by CSR assessments

€ million



(a) Rights acquisitions are not included in TF1 data.

(b) Concerning Bouygues Telecom, the "Total expenditure" indicator is calculated on the basis of billed expenditure. The indicators "Expenditure targetable" and "Expenditure targeted" are calculated on the basis of budgeted expenditure.

The Group indicators provide a snapshot, based on the overall scope of expenditure, of the proportion that is potentially targetable by CSR criteria and that which is actually covered.

Some types of expenditure (e.g. expenditure relating to rental guarantees, notary fees and financial expense) are labelled as "non-targetable" because CSR requirements cannot be realistically attributed to them.

Furthermore, a distinction is drawn between expenditure that is targeted by CSR criteria and expenditure that is covered by CSR assessments, the latter being more ambitious. On the one hand, 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. On the other, 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), thereby potentially giving rise to improvement plans.

Selecting responsibly sourced products and materials

The Bouygues group's business segments are also developing policies for identifying more responsibly sourced products and materials, based on a risk analysis of various purchasing categories.

For example, Bouygues Construction's commitment to responsible purchasing of all-important timber is reflected in its measures to:

- combat the illegal timber trade;
- eliminate all sourcing of threatened wood-based products;
- increase the proportion of eco-certified timber purchases.

This policy is enacted as part of its partnership agreement with the WWF France, which was renewed for three years in 2017. Since 2014, Colas has won several awards for its new work clothes made in accordance with fair trade principles. In 2017, several types of action were taken such as improving existing models through feedback from users, creating a workwear line especially for women and continuing to apply procedures outside France.

On 30 August, Bouygues Construction held an Eco-Design Day to showcase the latest innovations, show the opportunities available and provide a forum for discussion with all employees working in Quality Environment teams.

Bouygues Immobilier, as part of its drive to improve air quality in its buildings and reduce pollutants responsible for VOCs (volatile organic compounds), only selects those products whose health labelling is A+. Labelling has been mandatory since 2012. This concerns materials and products, listed in nationwide catalogues, in direct contact with indoor air.

Use of the sheltered-workshop and disability-friendly sector

The use of companies in the sheltered-workshop sector, coupled with an effort to broaden the range of activities outsourced to these workshops, is a key part of the Group's responsible purchasing policy (see section 3.2.3.3). For example, Bouygues Construction in 2018 distributed a guide on purchasing from companies in the disability-friendly sector. At Bouygues Telecom, buyers have continued promoting the sector among staff. The target laid down in the three-year Disability agreement was surpassed.

Responsible purchasing

Lastly, the Bouygues group's business segments uphold responsible purchasing principles in accordance with the pledges set forth in the Bouygues "Conflicts of interest" compliance programme. This commitment is also enshrined and promoted in codes of ethical conduct followed by buyers at Bouygues Construction, Bouygues Telecom, TF1 and Colas [a], and by Bouygues Construction's conclusion of a charter for major accounts and SMEs as well as the SME Charter. The Group's worker health & safety requirements at its locations apply equally to employees, subcontractors and suppliers (see section 3.2.2.2).

In March 2018, TF1 was again awarded the "Supplier Relations & Responsible Purchasing" label for a further three years. This label recognises those companies that have demonstrated sustainable and fair relationships with their suppliers. One of the key actions in 2018 was the appointment of an internal mediator who can be contacted directly (mediateur@tf1.fr) by suppliers and subcontractors who have a grievance.

Lean management initiatives were conducted in several Bouygues Construction entities (Bouygues Maroc, Bouygues Energies & Services and Bouygues Bâtiment Ile-de-France) to improve payment times for suppliers and business partners. Since 2017, the rate of invoices paid on time based on this scope increased by 15 percentage points to nearly 90%. The target is 100%. In the meantime, TF1 has committed to halving the proportion of invoices paid late by 2021 through targeted actions.

Bouygues Construction aims to increase the proportion of purchases from local businesses [b] to help in the development of the areas in which it is located. For France, this rate stood at 91% at the latest count. This is also a decisive criterion for worksites wanting to earn the in-house Top Site label.

In 2018, Bouygues Construction and Bouygues Telecom gave proof of their partnership-oriented ethos by bringing their suppliers together for specific events.

(a) The Colas code is currently being drafted.
(b) This means nationwide in this context.

3.4.3.2 Supporting start-ups and SMEs

In the belief that open innovation between start-ups, SMEs and large firms can yield benefits, Bouygues began a Group-wide initiative [a] in this area in 2015.

- The initiative is run in each business segment by a team responsible for co-development projects with start-ups, based on an allotted annual budget. Bouygues Développement, part of the Group's parent company, is responsible for selecting start-ups in search of seed money and providing innovation related to the operational topics identified by the business segments. A Group Open Innovation committee oversees the whole process and ensures that best practices are shared between the business segments.
- As part of its innovation drive, which draws on over 100 partnerships (with companies, universities, start-ups and NGOs), Bouygues Construction in 2015 founded Construction Venture, a fund investing in and supporting start-ups over a five-year period. So far, Construction Venture has invested in six start-ups.
  - Bouygues Construction is developing the "Matching Up" programme to connect start-ups with business providers and to support and speed up innovation projects within the group. As part of this initiative, 300 start-ups were tested in the field and around 15 involved in more ambitious cooperation. For the first time, the Matching Up challenge on the subject of smart cities took place last year in a target area, in Birmingham (UK), bringing together various parts of the Bouygues group (Colas Rail, Colas UK, Bouygues Construction UK, Bouygues Energies & Services UK and Metro Midland Alliance).
  - In 2018, Bouygues Construction also launched a new intrapreneurship programme, "New Value". In the 2017/2018 reporting period, six projects emerged on the topics of property development, affordable housing, smart cities, co-living [b], internal resources and urban services.
- The Innovation Unit at Colas has partnered with RB3D, a cobotics (collaborative robotics) specialist, to develop "ExoPush", a cobot [c] designed to help site workers with the manual application of asphalt mixes. Other deals have been sealed with start-ups in energy and in the development of innovative solutions for local authorities.
- In 2015, Bouygues Immobilier founded BIRD (Bouygues Immobilier R&D), a subsidiary investing in start-ups focused on the property development sector. So far it has invested in around ten. Additionally, Bouygues Immobilier, through its Lyon regional branch, partners with Tuba, a project run by the Lyon Urban Data public-private consortium.
- TF1 has set up "One Innovation", a private equity vehicle holding an initial tranche of €2 million. Its aim is to provide financial support to between five and ten start-ups before their first or second rounds of fund-raising. In addition, TF1 has developed a Media for Equity strategy, whereby advertising slots are exchanged for equity stakes, thus enabling more mature start-ups with a mainstream slant to gain TV exposure.
- Bouygues Telecom has supported open innovation since 2009. In 2018, Bouygues Telecom Initiatives, the company's start-up accelerator, has started trials with:
  - Citodi, an assistant that allows technicians to optimise their rounds in real time by reacting to unforeseen events;
  - Deepomatic, a system using artificial intelligence to verify the compliance of network site installations through image recognition;
  - Predictice, a legal decision-support tool;
  - Assessfirst, a predictive solution for improving recruitment procedures.

In 2018, Bouygues partnered Viva Technology (24–26 May in Paris), a global trade fair dedicated to innovation and start-ups, for the second consecutive year. The Group's business segments hosted and promoted over 20 partner start-ups, especially via three challenge competitions based on the following themes:

- digital technology for urban healthcare;
- digital technology and worksite safety;
- new technologies and the circular economy.

Over the three days, TF1 (the official media partner of the event) set up a lab alongside around 30 innovative start-ups.

3.4.4 Responsible practices

3.4.4.1 Ethics and initiatives in place to guard against corruption

The Sapin 2 law of 9 December 2016 requires that senior executives of large companies take measures to prevent and detect acts of corruption and influence peddling, in both France and abroad.

The Group's Code of Ethics, disseminated since 2006, was updated in 2017 to take account of the provisions of the Sapin 2 law. It states that the Group's activity, especially the negotiation and performance of contracts, whether in the private or public sector, must not give rise to corruption, influence peddling or similar offences. It sets out the resulting obligations and responsibilities.

Code of conduct

The Group Anti-Corruption compliance programme, adopted in 2014, was updated in 2017 to factor in the provisions of the Sapin 2 law relating to the prevention of corruption. It corresponds to the code of conduct covered by article 17, paragraph II, point 1, of the law.

It is prefaced by Martin Bouygues, Chairman and CEO of the Group. The document states Bouygues' zero-tolerance stance on corruption and its

(a) For additional information, see section 1.1.4 of this document.
(b) Several residents sharing an apartment or house for living, working and sharing in the common areas.
(c) Category of robots (non-autonomous): "a robot intended to physically interact with humans in a shared workspace" (source: Wikipedia).

position as to the duty of understanding and care that everyone must exercise, along with the resulting responsibilities – especially for senior executives.

It also lays down the measures relating to information, training and prevention, together with the monitoring and sanctions that must carried out within each business segment. Furthermore, it summarises the appropriate legislation in force and devotes specific sections to Group rules and recommendations applicable to various practices that are prone to a risk of corruption, namely gifts and services, the financing of political parties, patronage, sponsorship, use of business intermediaries and lobbying.

The Group Ethics Officer within each business segment appoints an officer responsible for implementing the Group Anti-Corruption compliance programme.

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 and detection measures and ensure that these measures have been effectively applied. They are supported in this by the compliance officer and the ethics committee of the business segment.

Briefly, the following prevention measures are provided for by this compliance programme:

- Legal departments must ensure that information is properly disseminated and implement training that deals squarely with the risk of corruption in the entity concerned. They must have solid expertise in anti-corruption regulations and they must be able to call on the services of criminal lawyers who have been selected by the compliance officer.
- The Group has strict financial and accounting procedures in place, designed and implemented by the Group's entities and aimed at mitigating the Group's exposure to risk, particularly by preventing the use of payment systems for fraudulent or corrupt purposes.
- Delegations of authority to persons with responsibility for an entity, department or project, or to an individual who exercises a role within a sales or purchasing department, must clearly set out to those granted authorities their obligations to comply with anti-corruption laws.
- Group business segments are recommended to include, in the employment contracts of employees responsible for a subsidiary, entity, project, or sales or purchasing department, a clause setting out their obligation to refrain from engaging in corrupt practices. Furthermore, each business segment must ensure that all entities within its scope of responsibility integrate the compliance programme into their internal regulations.
- Pursuant to the Sapin 2 law, each business segment draws up a risk map to identify, analyse and rank the risks of its entities' exposure to external solicitations of corruption. This risk map, which is updated annually, should factor in the business sectors and geographical areas in which the entities operate.
- In accordance with the Sapin 2 law, each business segment implements procedures to assess the situation of its customers, direct suppliers, consultants, intermediaries and, more generally, its partners based on the corruption risk map. As partners do not all have the same risks, the assessment should be adapted to a specific risk analysis. The business segment ethics officer, in liaison with the relevant line managers, must therefore ensure that all of the business segment's entities can run an assessment process before entering into a business relationship with a partner, as well as during the business relationship.
- In accordance with the terms and conditions determined by each business segment, with the support of the compliance officer, an audit of the business segment's compliance with applicable legislation and the compliance programme must be carried out at the inception or end of all major projects, when launching a new business activity or when opening an operation in a new country, particularly if that country does not have a good reputation in terms of corruption.
- During the due diligence process prior to acquiring a company, special attention should be paid to the target company's compliance with anti-corruption regulations. Specific warranties must be obtained from the vendor, unless otherwise specifically agreed, justified and supervised in advance by the business segment's senior management, with the support of its compliance officer.

Training

The Sapin 2 law highlights the need to implement training for senior executives and other employees with the highest exposure to risks of corruption and influence peddling.

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 if breached. Each business segment must therefore design and implement training adapted to the corruption risks specific to their operations and the regions in which they are active, comprising the following:

- general training in compliance with anti-corruption rules, to be introduced by each Group entity in the training modules aimed at different categories of employees;
- a simple and condensed training module available as an e-learning resource over the intranet, in line with the business segment's training policy;
- specific, more in-depth training for senior executives, managers and employees most exposed to the risk of corruption and influence peddling, especially for those liable to be posted to sensitive countries. Thus, within one year of their appointment, employees who are given responsibility for a subsidiary or equivalent entity, or 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.

Each business segment also organises training courses tailored to the different levels of management. These transmit the Group's ethical principles and values in practical ways, addressing the specific issues and risks associated with the business segment's activity.

Bouygues Construction

All existing training programmes for sales employees and future managers incorporate an ethics and compliance module. Following on from initiatives undertaken since 2011, the special ethics and compliance training plan has been implemented within each Bouygues Construction entity through training modules targeting specific categories of employees. In addition, an ethics component has been added to training programmes for young and experienced managers viewed as high potential, as well as to the legal training taken by buyers that have been in their posts for less than a year.

In order to expand and improve training performance, a specific e-learning module called "Fair Deal" was launched in December 2015 for 26,000 employees in France and abroad. The "Fair Deal" training programme is available in four different languages. Employees are shown real-life situations whose themes are corruption, anti-competitive practices, gifts and invitations, as well as patronage and corporate sponsorship actions. After an initial mandatory phase, the training module can now be freely accessed by all Bouygues Construction employees so that they can decide on the best time for them to follow it. In 2018, 38.6% of employees were trained using this module. Bouygues Construction maintains its target for 100% of employees to be trained in business ethics by 2020. "Fair Deal" has also been merged into "In'Pulse", Bouygues Construction's digital induction process (available in four languages), to make sure new employees are aware of ethics within three months of joining. In 2018, 23.2% of new recruits were trained using this module.

Bouygues Immobilier

Bouygues Immobilier's training courses on ethics continued in 2018:

- the e-learning module on business ethics, taught since 2016, is accessible on the "BI Learn" training platform in the Induction and Collective Actions sections. This practical module describes a number of actual situations that present an ethical risk. It is made available to all new recruits, across all French subsidiaries, as part of their induction process. At the end of 2018, 1,071 employees had followed the module out of Bouygues Immobilier's 1,969 employees, equating to 59% of the total headcount.
- A second e-learning module on business ethics has been offered since December 2018. It supplements the first module by examining the new requirements resulting from the Sapin 2 law and the law requiring duty of diligence for parent companies.
- BI Quest induction days for new recruits also raise awareness about ethical standards in the form of a video presentation by the ethics officer followed by a three-part knowledge test. In 2018, 221 employees followed this induction training.
- Bouygues Immobilier's intranet contains a section on business ethics standards and the latest requirements.

Colas

The "Business ethics and responsibility" training module, including compliance programmes, continued in 2018 both in France and abroad. It was offered at all subsidiaries for senior and middle managers. This training systematically includes business ethics and the implementation of compliance programmes. Since the training was introduced in 2016, nearly 5,000 employees have been trained, with special attention paid in 2018 to the international subsidiaries. The topic of ethics is regularly discussed at subsidiaries' and group executive management committee meetings, regional meetings and business unit managers' meetings.

The "Ethical and Accountable Leadership" training programme, which promotes discussions about business ethics and the individual and collective accountability of senior managers at Colas group subsidiaries, also continued throughout 2018, in and outside France. This programme, designed for all branch managers and directors of subsidiaries, has so far been followed by close to 700 managers.

Colas subsidiaries in North Amercia continued their roll-out of a specific communication and training programme on ethics:

- in the US, training sessions for managers and worksite supervisors were held on the topic of anti-competitive practices as well as on gifts and invitations given by third parties. In parallel, each subsidiary regularly holds local training sessions on ethics-related topics. The online ethics training programme also continued in 2018. All employees of US subsidiaries with an e-mail address were assigned online modules relating to data security and behaviour in the workplace. Nearly 4,000 US employees were trained through these various courses. All employees have been invited to view the Bouygues Code of Ethics and the Colas USA Code of Conduct online and to confirm that they have read them carefully.
- In Canada, Ethics and Compliance Programme training was delivered to nearly 550 employees in 2018. A new whistleblowing system for employees was introduced across Canada in 12 June 2017. It is available in both French and English and run by an independent third party. A communication campaign informed all the employees of the Canadian subsidiaries about the service. In addition, the overhaul of the Colas Canada intranet provided an opportunity to reiterate the obligations with regard to business intermediaries, corporate patronage and sponsorship, gifts and invitations.

The Fair Play e-learning ethics training, which takes the form of a serious game[a], was rolled out during the second half of 2017 across all the French subsidiaries. Of the 3,500 employees targeted, 92% completed this e-learning module. Other training sessions are scheduled for subsidiaries outside France and new hires.

(a) An app that combines the serious aspects (Serious) of instruction, learning, communication or information, with the fun aspects of video games (Game) – based on the definition of researcher Julian Alvarez.

TF1

Following on from its ethical initiatives in 2017, TF1 continued to raise awareness of issues among its employees. In 2018, the focus was on the General Data Protection Regulation (GDPR) and the Sapin 2 law. A presentation of arrangements under the Sapin 2 law was given to members of the General Management Committee. It was then given to each management committee, emphasising TF1's policy on gifts and invitations as well as managing conflicts of interest.

Bouygues Telecom

In 2018, Bouygues Telecom continued promoting an ethical business culture within the company and implemented an anti-corruption mechanism pursuant to the Sapin 2 law. It also worked on risk mapping, strengthened training and added a specific platform to its corporate whistleblowing facility. The following measures were taken in the area of training:

- Modules dealing with corruption and related offences continued and were expanded in 2018:

  Two new classroom-based sessions were held. The training, given by a criminal lawyer, was aimed at all employees designated by line managers as highly exposed on account of their work. Over 400 employees received this training in 2018, bringing the total to 587 since 2017.

  A new e-learning module on combating corruption was co-designed with an outside company. Using a mix of role play videos and knowledge tests, this module explains the concepts of corruption and related offences in a clear and simple manner while detailing possible situations in which risks could arise and what to do if that happens. This e-learning module is mandatory for all employees. A broad in-house campaign on this module was run for several days, involving:

  - the airing of a teaser on all screens at Bouygues Telecom's sites in France;
  - distribution of an internal memo over the intranet.

  In total 2,623 Bouygues Telecom employees have taken this module to date.

- *Ad hoc* training sessions, reserved for managers, were run to raise general awareness about ethical policies. During these sessions, the anti-corruption mechanism was discussed and supplemented with recommendations on what type of behaviour to adopt. So far, managers at the B2B division have been trained, especially those in sales roles. The aim is that the managers trained will then pass on the main points to their teams.

  This training is to be expanded to include other divisions and subsidiaries within Bouygues Telecom.

Group seminars

Since the early 2000s, the Group has promoted key values such as business ethics, respect and responsibility through a range of seminars aimed at managers. The purpose of each seminar is to create space for dialogue and discussion in which each participant not only learns more about the Group's positions but also must identify and clarify their own convictions as a way of guiding their behaviour and management style. Since 2002, over 70 seminars have been held, organised by the Bouygues Management Institute (IMB), bringing together more than 1,000 employees from the business segments. The closing address each time has been given by a senior executive of the Bouygues group. In late 2018, a new seminar on business ethics, focusing on corruption and collusive practices, was held for corporate officers. In 2019, it will be dispensed to all Group managers, starting with members of the subsidiaries' executive or management committees.

The corporate whistleblowing facility

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.

Senior executives or employees may also use the corporate whistleblowing facility provided by the Group's Code of Ethics. This facility covers corrupt practices. It has been updated to include the provisions of the Sapin 2 law. In principle, the ethics officer of the relevant business segment is the designated recipient of the whistleblowing alert. This person is the *"référent désigné"* stipulated by the Sapin 2 law. Exceptionally, if the whistleblower believes the situation goes beyond the scope of the business segment, the whistleblowing alert may be sent directly to the Group Ethics Officer. The procedure to be used for raising, receiving and processing whistleblowing alerts is described in the Code of Ethics and in its appendix (entitled "Procedure and rules pertaining to the receipt and processing of whistleblowing alerts").

Internal assessment

The Sapin 2 law requires companies to run internal assessments to evaluate the measures in place.

Combating corruption is a theme of the Group's Internal Control Reference Manual. 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.

Audit departments, assisted by the compliance officers, may be periodically asked to check that operations comply with the principles of the compliance programme and the Group's and business segment's Internal Control Reference Manual. Where required, the conclusions of the internal audit report are disclosed to the business segment ethics committee.

External audit firms may be appointed by the Group or a business segment to detect any instances of corruption, especially when the Group or the business segment has reliable indications suggesting that there has been wrongdoing.

Disciplinary sanctions

The Sapin 2 law requires that companies implement disciplinary sanctions that will apply to its employees in the event of a breach of the company's code of conduct.

The compliance programme stipulates that when a company discovers an incidence of corruption, it should verify the facts and consult the necessary internal and external advisers before taking any legal action such as filing a complaint with the legal authorities. Senior executives or employees who breach the provisions of the compliance programme or engage in bribery or corruption will be liable to punishment, which may include termination of their executive office, disciplinary action and dismissal, even if no legal action is taken. Senior executives and employees will be responsible for paying any fines and other financial sanctions imposed on them by a court.

3.4.4.2 Accessibility of offers and services

The Bouygues group aims to make its products and services widely accessible, especially those of its media and telecoms businesses.

To help narrow the digital divide, the French government and mobile phone operators, including Bouygues Telecom, in January 2018 signed an agreement outlining a "new deal" for the mobile industry, which aims to speed up roll-out of 4G in areas where network coverage is poor, focusing on so-called blind spots. In these zones, each operator has agreed to build at least 5,000 new sites, some of which will be shared.

In addition to this agreement, Bouygues Telecom in May 2018 reaffirmed its commitment to all parts of the country, especially rural areas. It signed a partnership with a not-for-profit body representing rural mayors of French municipalities with less than 3,500 inhabitants. This contained an undertaking to improve digital coverage.

As part of its local development strategy, Bouygues Telecom has since June been testing a new arrangement aiming to offer free Wifi access at several cultural sites in rural municipalities.

In rural areas, Bouygues Telecom was for the first time ranked No.1 in terms of mobile-network service quality. Nationwide it ranked second (behind Orange)[a].

Since 2005, Bouygues Telecom has been working to help disabled people access electronic communications services. One way has been making customer services accessible to people with total or partial hearing loss. Another is the offer of free installation of speech recognition and magnification software for customers who have impaired vision. Pursuant to a law passed in 2018, Bouygues Telecom and other members of the French Telecoms Federation launched the first telecommunications service accessible to the deaf, hard of hearing, blind and aphasic. This service aims to give independence to five million deaf or hearing-impaired people in France as well as 500,000 people who usually require assistance to make telephone calls.

The TF1 main channel ensures that its programmes are accessible, especially to people with impaired hearing (subtitling or sign language) or vision (audio description). The theme channels operated by TF1 have gone beyond statutory requirements in their subtitling. TF1 has also signed the CSA's (French broadcasting authority) Charter on Subtitling Quality. To improve accessibility to digital content, the TF1 group introduced FACIL'iti on its MYTF1 and LCI websites. This solution enables internet users to read web pages in a format adapted to their disability based on data they have supplied on the FACIL'iti website.

3.4.4.3 Security of personal data

The protection of personal data[b] has become an increasingly important issue for the Group's media and telecoms businesses since 2013.

This issue has become even more important following enactment of the European Union's General Data Protection Regulation (EU) 2016/679 (GDPR), which since May 2018 has applied to all companies collecting, processing and storing personal data whose use may directly or indirectly identify an individual. The purpose of this regulation is to increase the rights of individuals over their personal data.

Consequently, TF1 has appointed a Data Protection Officer (DPO) and has a group-wide GDPR policy comprising internal rules and guidelines by area of business that all TF1 employees must uphold. To assist in the learning process, all the internal rules have been converted into tutorials to make understanding GDPR requirements more engaging for employees. These rules can also be consulted on the company's intranet. The GDPR section is currently being adapted to include the full range of new resources so that mandatory documentation is readily available to employees.

In addition, it became clear that operational and legal staff needed training on data security. This has focused on:

- key concepts such as encryption, pseudonymisation, data anonymisation, authorisation management and traceability;
- requesting the right security measures when negotiating contracts.

The sites and apps produced by e-TF1 comply with all the legal provisions governing the use of personal data. e-TF1 works closely with CNIL[c] when declaring new processing of personal data or updating existing personal data. The privacy policy governing users' personal data can be consulted on all digital assets and must be agreed to when registering for services. Concerning recommendations relative to cookies and other tracking files covered by Article 32-II of the law of 6 January 1978 ("la Déliberation"), e-TF1 regularly checks – chiefly through cookie audits – those files placed during visits to the electronic communication services published by e-TF1 (standard and mobile websites, applications) to ensure that they are lawful.

Likewise, e-TF1 makes it clear in contracts signed with tech, publishing and advertising partners that regulations on the protection of user data must be respected. The web sites produced by e-TF1 now have a cookies policy. Furthermore, e-TF1 has introduced technical mechanisms that allow users to directly deactivate third party cookies. For more information, read TF1's 2018 registration document available at the following address: www.groupe-tf1.fr

Bouygues Telecom attaches a great deal of importance to the protection of its customers' personal data. In 2002, the company set up a dedicated unit

(a) Source: Arcep (2018).
(b) "Personal data means any information relating to a natural person who is or can be identified, directly or indirectly, by reference to an identification number or to one or more factors specific to them." Article 2 of French Data Protection Law 78-17 of 6 January 1978.
(c) The French Data Protection Authority.

responsible for applying the provisions of the French Data Protection Act, and particularly for the processing of the requests (from individuals or CNIL) that may be made within this framework. Furthermore, data governance has been introduced, comprising data processing documentation, data classification, the procedures to be applied, project validation committees and regular sessions to raise awareness amongst employees and subcontractors.

A special GDPR working group was set up in 2016, working, among other things, on the new information that Bouygues Telecom will be required to make available to its customers. In 2018, training in various formats (classroom-based or via video) was dispensed to employees. A specific section on the intranet details how their own personal data is protected.

Finally, since 2016, Bouygues Telecom's website has provided factsheets that advise customers on how to protect their data and their privacy (protection of passwords, management of confidential personal information on the internet or protection from web-borne viruses, etc.). Since May, the privacy policy and legal information for customers have been available on the company's website.

3.4.4.4 Ethical reporting

Upholding its public commitments in the area of ethical news coverage is a key concern for the TF1 group.

- The TF1 News department is tasked with ensuring that ethical principles common to the industry are followed in its newsrooms.
- Of the 240 journalists employed by TF1 in its newsrooms, approximately 75% are members of the TF1 Journalists' Association (set up shortly after TF1's privatisation), whose role is to create a space for dialogue in which all issues relating to ethical reporting and journalists' integrity and independence can be discussed. At any time of the year, the association can request a meeting with the Head of News.
- In France, the main journalist trade unions have adopted an ethical charter setting out professional standards for the industry. It can be consulted on the website of the SNJ (Syndicat National des Journalistes). These principles apply to TF1 group journalists with official press credentials.
- In 2017, a committee of leading independent experts was set up to help ensure compliance with the principles of honesty, independence and diversity of viewpoints in news gathering and programmes on TF1 group channels.
- In 2018, the News department continued to work on an ethical charter specifically for TF1 group journalists, taking into consideration the text of law No. 2016–1524 of 14 November 2016 on strengthening freedom, independence and diversity of viewpoints in the media. The rights, obligations and principles laid out in this charter will apply to all journalists, including those working in digital media – who are already expected to abide by the various ethical commitments made by the News department.

The TF1 News department pays extremely close attention to image sources and prohibits the use of amateur video clips when their origin cannot be accurately ascertained. When amateur videos that can be cropped and edited are used, it inserts the message "amateur video", specifying the date on which the images were recorded, if necessary.

3.4.5 Product and service quality, safety and comfort

At the Bouygues group, the respect of customers and users for its products and services is a core value common to all its activities. This mindset is especially prominent in the commitments that it upholds for protecting the health and safety of users, as well as the requirements that it imposes on the quality and user comfort of its products.

3.4.5.1 Protecting consumer and user health and safety

Air quality within buildings

Bouygues Construction and Bouygues Immobilier have been working for several years to improve the air quality of their buildings. They have begun measuring this and are striving to improve it through the use of suitable materials and more efficient ventilation systems that can be regulated in real time using sensors.

In 2017, Bouygues Immobilier staff based in Toulouse helped design a special label attesting to indoor air quality in new housing: IntAIRieur. It is backed by Immolab and was the brainchild of property and construction experts with help from healthcare professionals. Intairieur, which was launched in early 2018, was applied to Oreka, a development of 174 housing units located in the Séqué eco-neighbourhood in Bayonne. This development will be the first housing project carrying the label in France.

Electromagnetic fields

Bouygues Telecom contributes through the Ifer [a] tax to the financing of electromagnetic-field measurement by companies certified by the French Accreditation Committee (Cofrac). This is carried out in accordance with new government rules on electromagnetic-field measurement, in force since January 2014. Findings can be consulted by visiting cartoradio.fr.

(a) Flat-rate tax on network businesses.

Additionally, Bouygues Telecom in 2017 contributed to the updated version of the French Telecoms Federation's brochure on mobile phones and health, which takes into account the Anses [a] recommendations on children's exposure to radiofrequencies. The new version is distributed to all new customers and to existing ones when they change their SIM card. Bouygues Telecom has also changed its trade practices for marketing handsets so that each mobile phone that is distributed meets the new European Radio Equipment Directive (RED).

Finally, Bouygues Telecom has signed a new mobile telephone charter with the Municipality of Paris to define a single ceiling for radiofrequency exposure in Paris [b].

Road safety

Colas carries out R&D in several areas to meet road safety challenges, focusing on:

- producing a range of high-performance road surfaces that provide better tyre grip (textured and/or draining products to limit skidding in rainy weather);
- improving visibility (work on road markings in cold or wet weather and at night);
- manufacturing road safety equipment (by Aximum, its road safety and signalling subsidiary).

As part of its Safer@Work research project, Colas and Volvo CE (Construction Equipment) are partnering to create a people-detection system. It was tested at two Colas sites: a mixing plant and a quarry in Switzerland. The concept uses artificial intelligence to warn the plant operative when a person is detected near the machine. It incorporates different kinds of warnings, both for the driver and for people on the ground, thus reducing the number of accidents on worksites. In March 2018, the final trials relating to the third cycle of testing and demonstration by Volvo CE on excavators, wheeled loaders and dumper trucks were carried out on Colas worksites in Switzerland.

Flowell, a dynamic road marking solution for smart and scalable roads

Colas unveiled Flowell in 2017 as part of its innovation strategy, which aims to offer solutions to improve road use for the transportation of the future. Flowell is a dynamic, adaptable and scalable road-marking solution that will optimise urban space, traffic flow, safety, and the coexistence of multiple forms of transport on the same road surfaces.

The Flowell solution, developed by Colas R&D in collaboration with CEA Tech [c], makes it possible to organise the shared space of roads and city streets thanks to a system based on the dynamic control of light-emitting signalling. Installed on existing roads, Flowell offers a great degree of flexibility and adapts the infrastructure to the needs of the local authority, in both urban and rural areas, in real time.

Flowell can streamline traffic on existing roadways by giving priority to certain users over specific time periods. For example, local authorities can turn parking spaces reserved in the daytime for deliveries into car parking spaces at night. They can also create temporary drop-off spaces around schools, and secure pedestrian crossings by enhancing their visibility and that of pedestrians with light-emitting markings. Several trial sites have been deployed to test the solution in real-life conditions. The goal is to obtain feedback from local authorities and users on how relevant and easy-to-use the applications are and, where applicable, how well they integrate into urban environments. An initial trial was run in the Vendée region of France. Here a zebra crossing next to a bus stop lights up whenever a school bus pulls in.

Additionally, Bouygues Construction has installed a full CCTV surveillance system for the Abidjan motorway and bridge (Ivory Coast). This covers a total stretch of eight kilometres. Incidents are detected automatically through real-time image analysis. For example, it can detect stoppages on the motorway and unusual behaviour by pedestrians.

Elsewhere, as part of the Dijon smart city project, Bouygues Energies & Services has developed a road-traffic regulation system that uses an immediate warning system so that the relevant municipal services can take immediate action.

3.4.5.2 Product and service usage quality

The Bouygues group's aim is for quality and user comfort to be the distinguishing features of its products and services.

For example, the eco-neighbourhoods built by Bouygues Construction and developed by Bouygues Immobilier represent a huge stride forward in improving residents' quality of life, via the provision of convenience services, soft mobility, digital services and urban biodiversity. To promote social cohesion, the Bouygues group has joined forces with the start-up Smiile to put in place neighbourhood networks that encourage interaction between residents through sharing, lending a helping hand or organising joint events.

For the structures that it builds, Bouygues Construction thinks ahead about every possible issue, employing user surveys to gauge the effectiveness of existing products and services.

(a) The French Agency for Food, Environmental and Occupational Health and Safety.
(b) This is set at five volts per metre at a 900 MHz frequency in indoor living spaces.
(c) The French Alternative Energies and Atomic Energy Commission's technology research unit.

For several years, Bouygues Construction has been studying the value in use of the office buildings that it builds, with the aim of creating a system for estimating the impact of technical and functional solutions on occupant performance. A reference base has been developed, and a working group of large corporations[a] (set up in 2016) has been testing the initiative on the basis of field surveys. These surveys have highlighted the advantages of taking usage-quality criteria into account right from the office design phase. Encouraged by its feedback, which has shown that it is on the right track, the working group (now known as Vibeo) has agreed to work together in 2019 on the concept of value in use. It will specifically be researching the correlation between value in use and the various industry certifications, the method's application to facility management, adaptations to new building types (schools, hospitals and housing) and plans to draft a design handbook to help operational staff make decisions in the early stages of projects.

Bouygues Construction and Bouygues Immobilier both offer connected services to their residential customers.

- Bouygues Immobilier's Flexom, released in 2016, can be used to manage household features such as lighting, shutters or heating, either from inside the apartment or remotely, with a smartphone or tablet. Since the solution was launched, over 16,000 homes equipped with Flexom have been marketed. Bouygues Immobilier has pledged that all homes handed over in France will be equipped with Flexom by 2020.
- Bouygues Construction's Wizom offer can be used to manage housing units on the scale of an entire building. It has already been fitted to several residential properties in the Paris region, including a social housing development. In April 2018, Bouygues Construction unveiled its adaptable housing offer, "Wizom for Life", which provides support to occupants at every stage of their lives. The concept was shown to be effective and validated as a result of several trials, such as at the Azais residence in Sanguinet (Landes), Les Résidences Vertes in Pulnoy (Meurthe-et-Moselle) and Ivry Confluences in Ivry-sur-Seine (Val-de-Marne).

Lastly, the Group's Media and Telecoms activities endeavour to shield younger viewers from the risks arising from television and the web. For the past ten years, a psychologist systematically views TV series for teenagers bought or co-produced by TF1, working closely with the creative team. This person can suggest edits and may even certify episodes as not apt for broadcasting, if images are deemed inappropriate for younger viewers. These recommendations are always followed.

Bouygues Telecom operates a proactive policy to shield children and teenagers from inappropriate web content. On 6 September 2018, Bouygues Telecom held a public debate in an original format that effectively put the mobile phone on trial, debating the positive and negative effects of mobile phones on children's behaviour. To run this "show trial", Bouygues Telecom commissioned the organisation Usbek & Rica.

In 2018, after publishing two papers on French digital technology usage (produced by market research body Institut CSA), Bouygues Telecom introduced a series of initiatives to promote sensible use of digital technology among young people:

- a media awareness campaign in the daily and weekly press;
- a guide on digital best practices for children and their parents, distributed through Bouygues Telecom stores (and sent to the 88,000 young people who subscribe to *Okapi* magazine);
- a special offer for young teenagers, available for one month, to help them manage usage and costs, that included capped calls and one year of premium parental control;
- on the bouyguestelecom.fr website, a special "back to school" button on which parents can click for advice and answers to questions such as whether parents should purchase a capped call plan for their teenager or whether plans with a high data allowance are a good idea.

(a) Gecina, Covivio, EDF, Bouygues Construction and Goodwill Management, joined in 2017 by Sercib BNP Paribas, Bolloré Transports & Logistics, Engie, Ivanhoé Cambridge and Saint-Gobain

3.5 INDEPENDENT VERIFIER'S REPORT ON THE CONSOLIDATED EXTRA-FINANCIAL PERFORMANCE STATEMENT PRESENTED IN THE REGISTRATION DOCUMENT (YEAR ENDED 31 DECEMBER 2018)

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 General Assembly,

In our quality as an independent verifier, accredited by COFRAC under the number n° 3-1050 (scope of accreditation available on the website www.cofrac.fr), and as a member of the network of one of the statutory auditors of your entity (hereafter "entity"), we present our report on the consolidated extra-financial statement established for the year ended on the 31 December 2018 (hereafter referred to as the "Statement"), presented in the Registration document pursuant to the provisions of Articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial code *(Code de commerce)*.

Responsibility of the entity

It is the responsibility of the Board of Directors to establish the Statement in compliance with the legal and regulatory provisions including a presentation of the business model, a description of the main extra-financial risks, a presentation of the policies applied regarding these risks, as well as the results of these policies, including key performance indicators.

The Statement has been established by applying the procedures of the entity (hereinafter referred to as the "Criteria"), the significant elements of which are presented in the Statement and available on request at the entity's headquarters.

Independence and quality control

Our independence is defined by regulatory requirements pursuant to the provisions of Article L. 822-11-3 of the French Commercial code *(Code de commerce)* and the Code of Ethics of our profession. 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 express a limited assurance conclusion on:

- the compliance of the Statement with the provisions of Article R. 225-105 of the French Commercial Code;
- the fairness of the information provided pursuant to paragraph 3 of I and II of Article R. 225-105 of the French Commercial Code, namely the results of the policies, including key performance indicators, and the actions related to the main risks, hereinafter the "Information".

It is also our responsibility to express, at the entity's request and outside the scope of accreditation, a reasonable assurance that the information selected by the entity and identified by the sign * in Appendix 1 (hereinafter the "Selected Information") has been prepared, in all material respects, in accordance with the Criteria.

Nonetheless, it is not our responsibility to express any form of conclusion on:

- the compliance by the entity with other applicable legal and regulatory dispositions, particularly regarding the vigilance plan and the fight against corruption and tax evasion;
- the compliance of products and services with applicable regulations.

1. Limited assurance report on the compliance and fairness of the Information

Nature and scope of the work

Our work described below has been carried out in accordance with the provisions of Articles A. 225-1 et seq. of the French Commercial Code, determining the procedures in which the independent third party conducts its mission and according to professional standards as well as the international ISAE standard 3000 – *Assurance engagements other than audits or reviews of historical financial information.*

The work that we conducted enables us to assess the compliance of the Statement with the regulatory provisions and the fairness of the Information:

- We took note of the activity of all the companies included in the scope of consolidation, the statement of the main human resources and environmental risks related to this activity, and, if applicable, its effects regarding compliance with human rights, the fight against corruption, tax evasion as well as the resulting policies and their results;
- We assessed the suitability of the Criteria in terms of its relevance, comprehensiveness, reliability, neutrality and understandability by taking into consideration, if relevant, the best practices of the industry;
- We verified that the Statement covers each category of information provided in III of Article L. 225-102-1 of the French Commercial Code regarding human resources and environmental matters, as well as the respect of human rights and the fight against corruption and tax evasion;
- We verified that the Statement presents the business model and the main risks related to the activity of all the companies included in the scope of consolidation, including, if relevant and proportionate, the risks created through its business relationships, products or services, policies, actions and results, including key performance indicators;
- We verified, when relevant to the main risks or the policies presented, that the Statement presents the information provided for II in Article R. 225-105 II of the French Commercial Code;
- We assessed the process of selecting and validating the main risks;
- We inquired about the existence of internal control and risk management procedures put in place by the entity;

- We assessed the consistency of the results and key performance indicators selected regarding the main risks and policies presented;
- We verified that the Statement includes a clear and reasonable explanation for the absence of a policy regarding one or more of these risks;
- We verified that the Statement covers the consolidated scope, i.e. all the companies included in the scope of consolidation in accordance with Article L. 233-16 of the French Commercial Code, with the limitations specified in the Statement;
- We assessed the collection process put in place by the entity for the completeness and fairness of the Information;
- We implemented, for the key performance indicators and other quantitative results that we considered the most important presented in Appendix 1:
  - at the level of the consolidated entity and its five business segments (Bouygues Construction, Bouygues Immobilier, Colas, TF1, Bouygues Telecom), 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;
  - at the level of the two most contributing business segments to the environmental and human resources impacts (Colas and Bouygues Construction), we undertook detailed tests on the basis of sample, consisting in checking the correct application of definitions and procedures, and reconciling the data with supporting documents. This work was carried out with a selection of contributing entities listed hereafter: Bouygues Bâtiment Ile de France – Habitat résidentiel, Bouygues Entreprises France-Europe – Bouygues Bâtiment Nord-Est, Bouygues Entreprises France-Europe – Bouygues Bâtiment Grand-Ouest, Bouygues Bâtiment International – Bouygues UK, Bouygues Travaux Publics – Moyen Orient, Colas Rhône-Alpes Auvergne, Colas Danemark, Colas UK, Colas Australia Group, Colas USA, which cover 20% of the activity and 14% of the workforce, considered as representative quantities;
  - at the level of the three other business segments (Bouygues Immobilier, TF1 and Bouygues Telecom), supporting documents available at headquarters level cover most of the activities;
- We consulted documentary sources and conducted interviews to corroborate the qualitative information (actions and results) that we considered the most important presented in Appendix 1;
- We assessed the overall consistency of the Statement with our knowledge of all the companies included in the scope of consolidation.

We consider that the work conducted by exercising our professional judgment allows us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work.

Means and resources

Our verification work mobilized the skills of twelve people and took place between September 2018 and February 2019 on a total duration of intervention of about twenty-two weeks.

We undertook interviews with about fifty persons responsible for the preparation of the Statement representing, in particular, the following functions: the general management, administration and finance, risk management, compliance, human resources, health and safety, environment and purchasing.

Conclusion

Based on this work, we did not identify any significant misstatement that causes us to believe that the extra-financial statement does not comply with the applicable regulatory provisions and that the Information, taken together, has not been fairly presented, in compliance with the Criteria.

Comments

Without qualifying our conclusion above and in compliance with the provisions of Article A. 225-3 of the French Commercial Code *(Code de Commerce)*, we draw your attention to the following points:

- in terms of integrating CSR criteria into the purchasing policy, Colas does not specify the means implemented;
- in terms of the circular economy, Bouygues Construction's actions are not structured around a clearly defined policy.

2. Reasonable assurance report on the Selected information

Nature and scope of the work

Concerning the Selected Information chosen by the entity and identified by the sign * in Appendix 1, we carried out work of the same nature as those described in paragraph 1 above for the key performance indicators and other quantitative results that we considered the most important, but in greater depth, in particular with regard to the scope of the tests.

The selected sample thus represents between 50% and 67% of the Selected Information.

We believe that this work allows us to express a reasonable assurance on the Selected Information.

Conclusion

In our opinion, the Selected Information has been established, in all material respects, in accordance with the Criteria.

Paris-La Défense, 20 February 2019

French original signed by:

Independent Verifier
ERNST & YOUNG et Associés

Eric Mugnier
Partner, Sustainable Development

Jean-François Bélorgey
Partner

Appendix 1: Most important information

HUMAN RESOURCES INFORMATION

Quantitative information	Qualitative information
Headcount at 31 December 2018	Health and Safety policy
Percentage of women with manager status	Remuneration policy
Frequency rate of workplace accidents among staff (excluding occasional workers for TF1)*	Skills development
Severity rate of workplace accidents among staff (excluding occasional workers for TF1)*	Promoting diversity and equal opportunity

ENVIRONMENTAL INFORMATION

Quantitative information	Qualitative information
Materials production activities that use a tool to manage environmental impacts (% of sales before inter-company eliminations)	Recycling, reuse and recovery of waste from construction activities
Asphalt pavement recycled in order to reclaim bitumen*	Sustainable use of resources
Recycling rate of excavated raw materials	Low-carbon solutions and reducing the carbon footprint
Recycling rate of non-hazardous waste	Taking biodiversity into account
Handsets collected for recycling or re-use	
Energy consumption and energy costs	
Greenhouse gas emissions by source	
Share of aggregates production sites working to promote biodiversity (% of sales before inter-company eliminations)	
Number of construction projects with the BiodiverCity® label	
Surface area (m^2) carrying the BiodiverCity® Ready label or covered by a commitment to obtain it	
Buildings in the annual order intake with a commitment to environmental labelling or certification prescribed by Bouygues Construction	
Share of worksites carrying the Top Site label	
Percentage of R&D expenditure dedicated to CSR	
Number of smart grids to be rolled out	
Number of passive/positive-energy homes being built or handed over in the full year	
Surface area of Green Office® commercial property developments in operation during the reporting period in m^2	
Prevention of environmental risks	

SOCIAL INFORMATION

Quantitative information	Qualitative information
Percentage of expenditure subcontracted to local companies	Dialogue with stakeholders
Materials production sites working to promote dialogue with local communities (% of sales before inter-company eliminations)	Integration of CSR criteria into the purchasing policy
	Ethics and actions taken to prevent corruption
	Security of personal data
	Journalistic ethics

4 RISK FACTORS

4.1 BUSINESS-SPECIFIC RISKS

4.1.1 Bouygues Construction

4.1.1.1 Risk management policy

Most of the risks faced by Bouygues Construction in 2018 were of a similar nature to those identified in previous years: operational risks relating to major projects, risks relating to human resources, geopolitical risks, risks relating to cyber-crime, and compliance risk.

4.1.1.2 Risks associated with major projects in the design or execution phase

The types of risk inherent in major projects include:

- **in the design phase:** design flaws, miscalculation and under-budgeting, poor assessment of the local environment, inadequate contractual analysis, etc.;
- **in the execution phase:** technical or financial 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 risks, Bouygues Construction has an organisational structure that reflects the specific requirements of each business, backed up by rigorous selection, approval and control procedures.

Each entity has access to substantial, highly-qualified resources in technical fields such as design, costing, feasibility studies and methods. Clusters of staff with extensive expertise in highly specialised areas (tall buildings, materials engineering, facades and sustainable construction, for example) share knowledge and capitalise on experience across all Bouygues Construction entities.

The support function structure, which operates on similar lines, has been strengthened: separate departments covering legal affairs, human resources, accounting, management control, information systems and procurement are headed up by members of the Bouygues Construction management team. Specialist clusters dedicated to treasury management, financial engineering, tax and insurance provide expertise to all group entities.

Approval and control procedures apply at each key stage in design and execution. For major projects, project selection and key risks and opportunities 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.

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 systematically 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).

Specific additional actions were taken in 2018, and are ongoing:

- internal audits of large-scale projects;
- improvements to the project selection and approval process;
- evaluation of subcontractors.

4.1.1.3 Geopolitical risks and the rise of protectionism

Bouygues Construction can sometimes be exposed to political instability, and to the rise of protectionism that is emerging in a number of countries around the world. Various events (including stricter regulation, taxes, embargoes and trade wars) may trigger transformations in the economic landscape such as closure of markets to foreign companies, curbs on foreign investment, disruption of trade, and restrictions on the movement of foreign workers.

Political instability may generate geographical instability and the emergence of dangerous regions (for example through revolutions, a new Arab spring or social unrest). This might require Bouygues Construction to withdraw rapidly from a country or region, either temporarily or permanently.

The first line of defence against this risk is a diversified business and geographical mix and the fact that the vast majority of Bouygues Construction's business is conducted in Europe, North America and Australia, combined with the process used to select new countries for operations. Generally speaking, vigilance is essential, and Bouygues Construction's geographical reach strategy takes account of this ecosystem, with development prioritised in stable countries such as Germany, Australia, Canada and Switzerland. In other countries, where operations are more transient – with one-off interventions on specific major projects – Bouygues Construction's flexible organisational structure means that in exceptional circumstances, resources can be reconfigured so as to minimise the damaging effects. In addition, Bouygues Construction has stringent contract management procedures, and preventive measures (legal, financial, insurance) are in place where possible.

The depth of the order backlog gives good visibility in the short and medium term. Bouygues Construction analyses forecasts to anticipate adverse trends, so that it can react appropriately and reallocate production resources to less affected markets or activities.

4.1.1.4 Human resources risk, loss of expertise and talent

A major global trend is exposing construction companies to the risk that they will lose expertise and talent. This is largely due to rising demand, which can lead to bidding wars between companies for qualified personnel.

It is essential for Bouygues Construction to retain and increase its human resources so that it has sufficient people with the required level of competence to deliver its projects, especially as it takes a long time for people to acquire that competence.

The risks include an erosion of technical standards and expertise, increased staff turnover and difficulties planning resource availability during the design phase. Such factors may lead to extra costs being incurred on hiring and training replacement staff, **a potential deterioration in quality and lead times to completion, and poorer preparation and management of projects.** Actions are under way to address these issues. They focus on identifying expertise and talent, data analysis, and the appeal of the industry and Bouygues Construction itself. They include:

- developing a resource availability matrix by country, region and market;
- developing new interactive tools to identify expertise and replacement capacity;
- changes to the management model and the remuneration/reward model;
- data analysis, including data from one-on-one interviews and preventive surveys;
- adjustments to the target profile of candidates;
- identifying site-specific needs.

4.1.1.5 Cyber risks

The transformation of Bouygues Construction through the introduction of new technologies and digitalisation makes the company potentially vulnerable to cyber-attack. Recent attacks in other sectors have shown that they can be on a very large scale, propagate very quickly, and temporarily paralyse operations. For Bouygues Construction, that could translate into a slowdown in order-taking and delays in contract execution, with the potential activation of late delivery penalties (due to inability to contract, place orders, communicate, carry out pre-execution design work, etc).

Existing security measures are constantly being updated, including regular staff awareness campaigns (protection of servers, safeguarding of assets and data, etc) and continuing efforts to strengthen the IT infrastructure.

4.1.1.6 Compliance risk

Bouygues Construction is addressing compliance risk by tightening its ethics policy. The aim is to ensure that the Bouygues group's Compliance programmes are strictly applied, and also to update those programmes in response to recent legislative changes (e.g. the Sapin 2 law in France).

Ethical compliance falls within the remit of the Legal Affairs and Compliance department, working in conjunction with Audit and Internal Control; all three departments are under common management. The Ethics and Compliance team has been reinforced to track regulatory developments, conduct research and surveys as needed, and manage the tools used in this area.

In 2018, two years after the first ethical pledge was signed:

- a new ethical pledge has been rolled out to around 3,000 employees from department head level upwards;
- the policy on gifts and invitations has been redrafted and tightened, and is now supported by "Probity", a new digital tool;
- a practical guide on how to apply the Code of Ethics and Compliance programmes has been distributed to employees; and
- compliance reviews, covering the full range of ethics and compliance issues across the various entities, were carried out on a full scope basis in 2018.

4.1.2 Bouygues Immobilier

4.1.2.1 Risk review and quality management system

Bouygues Immobilier carries out an annual review of major risks, and implements strategic action plans to address those risks. In 2018, the principal risks to which Bouygues Immobilier was exposed continued to be risks specific to the property market. Two new risks were identified in 2018: the risk of a sharp rise in the cost of works, and the risk that insufficient inventory will be available to meet demand.

In addition, Bouygues Immobilier obtained ISO 9001 certification for its quality management system, with three key objectives in mind:

- organising the business such that products are permanently up to standard;
- committing to meeting customer expectations at all times;
- embedding constant improvement into the quality management system.

The approach is embodied in a Quality Charter, which is translated to the operational level by strategies specific to each business line. External certification calls for regular staff involvement in quality issues and the enforcement of requirements that go beyond those contained in the Internal Control reference manual or internal audit control points, and subjects a significant number of branch offices to review every year.

4.1.2.2 Property market risks

The activities of Bouygues Immobilier are exposed to economic factors beyond the company's control, and to systemic risks associated with the cyclical nature of property markets. Fluctuations in the property market and in the broader economic situation can have a significant impact on the activities and profitability of Bouygues Immobilier, the consequences of which – whether negative or positive – do not flow through immediately into the company's financial results, due to the time required to complete projects.

Factors that can affect the property market include:

- international and domestic economic conditions, and 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 strong effect on the solvency of potential buyers and hence on demand for new residential property, with a potentially significant impact on selling prices;
- similarly, demand for new office premises is experiencing high volatility due to the general economic climate, which has a direct effect not only on rents but also on the rate of return expected by investors (who are highly sensitive to potential rises in long-term interest rates). Fluctuations can significantly affect the return on office property developments, at a time when the final investor is very 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 and mechanisms, reduction or capping of tax breaks, increases in value added tax);

Bouygues Immobilier's organisational structure is designed to optimise responsiveness to market fluctuations, while the risk management policy is based on strict but adaptable prudential rules. The land bank is regularly reassessed to ensure that it gives a good fit with projected commercial operations, and shows a strong bias towards unilateral promises that enable the company to withdraw if necessary. The acquisition of land and start of works are largely contingent on a substantial proportion of the project being pre-sold. Finally, Bouygues Immobilier maintains a balanced spread of products and customer profiles; a diversified product mix and broad geographical footprint help the company respond better to the specific demands of its various markets.

Bouygues Immobilier is also involved, through its subsidiaries, in property development projects outside France. However, the overall level of business outside France is low, representing approximately 5% of sales in 2018. Currently, its activities outside France are primarily located in Poland and Belgium. Consequently, Bouygues Immobilier does not believe that it has significant exposure to country risk.

However, Bouygues Immobilier ensures that its subsidiaries systematically obtain independent legal advice to address the risk of non-compliance with local laws and regulations. Potential exposures to foreign exchange risk are hedged and are generally limited, since the majority of both sales and expenses are denominated in local currency.

4.1.2.3 Operational risks

Risk of a sharp rise in the cost of works

The property market is currently concentrated on certain geographical zones, due to various factors such as tax breaks being limited to certain designated zones where the property market is tight, and the scheduling of major public infrastructure programmes. In such zones, construction works production capacity is stretched to its limits, exposing Bouygues Immobilier to a risk of scarcity of qualified subcontractors and hence to a significant increase in costs once the marketing phase has begun.

Bouygues Immobilier addresses this risk by regularly reviewing its design methods, and by working in partnership with subcontractors to plan project workloads early.

Disintermediation risk

Bouygues Immobilier runs a website dedicated to new-build projects, on which prospective buyers can go on a virtual tour of their future home. The market is seeing rapid change in selling techniques and a trend towards disintermediation. Bouygues Immobilier may ultimately have to deal with the emergence of ubiquitous operators using innovative direct selling methods on digital platforms, which would affect established operators' ability to retain control over sales channels.

In response, Bouygues Immobilier – through its subsidiary Valorissimo SAS – has opened up its sales intermediation platform to other developers, and intends to add new services to the platform.

Bouygues Immobilier also pays great attention to fostering and enhancing relationships with customers at every stage in their journey, from expression of interest to purchasing and living in their new home. New offers, services, support packages and communication tools are being offered to increase customer satisfaction. Being aware of customer expectations so that they can have a better experience underpins the Bouygues Immobilier promise of "Creator of better living".

Risk that inventory will be unable to meet demand

The property market is dynamic, enabling a number of players to expand or set up new operations. This is leading to tougher competition, and to bidding wars for development land. Bouygues Immobilier is being rather cautious in this inflationary market, and has decided to enhance competitiveness by offering customers better products and services, reflecting new attitudes to neighbourhood living and the rise of digital technologies.

In addition, some major French conurbations are adopting new planning rules that apply across much larger areas than previously, putting on hold decisions on a number of current planning applications. Local authorities also tend to defer or reject planning applications during the run-up to municipal elections. This phenomenon is being amplified by a large number of appeals against decisions to grant building permits. Bouygues Immobilier is responding by enhancing its targeted development strategy, and by tailoring its organisation to reflect local conditions in each geographical area.

Risk of claims and losses

Bouygues Immobilier is exposed to risk due to its reliance on service providers, suppliers and subcontractors to deliver its projects, especially on worksites. Issues such as financial difficulties, poor quality workmanship, general failings or breaches of regulations can lead to late deliveries, health and safety breaches, third-party losses, difficulties in satisfying conditions for delivery, and cost overruns. This may harm the company's reputation, profitability and customers.

This risk lies at the heart of what Bouygues Immobilier does, and of what Bouygues Immobilier promises. This is why large swathes of the organisation (the operational units, supported by the technical, procurement, customer relations, qualify, safety and insurance departments) are involved in ongoing efforts to improve processes, controls, feedback and actions.

Employees are directly incentivised by reference to quality and customer satisfaction objectives.

Finally, Bouygues Immobilier retains third-party experts to conduct rigorous control and monitoring assignments on the quality and safety of its construction and development operations.

Data risk

To keep pace with the changes brought about by the growing importance of digital technology, Bouygues Immobilier is investing in developments to its internal, supply chain and customer-facing processes. As with many companies, there is a risk that data held in digital form (and any information shared or disseminated) may be used fraudulently, altered or lost. Bouygues Immobilier is working with the other Bouygues group companies to strengthen its data protection and governance, and to achieve compliance with the European General Data Protection Regulation.

At the same time, Bouygues Immobilier is supporting the transformation of methods and processes to address the changes brought about by new digital tools.

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.

4.1.2.4 Technical and environmental risks

Risks relating to pollution, soil quality and existing structures

Bouygues Immobilier operates a risk prevention policy as regards soil quality: as soon as a plot of land (or building) is identified as being of interest, the company carries out a survey of soil and subsoil quality and contamination (or of the existing structure).

Once the broad outlines of a project have been established, the company retains specialist firms as necessary to analyse risks relating to matters such as soil quality, pollution, flooding, safety, the environment, and load-bearing capacity, so as to obtain a detailed estimate of the cost implications.

Bouygues Immobilier also pays close attention to archaeological plans, given that the unforeseen discovery of archaeological remains during site works can have repercussions on the time and costs to project completion.

Where demolition or rehabilitation is required, Bouygues Immobilier oversees compliance with regulations on asbestos removal and decontamination in the buildings concerned.

Safety risks

Bouygues Immobilier pays close attention in ensuring compliance with regulations relating not only to public health (prohibition of the use of toxic materials such as asbestos and lead during construction, and regulations on ventilation systems), but also to workplace safety and the prevention of burn-out. In the latter case, agreements were reached in 2016 on the quality of life at work and on exceptional Sunday working, for the rollout of the "Opéra" software solution. In addition, building works give rise to a risk of site accidents. Bouygues Immobilier generally uses the services of external inspection firms to ensure compliance with safety and building regulations.

In the event of an accident or compliance breach, even though the company does not assume responsibility for design (contracted out to an architect) or execution (handled by construction companies working under an external lead contractor), it may incur civil or even criminal liability in its capacity as project owner. This is why Bouygues Immobilier gives the health and safety co-ordinator all the authority and resources needed.

Bouygues Immobilier has since 2014 been running an extensive internal 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 for each of its sites designated and trained a safety officer, who regularly updates the risk assessment report for the site as required under French employment law. The company's Quality, Service and Environment (QSE) department also conducts periodic checks of safety procedures.

Environmental regulations

Bouygues Immobilier pays particularly close attention to all regulatory developments and to any other decisions made by the authorities regarding the environment, including those relating to biodiversity, which may result in additional costs not originally budgeted.

The company also attaches great importance to circular economy issues (recycling and re-use of construction materials).

4.1.2.5 Legal risks

Administrative permits

Bouygues Immobilier's business 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 of buildings post-delivery

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 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 covered by compulsory insurance policies. Bouygues Immobilier ensures that it abides scrupulously by its obligations in terms of public liability and damage to property, and that all parties (lead contractors, subcontractors, consultants, etc.) meet their obligations in respect of the standard ten-year latent defect insurance policy.

Quality and customer relationships are of paramount importance to Bouygues Immobilier, and this is reflected in effective processes for handling customer complaints.

The project owner is under an obligation to ensure that regulations prohibiting illegal employment practices are observed, not just by itself but also by its contractors and subcontractors. Specifically:

- the project owner must perform a half-yearly check to ensure that contractors and subcontractors are complying with their employment law obligations;
- if a competent authority notifies a specific breach attributable to a contractor, the project owner is under an obligation to prevent and notify that breach;
- the project owner is under an obligation to check that every employee working on the site has the requisite building trade identity card.

Recent French legislation (the Savary law of 10 July 2014 and its enabling decree of 30 March 2015, and the Macron law of 6 August 2015) has placed greater obligations on all those involved in the construction industry as regards undeclared work and the hiring of foreign workers without the necessary permits.

Involvement of the legal and insurance departments

In all the areas described above, Bouygues Immobilier's Legal Department assists operational units in structuring property development programmes, from land purchase through to final delivery. In specific areas, the department has established procedures and uses standard form contracts. Subsidiaries operating outside France invariably consult local law firms when structuring projects and handling claims, in conjunction with the Legal Department.

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 or strategic claims are handled directly by the Legal Department.

The Insurance Department, which reports to the Risk Management Department, is responsible for contracting all insurance policies in France. The department also provides support to international subsidiaries when they renew existing policies or contract new ones. By handling these matters centrally, Bouygues Immobilier is able to retain control over the insured risks and ensure that adequate cover is obtained.

Risk of unethical practices

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 disseminates the Bouygues group Code of Ethics and Compliance programmes. Bouygues Immobilier also applies the anti-corruption measures contained in the Sapin 2 law. The company has developed business-specific procedures, and regularly reminds employees of those procedures via annual internal control campaigns, training programmes for line managers, e-learning modules on ethics, and the corporate intranet. Internal audit systematically incorporates specific controls on the prevention of unethical practices into its work programmes.

4.1.3 Colas

The Colas group has for many years placed the analysis, monitoring and prevention of business-specific risks at the heart of management concerns, with responsibility located at the level best placed to assess risk. The decentralised structure is key to the management of those 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 scorecard, focusing on risks liable to impair the attainment of operational, financial or strategic objectives. This scorecard 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 57% 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 – difficulties achieving consensus on budgets, upcoming elections, proposals to merge local authorities, or the election of a new government (which could put at risk or delay infrastructure projects that have already been approved or are being planned) – may also affect the level of public-sector orders.

However, those 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 over fifty countries, and is exposed to specific risks in those countries. Since 95% of Colas sales are generated in Europe (including France), North America (United States and Canada) and Australia, exposure to country risk is low. So is the risk of payment default, as the majority of sales are generated from the public sector (national, regional and local governments) with a large number of low value contracts. Operations in high-risk countries with poor ratings from international agencies or credit insurance bodies usually involve contracts funded by multilateral development agencies such as the U.S. Federal Reserve or the World Bank.

The roadbuilding, waterproofing, road safety/signalling and construction materials businesses have an extremely widely dispersed customer base, 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.

4.1.3.3 Commodities risks

Colas is sensitive to the regularity of supplies of commodities and to fluctuations in their cost. The main commodities involved are petroleum-based products in the roadbuilding business (bitumen, vehicle fuel, heating fuel and gas, oil), and commodities such as steel, copper and aluminium in the road safety/signalling, waterproofing and railway businesses. The biggest risk relates to bitumen and other petroleum-based products.

Supply risk

Delays or stockouts in the supply chain may lead to direct and indirect cost overruns in the roadbuilding and waterproofing businesses. This is not a systemic risk (except in the event of conflict and total breakdown in petroleum supplies), and may affect a country, or more likely a region, over a variable period of time. Over the years, Colas has built up resources to secure bitumen supplies in the main regions where it has operations (such as teams of skilled traders and extra storage capacity).

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 difficult to quantify the sensitivity of operating profits to commodity price fluctuations: Colas is involved in thousands of contracts subject to varying degrees of legal protection, and the extent of price rises varies from region to region.

There is also an indirect risk that rises in the prices of these products might lead to a reduction in order volumes as customers react to the prospect of higher prices for works or services.

4.1.3.4 Legal risks

Compliance risk

The business activities of Colas involve a very large number of contracts (some 80,000 a year), awarded and executed on a decentralised basis. Apart from the usual laws and regulations that always apply (such as competition law 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 can 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.), the rollout of compliance programmes to supplement the Code of Ethics, and stringent disciplinary procedures. Colas also applies the anti-corruption measures contained in the Sapin 2 law. 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.

4.1.3.5 Industrial and environmental risks

Risk of fire, explosion and accidental pollution

The risk of fire and explosion 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. Sites that are particularly important or sensitive because of their size or the nature of their activities are subject to special treatment. Those sites are the Aximum hot dip galvanising facility in Nogent-sur-Oise (France); the paint and speciality binder production facility in Rouen (France); the Axter (Smac) waterproof membrane production facility in Courchelettes (France); the Colas Australia bitumen rectification facility in Brisbane; the Colas Ireland emulsifier production plant in Galway; and the Tipco bitumen production facility in Kemaman (Malaysia).

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 and sluice gates 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 2018, fifteen Colas asphalt mixing plants (5 in Belgium, 2 in Denmark and 8 in France) qualified as combustion installations of over 20 megawatts, and as such were covered by the European Union greenhouse gas emissions quota system. These installations are checked annually by accredited audit firms. It may be that eventually no Colas facilities will be subject to the emissions quota system. Compared to other industries covered by the system, asphalt mixing plants are low CO_2 emitters.

Other atmospheric emissions are subject to regular inspections by external authorities and accredited bodies.

Waste

Colas recycles significant volumes of materials. Around two-thirds of the asphalt mixing plants now recycle their planed materials, while the volumes accepted by the recycling platforms are comparable with the output from around twenty quarries. Recycling on this scale calls for appropriate controls over incoming materials, and for increased awareness on the part of those generating the waste (which does not always come from Colas sites). The materials accepted for recycling by Colas are either asphalt-based or inert materials and as such are risk-free; analytical tests are therefore not performed on a systematic basis as this would not be economically viable. Consequently, it cannot be ruled out that around one hundred thousand tonnes of deconstruction waste held at Colas recycling platforms in France or abroad may prove to be non-compliant, without it being possible to enforce ultimate liability on the project owners (who under the regulations applicable in most countries are normally liable for the chemical content of their waste).

Rehabilitation of operating sites

The Colas group's industrial sites are subject to classified installation regulations in France, and to similar regulations in other countries where Colas has operations. In France, quarry operating licences incorporate site rehabilitation obligations that are agreed upfront with the competent administrative authority. Provisions are recorded in the financial statements to cover rehabilitation obligations for all quarry sites in France, and are periodically reviewed and adjusted. As at 31 December 2018, these provisions amounted to €175 million. 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 in 2007, which now covers the majority of materials production activities and forms the basis for consolidated action plans. In 2018, 83% of the Colas group's worldwide materials production sales were covered either by certification or by the internal checklist system. All these arrangements have been incorporated into the internal control system, both in France and in other countries.

As regards the rehabilitation of the Société de la Raffinerie de Dunkerque (SRD) refinery site, which has now been permanently shut down, a provision has been recognised in the Colas financial statements and a team set up to work with the authorities during 2019 on a decontamination programme, while a deconstruction/asbestos removal contract is now 50% complete.

Geological risks

The survey of rock quarries initiated by the French Geological Survey (BRGM) in 2015 continued in 2018 with an analysis of alluvial quarries. In both cases, the BRGM is analysing the presence of actinolite (a naturally-occurring rock which in one of its forms contains asbestiform fibres). Following the publication of two reports by Anses[a] that highlighted the potentially hazardous nature of elongate mineral particles (crystalline formations resulting from mechanical processing of rock), this risk has been addressed in the regulatory risk assessment reports for the sites operated by Colas and its subsidiaries. In addition, the OPPBTP[b] has been commissioned by the DGT (the French government body that deals with employment and workplace policies) to carry out a study aimed at developing a protocol to measure the emissivity of materials liable to generate cleavage fragments and elongate mineral particles. Colas will continue to comply with any requests issued by industry bodies and public agencies tasked with investigating these matters.

(a) The French Agency for Food, Environmental and Occupational Health and Safety.
(b) The professional body for the prevention of occupational hazards in the construction and civil works sectors.

Regulatory compliance

One Colas site is classified as Seveso Upper Tier: the Galway emulsifier production plant in Ireland. 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 health & safety 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 had an extremely proactive health and safety and training policy, including safety induction programmes for new hires and research into areas resulting in the use of safety "bubbles" around mobile plant. 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 load 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 sensitive networks (gas, electricity, etc.).

Occupational health risks related to chemicals

Bitumen and ultraviolet radiation

In 2013, the IARC [a] published an official monograph on bitumen fumes [b]. The IARC was unable to conclude as to whether or not there is a link between cancer and exposure to bitumen fumes in a roadbuilding setting, despite the numerous studies carried out to date. No action has been taken in response to the IARC findings by the national authorities in the various countries where Colas operates, apart from in France where the health authorities carried out a complete update on the subject.

In France, the Anses [c] findings were consistent with the risk analyses carried out by the industry. There were no further publications on this subject in 2018.

The only adverse health effect known to be associated with bitumen fume exposure on roadworks contracts is irritation of the upper respiratory tract and eyes. The INRS [d] has conducted a large-scale project to monitor the exposure of workers to such irritation, with a view to developing a standard method for measuring the bitumen fumes they inhale. Colas, along with the rest of the industry (Usirf [e]), played a major role in this project, which was completed in 2015. A scorecard developed for measuring the effectiveness of preventive measures is now being used as a benchmark by officials from the state health insurance scheme. Workers' exposure will be monitored using the new methods, with the measurements feeding into a database that will be assessed at least every five years.

The risk from exposure to bitumen fumes is assessed 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 may 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. However, there is every indication that Colas is regarded by governmental and scientific bodies in countries where it operates as a company that has made a major contribution to advancing knowledge on this issue while scrupulously respecting the independence of those bodies.

Colas continues to take regular measurements of 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 rolling out work planning solutions that might limit the exposure of site workers to bitumen, and maintaining its proactive policy of innovating to ensure the health and safety of its people. For example, it is company policy, wherever possible, to buy road pavers [f] with on-site fume extraction systems. In 2016, the INRS concluded that exposure is statistically reduced by 55% when such measures are used. Colas is also taking care to reduce the temperature at which mixes are applied (subject to quality constraints), and to increase its use of warm asphalt mixes.

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(a) International Agency for Research on Cancer, an agency of the World Health Organisation.
(b) The IARC monograph classifies the carcinogenic effect of exposure to bitumen fumes in group 2B, on a scale from group 1 (carcinogenic) to group 4 (probably not carcinogenic). Group 3 substances are those that are not classifiable due to insufficient data. Group 2 is split into two categories: 2A (probably carcinogenic) and 2B (possibly carcinogenic), i.e. substances for which the number of studies would normally be sufficient to reach a conclusion on carcinogenicity, but those studies do not enable such a conclusion to be drawn.
(c) The French Agency for Food, Environmental and Occupational Health and Safety.
(d) The French National Research and Safety Institute for the Prevention of Occupational Accidents and Diseases.
(e) The French road construction industry association.
(f) Machines that apply asphalt mixes to roads.

In 2016, the INRS[a] concluded that exposure is statistically reduced by 27% when warm mixes are used. For all of its activities involving the use of bitumen worldwide, Colas can use 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 those materials).

In addition, the nature of the Colas group's activities means that many employees work in the open air and may have repeated exposure to ultraviolet radiation from sunlight, the principal environmental factor in skin cancers. Employees are issued with preventive guidelines and regular reminders to help protect them from ultraviolet radiation; these formed part of Priority Area 1 in the new safety policy rolled out in 2016, and include instructions to wear protective clothing, hard hats and gloves.

Dust and solvents

Exposure to silica dust is being actively addressed by occupational health and industry professionals, both on roadbuilding sites and in quarry and gravel extraction facilities. In France, Usirf[b] – an industry body in which Colas plays an active role – has issued two guides prepared jointly with the OPPBTP[c] and in conjunction with the DGT (the French government body that deals with employment and workplace policies): "Preventing dust exposure in planing, cutting, chiselling, drilling and milling" and "Preventing dust exposure on recycling platforms". A guide for asphalt plants is currently being finalised. Colas is taking steps both in France and internationally to reduce exposure to dust, whether in its industrial facilities or on work sites. These steps involve specially adapted equipment and processes that use sprinklers or sprays to create a humid work environment, personal protective gear, and the replacement of existing drilling/planing machines with new machines fitted with extractor 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 workstations 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, 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 14 cases. When a claim of occupational disease is held to be valid and enforceable against the employer (and hence potentially against SRD), the employer will 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, one of which has succeeded at first instance).

In France, pending results from the OPPBTP, Colas has introduced individual and collective health and safety guidelines (especially for protection from dust), in line with the procedures described in the regulatory risk assessment reports for the sites operated by Colas. This involved implementing the recommendations in the Ursifa[b] "Dust" health and safety guide prepared jointly with the OPPBTP[c] and in conjunction with the DGT. Colas is also involved in working parties looking at solutions to these issues.

Conclusion

The implications of chemical risks for occupational health in the Colas group's operating activities are increasingly complex. Such issues have for a long time been one of the key priorities of the company's responsible development policy. The complexity of the issues is not confined to the operations carried on by Colas but rather reflects greater awareness in society generally, as illustrated for example by the European REACH[d] 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.

4.1.3.7 Contract execution risks

General contract execution risk is relatively limited due to the large number of contracts and their low average value. However, some subsidiaries do work on large-scale projects, for example concession or public private partnership (PPP) type contracts. The complexity of these major projects means that these subsidiaries are exposed to increased risks in terms of design, contingencies (geological, archaeological, acquisition of land for construction), costing, execution, deadlines (e.g. delay in land being made available by the customer), etc.

4.1.3.8 Risks related to weather conditions and natural phenomena

The activities of Colas may be sensitive to 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, other natural phenomena such as earthquakes, floods, cyclones, storms and lightning may disrupt operations or lead to the accidental destruction of infrastructure under construction.

(a) The French National Research and Safety Institute for the Prevention of Occupational Accidents and Diseases.
(b) The French road construction industry association.
(c) The professional body for the prevention of occupational hazards in the construction and civil works sectors.
(d) "Registration, Evaluation, Authorisation and restriction of Chemicals" – a regulation of the European Union: Registration of all substances manufactured or imported into the EU in quantities above 1 tonne per year; Evaluation of proposals for testing, registration dossiers, and substances; Authorisation, for substances of very high concern; and restrictions to manage risks associated with other Chemical substances.

Such events may result in reduced sales or additional costs, some of which may be borne by insurers.

Generally speaking, this risk is tending to be exacerbated by the effects of climate change. However, Colas operates mainly in temperate latitudes (which are less exposed to climate change) and in developed countries where good insurance cover is available and construction standards are high. The risk is also mitigated by the large number, small size and wide geographical dispersion of Colas facilities. While this is a major and growing risk for most companies, the company's business model is such that the exposure is growing less fast for Colas.

Colas operates in geographical zones exposed to a potential risk of natural disasters (Asia-Oceania, Indian Ocean, the French West Indies and French Guiana). For that reason, the impact of climate events is built into the Colas group's risk mapping as a factor with the potential to affect business continuity at production facilities located in such zones.

In response, the subsidiaries involved have implemented early warning systems and procedures to safeguard people and assets, as well as adding such risks to their insurance cover.

There are two prongs to Colas' climate change strategy:

- The first is to contribute to limiting the effects of climate change by reducing the company's carbon footprint, and offering solutions to help customers reduce theirs.
- The second is to adapt to climate change by pursuing research into the formation of urban heat islands, both at the level of individual buildings (insulating cladding, and green or reflective roofs) and transport infrastructure. Colas can draw upon a good understanding of the complex equations around climate change, and propose techniques and materials to protect existing infrastructure assets and to design new ones at a time of increasingly erratic climate swings.

For Colas entities, these two aspects represent opportunities for competitive differentiation rather than major risks. For example, the doubts hanging over the future of fossil fuel engines for transport do not undermine the need to provide infrastructure for zero-carbon means of transport.

4.1.3.9 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, control over salary levels, and potential industrial action. In addition, the unavailability (for whatever reason) or death of a key executive 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.

4.1.4 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. Consequently, the loss of key programmes represents a risk in terms of reduced audiences, and of reduced capacity to monetise those audiences.

How the risk is managed

Thanks to the talent of its artistic staff and its long-standing special relationships with French and foreign partner producers, TF1 currently offers the best programmes. Future programming streams are locked in via multi-year contracts with the biggest producers, reducing the risk of loss of key programmes in the medium and/or long term.

Risk that programmes will become unsuitable for broadcast

Description of the risk

To secure future supplies of key programmes, TF1 commits to certain programmes (especially series and feature films) at a very early stage relative to the date of transmission. The time-lag can be substantial, and visibility on new products is often low.

Because TF1 channels are constantly adapting their editorial line in response to changes in public taste, an artistic mismatch may sometimes arise between current editorial needs (aimed at maximising audiences) and past programme acquisitions. If such mismatches occur, they may lead to spikes in impairment losses taken against broadcasting rights inventory.

How the risk is managed

TF1's exposure to this risk is limited to multi-year contracts 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 broadcast on TF1;
- as a last resort, some or all of the risk may be mitigated by selling the rights on to another market player.

Risks associated with the economic environment

Description of the risk

In light of economic conditions, there is a risk of stagnation in the advertising market, which could have an adverse effect on projected trends in TF1 group revenues.

How the risk is managed

To protect against the effects of this stagnation, the TF1 group keeps all of its expenditure under constant review, and continually adapts its business model by identifying and tapping new sources of growth.

4.1.4.2 Industrial and environmental risks

Broadcasting of TF1 programmes – Risk of signal transmission interruption and execution risk

Description of the risk

TF1's programmes are currently broadcast to French homes by:

- radio waves in unencrypted high definition DTT (on the R6 multiplex);
- satellite in high definition digital;
- cable in standard and high definition digital;
- ADSL and fibre optics in standard and high definition digital via all the internet service providers (Orange, Free, SFR and Bouygues Telecom).

TDF is by far the leading national TV signal transmission operator in DTT, with a network and technical resources currently unmatched by any other company.

TF1 is therefore dependent on TDF for signal transmission. The emergence of alternative transmission providers is not yet sufficiently advanced for TF1 to manage without TDF for the hosting of transmission equipment. As a consequence, in the event of an outage of the TDF network, TF1 cannot switch to other terrestrial transmission systems to provide quick and affordable coverage of its entire broadcast area.

The loss that TF1 could incur in the event of transmitter failure is proportional to the number of television viewers served by the transmitter. 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.

As regards operator bundles, TF1 is dependent on the technical resources and supervision/maintenance processes put in place by the operators.

How the risk is managed

The variety of alternative networks to DTT (satellite, cable, ADSL and fibre) and of alternative operators minimises the impact of any failures of the DTT network, since those networks are not connected to each other and rely on their own separate resources.

In addition, to protect against risks arising from operator networks, the contractual terms of the distribution agreements stipulate a guaranteed high level of service.

Cyber-attacks

Description of the risk

The cyber-attacks that affected Sony Pictures and TV5 Monde in recent years led TF1 to reassess external threats that might disrupt transmission, and its operations in general. TF1 is aware that attempts to hack into corporate information systems are now a recurring problem; it has responded by further raising its vigilance threshold and is constantly working to ensure the security of its sites, operations and infrastructures.

How the risk is managed

To guard against the risk of cyber-attack, security audits are conducted by external consultants to identify any weaknesses in access controls. However, no system can be 100% secure, and the techniques used to attack information systems are continually changing. Action plans have been implemented to enhance protection of the TF1 group's transmission infrastructures, alongside incident management procedures such as a rapid response plan for hacking attacks. The objective is to constantly upgrade the TF1 group's sites and information systems, taking care to ensure that all external systems are included in any corrective measures that may be required.

TF1 was unaffected by the recent global virus attacks (WannaCry and Petya). However, those attacks underlined the imperative need for companies to have a high-powered data back-up policy, combined with rapid-response patching capacity to apply security fixes quickly and effective firewall [a] protection of datacentres. An analysis showed that while TF1 is fully confident in the effectiveness of its backup policy, there is a need to ensure firstly that security fixes are applied faster and more effectively across all IT assets, and secondly that firewalls are used systematically to protect IT and broadcasting datacentres. Two projects were launched in response: one to investigate the potential installation of a new reliable and fully-automated distributed software solution, and the other to protect all TF1 datacentres with firewalls.

Finally, if such a risk were to materialise, TF1 has contracted insurance cover commensurate with the level of risk, to protect against the consequences of a cyber-attack and better manage the risk.

Risk of intrusion during live public broadcasts

Description of the risk

In the current security and social climate, TF1 has reassessed its exposure to the risk of intrusion affecting major live entertainment shows broadcast in public.

(a) Firewalls protect information systems connected to the internet from hacking attempts.

How the risk is managed

Reinforced security measures have been introduced to protect members of the public. Those measures are the responsibility of TF1 for in-house productions, and of the third-party production company for outsourced programmes. In order to retain absolute control over the output on its channels, TF1 has also introduced a slight delay of a few minutes when broadcasting major entertainment shows live and in public.

Risks related to the growth of digital terrestrial television and to the development of the internet and new media

Description of the risks

The TF1 group operates in a constantly changing competitive environment, but the pace of change has accelerated since 2005:

- the development of DTT, including the launch of six new channels at the end of 2012, has played a significant role in fragmenting the audiences of the incumbent channels;
- changing patterns of consumption include the trend towards delinearised viewing of unencrypted content (reflecting the rise of connected TV and video content on mobiles and tablets); this reached significant levels in 2018, and could erode the amount of time people spend watching television.
- In addition to audience fragmentation, the proliferation of channels could generate inflationary pressure in the rights market, particularly for high-profile, attractive content such as drama series.

With this growth in unencrypted television offerings, TF1's audience share has inevitably been affected, but has nonetheless proved resilient: while the number of unencrypted channels has increased fourfold since 2004, TF1's audience share among individuals aged 4 and over has declined from 31.8% in 2004 to 20.2% in 2018. TF1 achieved 91 of the top 100 audience ratings in 2018. The TF1 group as a whole, including the DTT channels, had an audience share of 27.7% among individuals aged 4 and over.

How the risk is managed

TF1's ongoing exposure to fragmentation risk is being mitigated by taking the DTT channels up-market and increasing their complementarity, and also by the 2016 switchover of LCI to unencrypted, both of which are limiting the impact on the premium channel.

In this context, the TF1 group has consolidated the market leadership of the TF1 core channel by:

- building a coherent global offer through its unencrypted channels, thanks to high-powered programming;
- positioning itself as a major force in DTT through its portfolio of four complementary channels (TMC, TFX, TF1 Séries Films and LCI);
- optimising the acquisition of content for its premium channel and DTT channels by adopting a group-wide organisational structure, providing the best fit between each channel's needs and programme purchases on the one hand, and exploiting and circulating acquired rights (subject to the TF1 group's undertakings) on the other;
- tightening its control over the value chain by using the in-house production subsidiary TF1 Production for part of its programme output;
- adapting its commercial policy to the new competitive landscape, especially through heavy marketing of slots in programmes with big audience-pulling potential;
- establishing MYTF1 as one of the leading French media websites.

The TF1 group is building a position in the connected TV market at reasonable cost, and signing partnership agreements with manufacturers. TF1 is also following its audiences onto social media (including Twitter and Facebook) by offering viewer interactivity on flagship programmes carried on the premium channel *(Danse avec les Stars, The Voice, Miss France)*.

Finally, the ongoing process of adapting TV audience ratings metrics to the new media landscape, which began in 2011, will by the end of 2020 see the inclusion of live and catch-up viewers on computers, tablets and smartphones. These new audience metrics will help mitigate fragmentation risk by capturing a segment of media consumption that is on an uptrend.

General policy on managing industrial and environmental risks

The "Réagir" Committee, created in 2003, continues to work on monitoring and preventing major risks, especially those associated with TF1's key processes. It also updates TF1's risk mapping, and regularly tests business continuity plans that may be triggered when an exceptional event results in interrupted signal transmission or denial of access to the TF1 building.

Those plans rely on a secure external backup site (in place since 2007), which is operational for three processes:

- programme transmission;
- the production of news and weather bulletins (TF1 and LCI); and
- the preparation of advertising spots for the TF1 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 and transmission continuity is ensured 24/7, and an operations simulation is performed regularly.

There were no broadcasting incidents in 2018 that required fall-back on an external backup site.

Operational since 2011, "Réagir 1 Vigilance" is a preventive plan activated on an as-needed basis, and in particular at any time of heightened risk (building works, equipment maintenance, mass events, live broadcasts, service launches, software upgrades, IT continuity plan tests, etc.). This plan not only ensures that staff remain vigilant, it also offers improved responsiveness to incidents before they escalate.

As in the case of operational risks, TF1 has insurance policies (including public liability and property) that could be called upon to cover some of the risks mentioned above.

4.1.4.3 Legal risks

Risks related to broadcasting licences and CSA enforcement powers

Description of the risk

TF1 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. The licence was renewed for a further five-year period (via decision no. 96–614 of 17 September 1996) from 16 April 1997, with no requirement to submit to a competitive tendering process.

The TF1 channel's broadcasting licence was renewed automatically for the 2002–2007 period by a decision of the CSA (the French audiovisual industry regulator) 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 stipulation.

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.

The CSA awarded TF1 a ten-year HD broadcasting licence on 6 May 2008, and withdrew TF1's standard definition (SD) licence as part of the 5 April 2016 switch-off.

- In a decision dated 27 July 2017, the CSA extended TF1's licence for a further five years.
- TMC, TFX and LCI each hold licences issued by the CSA on 10 June 2003, which expire on 29 February 2020. On 25 July 2018, the CSA announced that it had decided to renew these channels' licences for a further five years, with no requirement to submit to a competitive tendering process. The channels must have agreed new contract terms with the CSA by 29 May 2019.
- TF1 Séries Films holds a licence issued by the CSA on 3 July 2012, which is due to expire on 22 December 2022. On expiry, the channel could be granted a five-year renewal.

If TF1 fails to meet its contractual obligations, the CSA can, after giving formal notice and depending on the severity of the offence, impose one of the penalties set forth in Article 42-1 of the law of 30 September 1986. These include a fine; a temporary ban (of no more than one month) on producing, broadcasting or distributing the service, or a category of programme, or part of a programme, or one or more advertising slots; and reducing the term of the licence to use frequencies by up to one year.

How the risk is managed

TF1's compliance with its obligations is strictly monitored, and the company has a dedicated Programme Compliance department tasked with ensuring that the channel's programmes comply with regulatory requirements. The TF1 General Counsel's department is responsible for compliance with undertakings made in agreements with the CSA, and for dialogue with the CSA.

Risks related to societal pressure on advertising and programmes

Description of the risk

Political attitudes to societal issues such as violence or public health might induce the legislator to tighten legislation relating to advertising or programmes. TF1 takes this situation into account in discussions with its key partners, so that such issues can be addressed over time in the interests of all stakeholders.

In addition, TF1 has a policy of acquiring the best programmes from its production partners in France and internationally, and broadcasts programmes intended for a mass audience.

How the risk is managed

TF1's Programming and "Viewing & Compliance" teams exercise the utmost vigilance in protecting young viewers in order to keep this risk to a minimum.

Advertising intended to be shown on TF1 channels and/or via its on-demand audiovisual media services (MYTF1) is subject to pre-vetting by the ARPP (the French advertising regulator) for compliance with current laws and regulations, and with the rules of conduct established by the advertising industry representatives within the ARPP. No advert is broadcast unless it has been cleared by the ARPP.

In addition, the Programming & Broadcasting Division of TF1 Publicité, the TF1 group's airtime sales house, views all adverts prior to broadcast, sometimes with input from Legal Affairs. Even if the ARPP has cleared an advert, TF1 Publicité may reject it or impose specific broadcast conditions on the advertiser, in cases where it regards an advert as inappropriate for the editorial line of the media on which it is to be shown, particularly as regards the family audience of TF1. In such cases, the advertiser or agency that produced the advert is informed by letter. The parties then seek a solution, adapting the content or time slot of the advert so that it is consistent with the editorial line of the media in question. If no solution can be found, the advert is not shown. This is made clear in the TF1 Publicité general terms and conditions of sale.

Adverts intended to be broadcast on radio stations for which TF1 Publicité handles airtime sales are not subject to the ARPP pre-vetting procedure. However, a dedicated team within the Programming & Broadcasting Division of TF1 Publicité listens to each advert to check that it complies with current regulations, rules of conduct, and the editorial line of the radio station.

Risks related to legislative changes or additional taxes

Description of the risk

The law on the independence of public broadcasting, enacted on 15 November 2013, confirmed that advertising would continue to be carried on 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 levy paid by other French television channels to fund the loss of revenue for France Télévisions was reduced to 0.5% of those channels' advertising revenue.

This example illustrates the economic risk to which television channels are exposed as a result of new taxes and levies, such as the levy on advertising spending.

In addition, given the repeated requests by France Télévisions, a resumption of advertising on public-service channels after 8 p.m. cannot be ruled out, so this issue calls for particular vigilance.

How the risk is managed

Generally speaking, TF1 maintains close contact with regulators and legislators to try to limit the probability and impact of this risk.

Risk relating to the target country principle contained in the revised Audiovisual Media Services Directive

Description of the risk

Directive (EU) 2018/1808 of 14 November 2018, amending Directive 2010/13/EU (the Audiovisual Media Services or "AMS" Directive), will have to be transposed into French domestic law by 19 September 2020; this will be done as part of a draft Audiovisual Bill being prepared in the first quarter of 2019. Article 13 of the AMS Directive states that a Member State may require media service providers (television or on-demand audiovisual media services) targeting their territory but established in another Member State to contribute financially to the production of European works.

Such obligations may take the form of direct investment in content (buying or co-production, for example) and/or a contribution to national funds (such as the CNC [a] in France). The financial contribution is based only on the sales generated in the targeted Member State.

At present, the sales generated by TF1 in Belgium is aggregated with its French sales as the basis for calculating the financial contribution to new works in France. Once Article 13 comes into force, TF1 will have to separate out its French and Belgian sales, and if Belgium so decides will have an obligation to make a financial contribution to new works in Belgium. Such obligations will in all likelihood be less onerous than in France, but may raise questions about the return on investment for Belgian co-productions.

In addition, the European Commission is exempting media service providers with low sales or a low audience from Article 13, based on thresholds which are expected to be published in the first quarter of 2019.

Risks related to piracy of audiovisual content

Description of the risk

In recent years TF1 has been the victim on a massive scale of piracy of content to which it owns the copyright and/or related rights, both on file-sharing sites and social media and on websites dedicated to pirated content. TF1 won damages in piracy cases against DailyMotion and YouTube in 2014 as compensation for losses caused. However, programmes are still being pirated, and the methods used are changing, especially with the use of dedicated set top boxes.

How the risk is managed

To prevent the risk of piracy of its programmes, TF1 has renewed its commitment to rolling out a wide-ranging strategy, involving:

- creating digital fingerprints for its programmes (using Content ID with YouTube, Rights Manager with Facebook and INA Signature with Dailymotion), which will – within the limits of the technology – prevent pirated content from being uploaded to those three platforms;
- a dedicated in-house unit tasked with identifying (as far as possible) pirated TF1 group content on streaming platforms and social networking sites, and ensuring that it is dereferenced manually;
- retaining an external service-provider to dereference pirated TF1 content on cyber-lockers (direct download and streaming sites) and search engines;
- playing an active role in developing European copyright protection law (Directive on Copyright in the Digital Single Market), and establishing close ties with Hadopi [b] and the French legislator to strengthen anti-piracy measures.

4

Risks related to cookies and internet trackers

Description of the risk

In January 2017, the European Commission issued a proposal for a new European ePrivacy Regulation, to replace the previous ePrivacy Directive of 2002. The proposed new regulation is complementary to the General Data Protection Regulation (GDPR), in that it deals with electronic communication data. The potential impacts on TF1 include:

(i) substantially restricting the group's capacity to freely collect user data using cookies and trackers (files saved in users' browsers to track their browsing history); and

(ii) strengthening the position of the GAFA internet giants (principally Facebook and Google) who do not rely on cookies and trackers to collect data (because they require users to register and log in to their services) and who control web browsers (which under the current ePrivacy proposals will be where user consent and refusal would be centralised).

(a) The French National Centre for Cinema.
(b) The French agency responsible for content distribution and copyright protection on the internet.

The proposed European ePrivacy regulation brings about a triple paradigm shift in the use of cookies:

- switching from opt-out (displaying a notification banner with no break in browsing) to opt-in (users must opt in to allow website editors to install their cookies [a]).
- Setting up browsers to block all cookies as the default, whereas previously the default setting was to accept cookies.
- Prohibiting the use of "cookie walls", the hitherto tolerated practice of making access to a site conditional on accepting cookies.

How the risk is managed

- Being actively involved in the European legislative process, to put a brake on that process and limit the economic impact on the TF1 group as far as possible.
- Gradually rolling out registration (log-ins) to access MYTF1, first for live viewing and then catch-up.
- Participating in the project led by GESTE (the French association of online content and service providers) to develop a single log-in application along the lines of Facebook Connect.

General policy on managing legal risks

In terms of legal risks, TF1 has a public liability insurance policy that covers the consequences of TF1 and its current and future subsidiaries being held liable for loss incurred by third parties; the amount of cover is commensurate with the risks incurred.

That insurance policy is arranged by the TF1 group Legal Affairs Division 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 TF1 is exposed.

Ethical rules and professional standards for advertising

Description of the risk

The principal risk for TF1 is that it will fail to deliver on its public commitments to uphold ethical and professional standards in the content it produces and broadcasts, including adverts.

How the risk is managed: Regulatory compliance

Adverts shown on TF1 channels are subject to general regulation; industry joint regulation, via recommendations from the ARPP (the French advertising regulator); and to rulings by the CSA (the French broadcasting authority). Such regulations, ethical standards and rules of conduct apply to all advertising messages, regardless of the media or format used to broadcast them. Since 1 January 2012, TF1 has applied the ARPP decision aimed at extending the same commitments as were made by TF1 to the CSA back in 1990 to advertising messages carried on all TF1 on-demand audiovisual media services (MYTF1.fr, MYTF1 on IPTV, and the MYTF1 smartphone app). These include submission to the ARPP prior to broadcast and internal viewing of advertising messages.

For television and on-demand audiovisual media services, the outcomes of the ARPP pre-vetting process are always taken into account before an advert is shown.

TF1 Publicité is also represented on the ARPP Board of Directors and on the main trade bodies: the French National TV Advertising Federation, CESP (the French media audience research bureau), and advertising industry forum EDI Pub. In this way, the TF1 group plays a role in shaping the ethical landscape of the advertising industry.

4.1.5 Bouygues Telecom

4.1.5.1 Competitive environment and market risks

Bouygues Telecom sells its offers and services exclusively in the French market. France is a mature market, where in recent years competition has been particularly fierce in the consumer segment, a situation confirmed during 2018. The French market has seen a raft of promotional offers, which have now become a permanent feature. At the same time, growth in the number of customers with Sim Only packages is still rising, albeit more slowly. In conjunction with the proliferation of promotions, this generates a lack of consumer engagement, thereby increasing customer churn.

If price erosion in the mobile and fixed markets persists over time in all the segments where Bouygues Telecom operates, this could slow return on investment (especially the investment in expanding the mobile and fixed broadband networks), adversely affecting the company's results.

4.1.5.2 Risks related to developments in the fixed internet market

Bouygues Telecom offers its services via ADSL, VDSL, very-high-speed cable and FTTH (Fibre-To-The-Home).

The company continues to invest heavily in very-high-speed broadband networks, and has been implementing its own FTTH roll-out programme since the end of 2016. The FTTH programme is supported by a dedicated organisational structure, with qualified staff and specific procedures and management reporting. Nonetheless, given the ambitious goals set for the programme, unforeseen issues – such as potential delays or difficulties in implementation – cannot be ruled out. Consequently, projections for the customer base and sales of the new offer could be revised downward.

In addition, to be able to provide a quality service to its customers across the whole of France, Bouygues Telecom is reliant on fixed network infrastructures owned by other operators. The company has signed service agreements

(a) Cookies are small files downloaded to computer hard drives without the user's knowledge when he or she visits a website which retain data for the user's next visit.

with its partners, and implemented specific procedures designed to secure service quality for the final customer. However, unforeseen issues may arise in the execution of these agreements, which could adversely affect Bouygues Telecom and its financial results.

4.1.5.3 Risks related to convergence of networks and content

In January 2015, Bouygues launched "Miami", the first Android TV box on the market, combining an enhanced digital experience with access to a wide range of content.

Competition in the TV content market is intensifying, with incumbent broadcasters increasingly challenged by technology firms moving into the market as they pursue a strategy of convergence between content and distribution. If premium content were to become available primarily through exclusive access, this could limit the appeal of the fixed-line packages offered by Bouygues Telecom, with an adverse effect on the company's results.

4.1.5.4 Risks related to the emergence of new players

New players are emerging in the mobile and fixed markets, driven by the expansion in broadband usage; these include Google, Apple, Facebook, Amazon and other "Over- the-top" (OTT) [a] operators. Competition is also hotting up for control over customer relationships, which to date has been a source of value creation for established operators. If this trend towards disintermediation gathers pace, it could adversely affect Bouygues Telecom's sales and results.

4.1.5.5 Risks related to the roll-out and operation of networks

Implementing Bouygues Telecom's mobile and fixed broadband development strategy requires the company to invest massively in network roll-outs every year. In parallel, the company has struck deals with various partners in order to reinforce its access to fixed-line infrastructure and increase its 4G mobile coverage.

Unforeseen issues with those contracts could impair the success of Bouygues Telecom's strategy, which aims to develop locally-based marketing methods in order to reach all French households.

The company would then be exposed to potential adverse impacts on its financial results, operations and image.

4.1.5.6 Risks related to market positioning

Bouygues Telecom positions itself as a trusted operator, thanks to high-class customer support and the quality of its very-high-speed mobile and fixed broadband networks.

Building on its 4G network, strong value for money and highly-motivated staff, the Bouygues Telecom strategy is focused on:

- **the customer experience:** a simple, seamless customer experience has been a key differentiating feature of Bouygues Telecom from the outset;
- **access to very-high-speed broadband:** Bouygues Telecom has continued to expand its mobile infrastructure, which by the end of 2018 covered 99% of the French population. Meanwhile, roll-out of the FTTH network is ongoing, with the number of premises marketed expected to reach 12 million by the end of 2019.

The success of this strategy will depend on Bouygues Telecom's ability to implement these initiatives effectively. If the company fails to do so, it will be exposed to potential adverse impacts on its financial results, operations and image.

4.1.5.7 Cyber-security

Cyber-attacks on networks and information systems are having an ever-growing impact, either by direct attacks on an operator's proprietary systems or indirectly through attacks on service-providers or suppliers.

If such an incident were to affect Bouygues Telecom it could have a variety of impacts, including:

- disclosure of sensitive data, in particular private data relating to customers; and/or
- interruption of services: network connectivity, in-store sales, customer relations or information systems.

Protective steps taken by Bouygues Telecom include a security policy based on information system access controls, anti-hacking systems, and a monitoring system to detect security incidents. In addition, annual checks are carried out on the security of data hosted by Bouygues Telecom's service-providers and partners. Analyses are systematically performed of major security incidents, leading to the implementation of new security measures and/or reviews of the company's processes.

In addition, Bouygues Telecom provides all its employees, suppliers and partners with regular reminders about security issues.

Since 2016, the company has had a specific cyber-risks insurance policy in place.

If a cyber-attack were to occur, the company would be exposed to potential adverse impacts on financial results, operations and image.

(a) A service consisting of the direct distribution of content via the internet without the participation of operators or their home gateways.

4.1.5.8 Continuity of service and site security

Service interruption can be caused by technical equipment breakdown or by an onsite incident affecting the network or information systems. Bouygues Telecom addresses these risks through:

- security measures at key sites including restricted access, fire prevention, air conditioning, power supplies, etc.;
- a business continuity plan for critical mobile and fixed-line technical systems, maintained in a state of operational readiness;
- a crisis management plan, based on keeping certain employees on call in order to ensure a fast, co-ordinated response to major incidents.

The company also carries out regular crisis simulation exercises, and commissions regular audits of these procedures in conjunction with Anssi[a].

Such incidents could have an adverse impact on the company's image and financial results.

4.1.5.9 Regulatory changes

New domestic and European regulations relating to data protection and compliance apply to Bouygues Telecom. Dedicated project teams are working to identify the impacts of these regulations and determine the necessary courses of action. These issues are discussed in regular steering committee meetings.

However, Bouygues Telecom cannot rule out the risks associated with any project, including delays or difficulties in implementation. In addition, tighter regulations on cold selling could require operators to alter their marketing techniques.

4.1.5.10 Supplier risks

In various areas of its operations (handset supplies, customer relations, telesales, IT management, etc.) Bouygues Telecom relies on suppliers in a number of regions outside the European Union including Asia, the United States and North Africa.

Changes in the geopolitical environment in some of those regions could have an adverse impact on Bouygues Telecom's operations, image and financial results.

The control remit of the company's purchasing department includes economic and operational dependency on suppliers. Double sourcing is used for strategic suppliers, and specific measures are built into the business continuity plan.

However, shortages in components used in the manufacture of TV boxes or fibre optic cable, a significant increase in the price of those components, or any other major incident (such as a natural disaster) triggering a production outage at a supplier, could have impacts on Bouygues Telecom's procurement process and lead to temporary stock-outs of products. This could have an adverse effect on Bouygues Telecom's financial results and image.

Suppliers are also subject to an annual CSR risk assessment, documented using a specific risk mapping matrix. Action plans are implemented in response to the criticality of the assessments (see the information provided in the Vigilance Plan, in section 4.5 of this Risk Factors chapter).

4.1.5.11 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, whose remit has now been extended to fixed operations and Wi-Fi waves. This team is responsible for ensuring that the regulations are rigorously applied, and for carrying out a conscientious risk assessment based on collective expertise. Bouygues Telecom funds independent research, and releases all of its scientific publications on this subject. This approach is helping to reassure the French public, since no research has to date established a clear health risk.

An increased perception of health risk on the part of consumers could have various adverse impacts such as reduced usage per customer, shrinkage of the customer base, and higher administrative and site installation costs.

(a) The French Agency for IT Systems Security.

4.2 FINANCIAL RISKS RELATING TO THE EFFECTS OF CLIMATE CHANGE

The Bouygues group has identified actual and potential financial risks relating to the effects of climate change, although it remains difficult to judge accurately the extent of those risks. This assessment is backed up by the findings of large numbers of experts in the scientific community, and by analysis carried out by major players within the financial sector. For example, in 2018 Moody's estimated the potential credit exposure associated with significant emerging environmental risks [a] (including climate change) at $2,200 billion. Such risks will also have an impact on the activities of companies and their ability to pay back their debt. As a result, the factoring in of these extra-financial factors is tending to become critical, especially the challenge of meeting international objectives.

Commercially speaking, the climate change we are experiencing could in some respects be seen as an opportunity: businesses offering solutions that support ecological transition and low carbon emissions will be better placed to meet their customers' needs.

One of the most visible consequences of climate change is the occurrence of extreme weather episodes across the entire planet, leading to impacts on the environment, society (including climate-driven migration), the economy, the insurance industry, and politics. Two risks associated with climate change are of particular relevance:

- **Climatic disturbances associated with global warming** (higher temperatures, drought and floods, coastal erosion, rising sea levels, etc.) will undoubtedly lead to gradual impairment of the resilience of more and more infrastructure. To anticipate this risk, Bouygues intends to offer solutions to adapt infrastructures to climatic disturbances, where customers express a need. Just as seismic risks are taken into account in earthquake zones, low carbon offers can be a source of commercial differentiation wherever project owners take the concept on board. For example, designing and constructing passive or even energy-positive buildings using bio-sourced materials, building and raising dykes, designing green or reflective roofs and developing wetlands to counter the urban heat island effect, all represent business opportunities on every continent. The steady rise in average temperatures is also extending the periods during which it is possible to work in countries with continental or polar climates, such as Canada. Conversely, a greater incidence of heatwaves and extreme weather events (hurricanes, floods, etc.) is disrupting execution on some projects, with impacts on productivity, operating costs and insurance premiums. Similarly, unpredictable weather patterns may reduce demand for advertising of seasonal products on TF1 television channels.
- **The geopolitical consequences of climate change.** Climatic disturbances put economic, social and political systems under pressure and heighten the risk of instability and regional conflict, for example over access to water; this may lead to fewer commercial opportunities in some geographical areas.

The production and construction processes associated with the activities of Group companies, and the use of the assets and infrastructure constructed, generate greenhouse gases. Against a likely background of profound change in the world economy, particularly regarding the objective of keeping the rise in temperature below 2° between now and 2100, Bouygues is also exposed to transition risks, in other words risks relating to the consequences of transitioning towards a lower-carbon business model. However, dealing with these risks also provides the Group with levers to innovate and to differentiate itself. The three key levers are:

- **Carbon taxation.** The adoption of the principle of a carbon tax in France and Europe, or the extension of the system of quotas in certain countries where the Group operates, could have financial impacts. These include increases in the amount of taxes and in the cost of high grey energy [b] materials, the obligation to acquire emissions rights, higher project operating costs, etc. On the plus side, energy transition legislation could place a sufficiently high price on carbon that the Group's customers may pay closer attention to the full carbon cost of the structures they commission. The prospect of increased demand for low-carbon products and services (such as "BBCA" and "E+C-" certification in France) represents a competitive advantage for Bouygues, which positioned itself in this segment several years ago.
- **Supply risks.** The highly carbon-intensive nature of the extractive industries and building materials manufacturing sector means they are having to adapt, and is affecting the cost of access to some primary raw materials such as petroleum products, sand and metals. Delays or interruptions in supply, and fluctuations in the cost of such raw materials, potentially have direct and indirect financial impacts for the construction industry. To counter this risk, the Group is developing circular economy solutions, such as recycling of concrete and road planings or of demolition waste and surplus worksite materials. Such circular economy initiatives are being rolled out on a number of commercial projects or materials extraction sites (Colas); they help reduce dependence on primary raw materials, in particular by encouraging recycling (secondary raw materials) and re-use (second-hand materials). In future years, solutions of this type are likely to gather pace, due to a combination of regulatory incentives (such as the "circular economy" roadmap currently being promulgated in France) and customer pressure.
- **Regulatory requirements intended to replace some existing techniques with solutions that generate fewer greenhouse gas emissions.** These are driving a gradual increase in costs associated with researching, developing and adopting lower-emission materials (such as bio-sourced materials). Given the competitive market for low-carbon solutions, failing to anticipate developments in this area could lead to a drop in demand for certain products and services offered by Bouygues. At the same time, Bouygues is responding to the accelerating pace of climate change by developing and implementing adaptive solutions, along with more resilient technologies and construction models (especially bioclimatic), throughout the world and especially in regions with the greatest exposure.

(a) Covers the building materials, oil exploration/production and steel production sectors.
(b) The quantity of energy consumed during the life cycle of a material or product.

The Group's business segments are working to factor in and counter all those risks by adopting sustainable construction strategies: low-carbon buildings, active and passive energy efficiency in both renovated and new buildings, creation of eco-neighbourhoods, developing partnerships and commercial solutions to promote soft mobility, etc. Our priorities, and the main initiatives taken as part of our low-carbon strategy, are described in Chapter 3 of this Registration Document.

In order to identify the impacts of climate change on its business environment and to promote the implementation of structural policies at national and international levels, the Group is also a partner and active member of The Shift Project (www.theshiftproject.org), a think tank backed by a multi-disciplinary network of experts and business people with recognised expertise in energy and climate issues.

4.3 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 4.5 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 2018

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

4.3.1 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.

4.3.2 Risks to which the Group is exposed

4.3.2.1 Exposure to the currency risk

In general, the Bouygues group has little exposure to currency risk in routine commercial transactions, given that its international operations (primarily Bouygues Construction and Colas) do not involve exports. Where possible, expenses relating to a contract are incurred in the same currency as that in which the contract is billed. This applies to most projects executed outside France, on which local-currency expenses (sub-contracting and supplies) represent a much higher proportion than euro-denominated expenses. Exposure to currency risk is therefore limited to contract margins, and to design work carried out in France. The Bouygues group also pays particular attention to risks relating to assets denominated in non-convertible currencies, and to country risk generally.

4.3.2.2 Exposure to the interest rate risk

The Bouygues group's financial expenses have low sensitivity to interest rate risk. The bulk of debt is at fixed-rate either in the form of fixed-rate bond issues (see Note 8 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.

4.3.2.3 Exposure to the commodities risk

Overall, the Bouygues group has very low exposure to the commodities risk. Its main exposure is through its roadbuilding activity (sensitivity to fluctuations in petroleum product prices), followed by the road safety/signalling and railway activities (sensitivity to fluctuations in the prices of certain metals). Hedging instruments are implemented on a temporary basis for certain specific contracts.

4.3.3 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: forward contract purchases and sales, and commodity swaps and options for commodity 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, interest rate risk and commodity risk.

4.3.4 Hedging rules

4.3.4.1 Currency risk

(see Note 17 to the consolidated financial statements, in Chapter 7 Financial statements)

Bouygues 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.

4.3.4.2 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.

4.3.4.3 Commodity 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 the exposure of specific contracts to fluctuations in commodity prices, particularly in the roadbuilding activity.

4

4.3.5 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 IFRS 9. 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.

4.3.5.1 Market value of hedging instruments

As of 31 December 2018, the market value (net present value) of the hedging instruments portfolio was -€35 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: €1 million;
- cash flow hedges: -€36 million;
- net foreign investment hedges: €0 million.

In the event of a 1% movement in the yield curve, the hedging instruments portfolio would have a market value of €9 million; in the event of a -1% movement in the yield curve, the hedging instruments portfolio would have a market value of -€83 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 -€36 million (or of -€34 million respectively).

These calculations were prepared by the Bouygues group, or obtained from the banks with whom the instruments were contracted.

4.3.5.2 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.

4.3.5.3 Liquidity risk

At 31 December 2018, available cash stood at €2,676 million (including -€14 million of financial instruments contracted to hedge net debt). The Bouygues group also had €7,344 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 contain no financial covenants or trigger event clauses. The same is true for those contracted by the subsidiaries of Bouygues SA, except in the case of the financing of the acquisition of Miller McAsphalt group by Colas in Canada (€410 million), which temporarily includes a leveraged covenant clause based on the debt to EBITDA ratio

The bond issues maturing in 2018, 2019, 2022, 2023, 2026 and 2027 all contain a change of control clause relating to Bouygues SA. Bouygues bond issues are rated long term BBB+ (positive outlook) by Standard & Poor's. The Bouygues bond issues maturing in 2022, 2023 and 2027 are rated long term A3 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 (Chapter 7 of this document, "Non-current and current debt") and to the disclosures in paragraph 6.1.4 Information on the company of Chapter 6 about factors likely to have an impact on any public tender offer price.

4.4 CLAIMS AND LITIGATION

Bouygues group companies are involved in a variety of litigation and claims in the normal course of their business. 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.

4.4.1 Bouygues Construction

4.4.1.1 France: Flamanville EPR

Bouygues Travaux Publics was found guilty of undeclared work and the illegal loan of manpower by the Caen Court of Appeal on 20 March 2017 and ordered to pay a fine of €29,950.

All the charges against Bouygues Bâtiment Grand Ouest (formerly Quille Construction) for labour law offences were dropped by the Court of Appeal.

Bouygues Travaux Publics lodged an appeal in the *Cour de Cassation* (the French Supreme Court) against the Court of Appeal's judgement. The *Cour de Cassation* applied to the European Court of Justice for a preliminary ruling on 8 January.

4.4.1.2 France: Île-de-France Regional Authority Contracts

Following a Competition Council (now the Competition Authority) ruling of 9 May 2007, the Île-de-France Regional Authority filed a compensation claim in 2008 for losses it claims to have incurred as a result of the anti-competitive practices by construction companies in connection with the awarding of public works contracts for the renovation of secondary school buildings in the region.

The Regional Authority's summary application to the Paris District Court was rejected in a ruling issued on 15 January 2009 on the ground that, prima facie, there were serious reasons for objecting in principle to the compensation claim.

After being invited to appeal on the merits, the Regional Authority filed a further claim in the Paris District Court in February 2010, this time claiming damages for a total loss estimated at €358 million based on the joint and several liability of the parties collectively liable 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 Regional Authority appealed to the Paris Court of Appeal on 22 January 2014. Nevertheless, after an application by the Prefect of the Île-de-France region, the Conflicts Court decided on 16 November 2015 that this dispute came within the jurisdiction of the Administrative Courts.

The companies in the Bouygues group were informed on 2 May 2017, that the Paris Administrative Court had been seized by the Île-de-France Region on 28 March 2017 with 85 different applications (one per secondary school) to order all those jointly liable for the loss to jointly and severally pay an indemnity of 16.4% of the price paid for each secondary school.

The case is currently being examined by the court and a hearing date has not been fixed.

4.4.1.3 France: Éole

Following a Competition Council (now Competition Authority) ruling of 21 March 2006, imposing fines on a number of companies for general and specific collusion relating to work packages 34B and 37B of the East-West Express Rail Link (Eole) project, the SNCF, on 21 March 2011, brought an action for damages before the Paris Administrative Court for the losses it claims to have suffered as a result of anti-competitive practices by construction companies in the sector when the above-mentioned work packages for this project were awarded.

The Paris Administrative Court rejected all of the SNCF's claims on 31 May 2016. The SNCF has appealed this judgement. The Administrative Court rejected all of the SNCF's claims on 29 December 2017. On 28 February 2018, SNCF Mobilités lodged an appeal in the *Conseil d'État* (France's Supreme Administrative Court) against the judgement of the Paris Administrative Court of Appeal. Statement of cases were exchanged in this case in 2018.

4.4.1.4 International: Data Centre

After a delay in delivering a data centre in Dublin, the Kuok group terminated the contract concluded with Bouygues E&S Ireland Ltd. Initial proceedings (an award claim) were brought by the Kuok group to obtain lateness penalties. After Kuok group was awarded these penalties, Bouygues E&S Ireland Ltd then disputed the award in an arbitration, which is ongoing.

In November 2018, the Kuok group made a second award claim against Bouygues E&S Ireland Ltd, which was ordered to pay the remainder of the late payment interest.

4.4.1.5 International: Alpiq

In 2018, Bouygues Construction and Colas Rail acquired Alpiq Engineering Services (acquisition of all the shares in Alpiq InTec AG and in Kraftanlagen München GmbH) from Alpiq [Holding AG and Alpiq Deutschland GMBH]. This transaction was closed on 31 July 2018. After the closing of the transaction, a price adjustment mechanism, based on the final accounts of the acquired companies at the time of the closing, was agreed between the parties.

The parties have different opinions on the adjustment of the acquisition price: Bouygues Construction and Colas Rail are demanding payment of CHF205.1 million from Alpiq Holding AG and Alpiq Deutschland GMBH, whereas the latter are demanding payment of CHF12.9 million from Bouygues Construction and Colas.

Since the parties were not able to come to a mutual agreement, a request for arbitration, in accordance with the Swiss Rules of International Arbitration, was filed on 12 February 2019 with the Swiss Chambers' Court of Arbitration and Mediation. Both parties are continuing their respective claims for payment.

4.4.2 Bouygues Immobilier

4.4.2.1 France: the "Grand Sillon" operation in Saint-Malo

This dispute involved environmental remediation works for the "Grand Sillon" operation in Saint-Malo, western France. The discovery of cyanide during the excavations when the construction works started caused a very long delay (twenty-eight months) and the extra costs were borne by a subsidiary of Bouygues Immobilier. Its clients suffered long delays in delivery, notably the purchaser of the hotel built on the site. Two claims as claimant and defendant were initiated to evaluate the extent of the loss caused by the remediation works on the site and the resulting delays. In 2018, the proceedings before the Nanterre District Court and the Versailles Court of Appeal were settled by a settlement agreement.

4.4.2.2 France: Rue Verte development in Rouen

Disturbances were caused to local residents in Rouen (Normandy) by pile driving works at 21 rue Verte, which blocked the flow of underground water (causing cracking to the façade of a hotel, in particular). Two investigations were carried out, one by Bouygues Immobilier to determine the cause of the damage and the costs of the repair works, and another by the hotel to assess the commercial and financial consequences resulting from the interruption to business.

After the Court expert's appraisal report was filed, Bouygues Immobilier claimed compensation for its loss from the contractors after it was served with proceedings by the hotel's insurer and the architect.

These proceedings are continuing.

4.4.2.3 Ginko (Bordeaux)

After the collapse of a balcony, and bad workmanship was found on the façades, settlement agreements were signed with all the owners, except Société d'Investissement Demare, which requested a court expert's appraisal, which is ongoing. There is no significant risk involved in these proceedings.

4.4.2.4 International: Warsaw

Bouygues Immobilier Polska was served with a Request for Arbitration in the Chamber of Commerce and Industry of Paris by OCP Holding, the purchaser of an office block leased entirely to TPSA Orange in Warsaw, regarding defects which are estimated at (except for additional sums), €18,165,000. These defects allegedly affect the façade, the windows and the electro-magnetic sensors of the doors and windows, which according to the complainant have caused the building to depreciate in value, as well as significant problems for Orange, which has demanded a reduction in rent from OCP.

4.4.3 Colas

4.4.3.1 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 Colas subsidiaries, for anti-competitive practices in tendering for public contracts. The fines have been paid. Following these decisions, claims for damages against some Hungarian sub-affiliates of Colas were filed in the Hungarian courts by several companies, in respect of losses allegedly incurred as a result of the anti-competitive practices. There are still two ongoing cases (i) one involving the City of Budapest and (ii) the other now concerning the Hungarian State alone (M3 motorway) before the Budapest Court of Appeal.

4.4.3.2 France: Urssaf reassessment

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 €60.5 million as of 31 December 2018. This dispute has been referred to the Social Security courts.

4.4.3.3 Tax dispute in Canada relating to technical assistance invoiced by Colas to its subsidiary Colas Canada Inc.

The Canadian Revenue Authorities are disputing the deductibility of the technical assistance costs invoiced by the Colas parent company to its subsidiary Colas Canada Inc. They claim that the amount of these costs is excessive and the supporting documentation is insufficient. The assessment notices for 2004 to 2007, which disputed the whole of the deductibility of the costs, have been referred to the mutual agreement procedure provided for in the Franco-Canadian Tax Convention. The French and Canadian authorities have agreed on a technical assistance rate that is very close to the rate invoiced. For the years 2008 to 2012, the rate accepted by the Canadian Revenue Authorities was contested by Colas Canada within the scope of the above mutual agreement procedure. The tax audit of Colas Canada for the years 2013 to 2015 is still ongoing. The amounts involved at end-2018 now total around €12 million.

4.4.3.4 Colas Rail files a complaint in relation to an international project

In 2017, an internal audit and an external investigation requested by Colas Rail, a subsidiary of Colas, revealed that suspicious payments in euros and in local currency had been made to local consultants. Colas Rail filed a complaint in France. The contracts of these consultants have been withdrawn and all payments prohibited. In agreement with the customer, Colas Rail transferred the construction contract with no major economic impact on the Colas group. The investigation that followed the complaint filed by Colas Rail is ongoing.

4.4.3.5 Colas Djibouti

On 1 July 2014, Colas SA voluntarily informed the US government that it had discovered that employees of Colas Djibouti, a subsidiary of Colas, had engaged in non-compliant and inappropriate practices during the execution of contracts and sub-contracts with the US government between 2012 and mid-2014. Since then, Colas SA has been cooperating with the government and the Justice department of the United States in the investigation into this affair.

4.4.4 TF1

4.4.4.1 Competition law

Alleged abuse of dominant position in the advertising market

Canal+, M6 and NextRadioTV groups have each filed a complaint with the French Competition Authority against the TF1 group alleging an abuse of a dominant position in the French television advertising market. TF1 Publicité was heard at a witness hearing. All these complaints were rejected apart from M6's complaint (brought in 2014), which is still being investigated.

Alleged restraint of trade

On 6 December 2013, the Competition Authority was seized with complaints by the Canal Plus, D8 and D17 groups alleging uncompetitive practices by TF1, M6 and France Télévisions. The complainants consider that the coproduction contracts concluded by TF1, M6 and the France Télévisions group with the producers of EOF films constitute vertical agreements, and that the combined effect of certain provisions (e.g. preference or pre-emption clauses) is to exclude other unencrypted channels. They allege that this "vertical collusion" between each of the unencrypted television groups and the producers excludes or limits the capacity of the other channels to acquire these rights.

The Competition Authority sent a Statement of Objections to TF1. Since then, the rapporteurs moved to dismiss the case and a hearing took place. The case is currently adjourned for judgement.

4.4.4.2 Breach of patent

Orange has brought an action against Free in the Paris District Court alleging breach of European patents. The action alleges that Free fraudulently used two patents held by Orange that prevent videos preselected by an internet user from being downloaded until the user is committed to watching the content, thereby saving bandwidth. This process is allegedly used by Free for the catch-up television services offered to its subscribers.

Orange is claiming €138 million damages from Free for the loss it has suffered.

Free has made the companies that broadcast the catch-up TV services of the principal television channels, of which TF1, parties to the action, as it considers that "the conditions in which the catch-up television platforms are operated, are defined and implemented by the television channels" and not by it, as an access provider.

On 8 January 2018, Orange withdrew its proceedings against Free, which accepted this withdrawal. e-TF1 and TF1 Distribution asked the Pre-trial judge to give cognizance of the end of proceedings.

4.4.5 Bouygues Telecom

4.4.5.1 Competition

- After Bouygues Telecom and SFR signed an agreement on 31 January 2014 to share a part of their mobile access networks, Orange filed a complaint with the Competition Authority on 29 April 2014 denouncing the allegedly anti-competitive nature of this agreement. Orange asked the Competition Authority for a certain number of interim measures, against Bouygues Telecom and SFR, notably the suspension of the agreement. The Competition Authority rejected Orange's claim for interim measures in a decision dated 25 September 2014, referring the case for investigation on the substantive issues. The Paris Court of Appeal rejected Orange's claim for annulment and reversal in a judgement dated 5 February 2015. After Orange lodged an appeal, the Paris Court of Appeal's decision was upheld by the *Cour de Cassation* (French Supreme Court) in a judgement dated 4 October 2016. Orange withdrew its claim on the merits on 25 January 2018, and the Authority acknowledged this withdrawal in a decision dated 31 January 2018.
- The Numericable group made commitments concerning the co-investment contract to deploy a FTTH (Fibre-to-the-home) network in very dense areas concluded with Bouygues Telecom on 9 November 2010, in relation to the Competition Authority's decision of 30 October 2014 authorising the Numericable group's takeover of SFR. Bouygues Telecom complained about the failure to comply with these commitments that resulted in a self-referral by the Competition Authority on 5 October 2015. The Competition Authority underlined the seriousness of the breaches in performing the said commitments in a decision dated 8 March 2017 and imposed a fine of €40 million on the Altice/SFR group, and several orders which are subject to daily fines for delayed performance. The Authority's decision and fine was upheld by a decision of the *Conseil d'État* (Supreme Administrative Court) on 28 September 2017. Bouygues Telecom started arbitration proceedings against SFR in October 2017 concerning the co-investment contract to deploy the above-mentioned FTTH [a] network. Bouygues Telecom withdrew its claims to the Arbitral Tribunal within the scope of a Memorandum of Agreement signed in December 2018 between Bouygues Telecom and the Altice/SFR group ending a number of disputes.
- In November 2014, Bouygues Telecom brought proceedings against Free Mobile in the Paris Commercial Court for unfair competition for the bandwidth throttling on some of the mobile internet services that Free Mobile provides via its roaming agreement with Orange. The use of the internet with this level of bandwidth is so degraded that access to the internet is compromised. Bouygues Telecom accused Free Mobile of breaching European regulations on net neutrality [b], and claimed damages estimated at €719 million. Counsels' speeches were heard during the second quarter of 2018. On 1 March 2019, the Paris Commercial Court dismissed all the claims brought by Bouygues Telecom and ordered it to pay the legal expenses of Free Mobile, which total €350,000.
- Bouygues Telecom served proceedings on NC Numericable and Completel before the Paris Commercial Court in July 2015, challenging a certain number of practices by these companies regarding access to Numericable's cable network. Bouygues Telecom was claiming the cancellation of the disputed contractual terms and invoicing, as well as the damages for its loss. Numericable counter-claimed for the payment of various amounts against Bouygues Telecom. A settlement agreement was signed to end the proceedings. Bouygues Telecom, NC Numericable and Completel withdrew their reciprocal claims before the Commercial Court in a Memorandum of Agreement signed in December 2018 by Bouygues Telecom and the Altice/SFR group to end a number of disputes.
- In November 2015, Free brought proceedings against Bouygues Telecom in the Paris Commercial Court for unfair competition concerning the communication by Bouygues Telecom in relation to its ADSL offer and is claiming damages for its prejudice estimated at €275 million.

4.4.5.2 Regulatory matters

- Bouygues Telecom lodged a claim on 23 May 2013 with the *Conseil d'État* for ultra vires in respect of Decree 2013-238 of 22 March 2013 (amending decree n° 2007-1532 of 24 October 2007) setting the fee payable for the 1800 MHz frequencies. Bouygues Telecom sought the annulment of this decree, which sharply increased the fixed portion of the usage fee for 1800 MHz frequencies. The *Conseil d'État* annulled this decree in a decision dated 29 December 2014. Since this annulment, the fee for the 1800 MHz frequencies has been the subject of a new decree (decree n° 2018-825 of 28 September 2018) which kept the fixed part of the fee at the previous level.
- Bouygues Telecom made a preliminary claim to the Prime Minister, following a letter dated 4 December 2015, to obtain an indemnity for its loss due to the failure to supervise Free Mobile's roaming. Bouygues Telecom's prejudice is assessed at €2.285 billion. As it did not receive a reply, Bouygues Telecom filed a claim for damages in April 2016 before the Paris Administrative Court. In a judgement dated 24 January 2018, the court decided that no new grounds could be raised after 30 April 2018. These proceedings are ongoing.
- In a decision dated 19 October 2016, Arcep began sanction proceedings for failing to respect the roll-out schedule of a shared 2G/3G network in blind spots. The proceedings are still ongoing.
- In a decision dated 21 February 2018, Arcep began an investigation on the basis of articles L. 36-11 and D. 594 of the French Post and Electronic Communications Code concerning the implementation of the European Regulation n° 2015/2120 on an open Internet. These proceedings are continuing.

(a) Fibre-To-The-Home.
(b) Regulation (EU) 2015/2120 of the European Parliament and Council, article 3, §3, and guidelines of the Berec (Body of European Regulators for Electronic Communications) for implementation by national regulators of European rules on net neutrality, p. 21, §77.

4.4.5.2 Contracts

- Tel and Com, a specialised distributor whose contract was not renewed when it expired on 31 December 2013, filed a claim against Bouygues Telecom in the Paris Commercial Court on 10 November 2015 alleging the sudden break off of an established business relationship. Tel and Com was disputing the starting point for the notice period, alleging that Bouygues Telecom failed to give a sufficient period of notice. Tel and Com was claiming the sum of €125.7 million to indemnify its prejudice, as well as €8.7 million which it considers it is owed under the contract. The Commercial Court handed down its judgement on 16 October 2017 concluding that the 9-month notice period was insufficient. The Court therefore ordered Bouygues Telecom to pay €7.7 million as damages. However, the Court also found that Tel and Com owed around €9.1 million to Bouygues Telecom for contractual breaches, and ordered Tel and Com to pay Bouygues Telecom a sum of around €.1.4 million. The Court also ordered the immediate execution of the judgement. Tel and Com lodged an appeal against this judgement and the proceedings are before the Paris Court of Appeal.
- Bouygues Telecom is a party in proceedings brought by the French Economy Minister against Apple in the Paris Commercial Court based on article L.442-6 paragraph 2 of the French Commercial Code, against some clauses in the contract to supply handsets between Apple and Bouygues Telecom. The case is continuing.
- A US company that manages a patent portfolio filed claims against Bouygues Telecom in October 2017, and then in January 2018 in the Paris District Court alleging infringement of three patents it claims to own and which are allegedly used in the equipment in its DSL and 4G networks. The plaintiff company is at the moment asking for further information and is claiming financial compensation from Bouygues Telecom. Bouygues Telecom and its equipment suppliers involved in the law suit are contesting the plaintiff company's claims, and in particular the validity of the patents, and is requesting a stay in ruling for two of them pending the outcome of other law suits involving them abroad. The three actions are ongoing.

4.5 VIGILANCE PLAN

4.5.1 Introduction

France's new corporate duty of vigilance law no. 2017-399 passed on 27 March 2017 requires certain companies (including Bouygues SA) to draw up and implement an effective vigilance plan setting out the reasonable vigilance measures taken to identify risks and prevent serious violations of human rights and fundamental freedoms, of health and safety of people and of the environment, resulting from the operations of the company and its subsidiaries or the operations of subcontractors or suppliers with which they have an established business relationship.

These issues are matter of great concern within the Bouygues group. Respect for people and the environment is a fundamental value for the Group and is embodied in specific provisions of its Code of Ethics. The Code of Ethics was updated in 2017, among other things to include this duty of vigilance. It is available on both the Bouygues website and intranet site.

Furthermore, Bouygues' Human Resources Charter also seeks to protect the health and safety of its employees.

A Group-wide CSR Charter for Suppliers and Subcontractors, which was updated in 2015, sets out the key commitments required of suppliers and subcontractors wishing to work with the Group. It is a key driver of the Group's CSR policy. More broadly speaking, the issues covered by the duty of vigilance law are being taken into consideration in the Group's business operations (see Statement on Extra-Financial Performance in Chapter 3 of this registration document) under the dual supervision of Bouygues SA's Ethics, CSR and Patronage Committee (a Bouygues SA board committee) and the Sustainable Development Committee chaired by one of the three Deputy Chief Executive Officers.

In addition to these arrangements, each business segment has a CSR policy adapted to its own issues, mainly in the form of CSR roadmaps and Quality, Safety and Environment approaches to take into account the specific features of its activities and impacts.

This Bouygues SA vigilance plan covers Group companies and therefore the operations of its five subsidiaries (Bouygues Construction, Bouygues Immobilier, Colas, TF1 and Bouygues Telecom). The plan also covers the operations of suppliers and subcontractors with which the Bouygues group has an established business relationship, where those operations arise from that relationship.

The methodology used to prepare the plan was defined by Bouygues SA using the 2018 plan as a guide. Its content is based on contributions from representatives of the CSR, Legal, Purchasing and Risk Management departments in the Group's business segments. The 2018 plan was submitted for opinion to a committee of some ten representatives of Bouygues' stakeholders (NGO, supplier, trade union, social audit and responsible purchasing experts, etc.) in April 2018. Feedback from the committee's report was used to prepare this second edition of the plan.

4.5.2 Risk mapping/Prevention and mitigation actions/Assessment of suppliers and subcontractors/Report on implementation

Each business segment has mapped its own risks to identify, analyse and rank the key risks that could arise in the three main areas addressed by the law of 27 March 2017. The business segments focused on the risk of serious violations that could arise from their operations or the operations of suppliers and subcontractors with which they have an established business relationship. They therefore addressed the significant risks identified in these areas.

The risk mapping for each business segment is summarised below. It describes the main risk factors, the key prevention or mitigation measures already in place and any additional measures to be taken, which together constitute the appropriate actions required by the law to mitigate the risks or prevent serious violations.

Many factors that may form part of Bouygues SA's vigilance plan are already discussed in some detail in Chapter 3 of this registration document (Statement on Extra-Financial Performance). Readers should therefore refer to that chapter for further details on certain issues. Furthermore, this text is merely a summary and some existing measures may not be described below.

4.5.3 Bouygues Construction

Human rights and fundamental freedoms

Bouygues Construction is exposed to the risk of human rights violations, mainly by its suppliers and subcontractors, particularly outside France (use of illegal labour, child labour, forced labour, etc.).

Bouygues Construction addresses this risk through its Top Site labelling scheme, which encompasses a set of stringent requirements and legal controls (see chapter 3). Top Site has been deployed at its major construction sites since 2018. The Group's CSR Charter for Suppliers and Subcontractors is also appended to all Bouygues Construction contracts. The charter imposes certain requirements and failure to comply can lead to sanctions that may go as far as contract termination.

External audits are performed under a framework agreement with SGS to ensure that its partners comply with these CSR obligations.

Bouygues Construction's internal regulations do not allow identity papers to be kept on file and require site workers to be provided with a safe place where they can store and access these documents.

Bouygues Construction also uses "*Attestation Légale*" [a], a platform for collecting administrative documents (some of which concern the prevention of illegal labour), to make sure that its subcontractors comply with their French legal obligations.

Lastly, to combat illegal labour, Bouygues Construction carries out identity checks at its construction sites, including the identity of its subcontractors.

Specific practices and procedures are in place to protect the personal data of both Bouygues Construction Group employees and third parties. A compliance programme is also underway to bring these practices and procedures into line with the provisions of the new European Data Protection Regulation (GDPR) which came into effect in May 2018.

A formal application has been made to the CNIL (the French Data Protection Authority) for BCR [b] (Binding Corporate Rules) certification.

A dedicated structure is in place to ensure the security of employees working on construction projects in France and abroad. The security policy is based on supervision, analysis, training and monitoring of employees and partners in sensitive geographic areas.

Health and safety

Bouygues Construction operates in a complex environment where the key risks involve workplace accidents and occupational illnesses, both in Bouygues Construction's own operations and those of its subcontractors. These risks are managed through Bouygues Construction's health and safety policy, which is rolled down to all operating entities through an Afnor-certified health and safety management system based on either Ohsas 18001 or ISO 45001 standards. Bouygues Construction has also drawn up twelve health and safety fundamentals, which are adapted to and applied by all entities. For example, a policy on the wearing of personal protective equipment (PPE) is applicable throughout the Bouygues Construction group. Training initiatives for the relevant operating entities and support functions are managed at Bouygues Construction group level. Health and Safety clauses are included in framework agreements with temporary employment agencies in France. R&D and Innovation activities contribute to this policy through, for example, trials with devices such as "zeroG exoskeletal arms" or the development of a prototype for a new generation of form panel (B18) [c].

Bouygues Construction's health and safety policy is completed by an accident and incident reporting procedure.

Minimum standards apply to housing or accommodation provided to Bouygues Construction site workers and subcontractors, which comply with the recommendations of the International Labour Organisation (ILO).

(a) https://www2.attestationlegale.fr/.
(b) Intra-group data protection policy regarding the transfer of personal data outside of the European Union.
(c) Metal or wooden formwork used in the construction of concrete or rammed-earth walls.

Regular inspections are carried out and compliance with these standards are a mandatory criterion for obtaining the Top Site label.

Health and safety standards are imposed on subcontractors and suppliers through the CSR Charter and, where necessary, specific contractual provisions. Supplier assessments are performed through external audits (International Purchasing portals and SGS framework agreement).

Environment

The main risk involves environmental pollution of sites (waste, water, etc.) and surrounding areas (sound, air quality, water discharge, etc.).

This risk is addressed through two internal processes:

- ISO 14001 certification, which is a non-financial performance metric measured as part of the annual non-financial reporting process. The information is audited centrally on-site by an independent auditor (EY);
- the Top Site label, which has been deployed since 2018 at Bouygues Construction's major sites (that generate more than €3 million or last more than six months), which requires these sites to have a documented environmental analysis and an associated prevention plan. It is an important driver and means of preventing environmental risk.

Supplier and subcontractor assessments are performed using Afnor's Acesia approach.

As part of a policy to source responsible materials for its operations, Bouygues Construction has forged a partnership with WWF France for its timber sourcing. WWF France is supporting Bouygues Construction in setting up a system to reduce the negative impacts of its timber sourcing on the world's forests, the people who depend on them and the biodiversity they shelter. This partnership will lead to a formal timber strategy and various actions to drive the strategy forward over time, including training modules and purchasing guides for buyers.

4.5.4 Bouygues Immobilier

Human rights

Bouygues Immobilier may be exposed to the risk of human rights violations (child or forced labour) by listed suppliers with which it enters into framework agreements. To address these risks, Bouygues Immobilier performs CSR assessments of its suppliers using the EcoVadis platform. It also includes specific clauses in its contracts requiring suppliers to respect fundamental rights and to comply with the terms of the Group's CSR Charter for Suppliers and Subcontractors.

Bouygues Immobilier's contractors may also be exposed to the risk of undeclared work. To address these risks, Bouygues Immobilier has set up a system encompassing various types of measures, including:

- Training Bouygues Immobilier employees present on construction sites;
- Information campaigns aimed at the relevant employees (via the Intranet);
- Standard contractual clauses;
- Requirement to carry an official construction worker ID card on worksites;
- Accreditation system for subcontractors;
- Subscription to the *"Attestation Légale"* platform.
- In Poland and Belgium, Bouygues Immobilier has strengthened its arrangements to combat undeclared work. Likewise, these contractors may be exposed to the risk of violations of fundamental workers' rights, mainly due to their use of posted workers. Other than the measures described above, Bouygues Immobilier obtains lists of all posted workers employed on each site and displays information about workers' rights in their living quarters in the language spoken on site.
- For service providers (non-contractors), the risk of undeclared work is addressed through the standard clauses contained in service provision agreements.

Bouygues Immobilier protects the personal data of its customers and prospective customers and has implemented specific arrangements as regards compliance with the GDPR. A Data Protection Officer (DPO) has been appointed and is responsible for compliance with the GDPR.

Several measures have been taken to prevent the risk of violations of the fundamental rights of its employees, including company agreements, internal procedures and training.

Health and safety

The risks related to health and safety of people are those inherent in any building site. These risks may be aggravated by the use of posted workers. To address these risks, Bouygues Immobilier has implemented a set of measures similar to those described above in the section on human rights. The focus is on safety training actions. In France, the legal requirement to have an on-site Safety and Health Protection Officer is a crucial element in preventing such risks. This is also the case in Morocco. In Poland, a health & safety plan is drawn up and signed by the main contractor before the worksite begins. In Belgium, the employer also appoints a safety officer in accordance with regulations.

Suppliers considered to be at risk are also assessed on these issues through EcoVadis CSR assessments.

Environment

Environmental risks, mainly related to ground pollution, are among the issues taken into account by Bouygues Immobilier when it purchases land. Bouygues Immobilier has implemented environmental risk procedures, including geotechnical and environmental studies prior to purchasing land, and training to raise employee awareness about these risks. Specific contractual clauses are included in land purchase contracts. In the event of land pollution, management and remediation plans are implemented.

4.5.5 Colas

Colas has two core business activities: roads (construction and maintenance of road infrastructure, production and sale of construction materials) and specialised activities, of which railways (see Chapter 2 Business activities of this document).

Human rights

Colas has very extensive international operations in over fifty countries and is therefore exposed to the risk of human rights violations (rights of foreign employees, local populations, etc.) in some countries considered to be at risk in this area. Based on the Human Rights Risk Index, Colas has mapped its risks by country to identify which of those countries where it has a major operation (based on revenue and headcount) should be considered as "at risk". The risk mapping shows that those countries considered as "at risk" account for 4% of its sales and 10% of its headcount. Risks may arise from Colas' own operations or those of its subcontractors or suppliers, especially as Colas works with local partners.

In 2018, Colas began to implement various measures targeting the most exposed countries, in co-ordination with the responsible development manager. These measures include external audits to identify risks and implement appropriate action plans, creation of a dedicated internal social network, *ad hoc* vigilance measures proposed by the site manager (for sites of over €100 million), *ad hoc* vigilance measures for all contract bids over €50 million. These initiatives will be stepped up in 2019. Compliance with these vigilance measures will be audited internally by the Internal Audit department or externally by a specialist firm. Specific arrangements are implemented for those suppliers and subcontractors identified in the risk mapping as most at risk.

Lastly, in 2018, Colas introduced its "One Colas, One Security" approach, which aims notably to protect employees against malicious acts. The approach includes the deployment of a general security plan for international sites.

Health and safety

Colas' business activities involve safety and occupational health issues. As regards safety, the most significant risks involve workplace accidents, such as traffic accidents, crush injuries, machinery-related injuries and falls from height. As regards health, the most significant risks involve occupational illnesses, mainly musculoskeletal disorders (MSD). These risks may affect Colas employees or those of its subcontractors.

Colas has identified these risks and ranked them in order of importance through its risk mapping process. Several prevention actions have been taken in these areas, including health & safety training, a safety checklist, information and prevention campaigns (e.g. Safety Week, the 2018 edition of which addressed addictions), a group health & safety policy (internal procedures adapted at operating entity level), and CSR clauses in standard terms and conditions of purchase.

The effectiveness of these measures is assessed through monthly reports, internal audits (e.g. inter-subsidiary cross-audits) and external audits (e.g. CSR audits performed by EY). Other measures contribute to the Safety policy, such as the "Goal Zero" campaign in North America and ISCI at Spac, a Colas subsidiary.

As regards subcontractors and suppliers, some measures are taken at local level. They include health and safety commitments required of the subcontractor during the tendering process, and regular reference to the Group's CSR Charter for Suppliers and Subcontractors in framework agreements negotiated with suppliers. Colas will step up the roll-out of this system in 2019 and strengthen it further based on the risk mapping, in order to assess the key suppliers with which it has an established business relationship. Colas already imposes safety requirements on its listed temporary employment agencies.

Environment

Colas is exposed to environmental risks related mainly to potentially polluting or hazardous emissions. These risks mainly involve Seveso classified sites (or international equivalents), various production facilities, premises and work sites, particularly those storing hazardous chemicals, manufacturing processes exceeding a temperature of 250°, and the transportation of hazardous goods or waste.

These risks are addressed through traditional management tools (feedback from indicators and action plans), ISO 14001 audits and internal procedures (Environment checklist), the inclusion of CSR clauses in standard terms and conditions of purchase, and reference to the Group's CSR Charter for Suppliers and Subcontractors in framework contracts negotiated with suppliers.

In 2019, Colas will continue to implement more robust vigilance measures at its main, potentially most dangerous sites, using a methodology based on a multi-criteria matrix (source of danger, vulnerability of environments and populations, etc.). New measures will be introduced in 2019 at several levels, including site, head entity and head office level. They will include measures proposed by the site managers and approved by the Environment department, systematic ISO 14001 certification (or equivalent), internal and external audits, improvements to the Environment checklist, and a more structured CSR approach in the Purchasing process and towards subcontractors.

4.5.6 TF1

Foreword

TF1 operates in a highly regulated sector and is supervised by the French broadcasting authority (CSA) as well as by the French advertising regulator (ARPP). In addition, journalists are subject to strict ethical obligations[a].

Human rights

Due to the nature of its operations (production of news or other programmes, purchase of programmes, advertising, etc.), TF1 May be exposed to the risk of fundamental rights violations (protection of children, respect for privacy, presumption of innocence). These issues are strictly controlled through:

- oversight by the General Counsel's department, or the News or Broadcasting department, as regards compliance with the commitments made by TF1 (specifications and agreements signed with the CSA, journalists' code of conduct, etc.), and as regards programme ethics and the protection of young viewers;
- introduction of a committee responsible for the integrity, independence and pluralism of information and programmes, as required by the law of 14 November 2016;
- preventive viewing of various programmes (by a psychologist for children and an *ad hoc* committee), and ensuring that programmes are appropriately rated;
- submission of advertising material, where necessary, to the ARPP and the CSA (advertising) for a prior opinion;
- a system of control over TF1 websites and community sites (moderation system, safe web browsing).

The risk of human rights violations (child labour, compensation, etc.) in purchasing or the production of products sold by the Entertainment division (games, collections, DVDs, etc.), in the home shopping business, or in relations with service providers, is addressed through (i) mandatory contractual commitments made by suppliers and service providers (standard "Ethics and Compliance" clauses in the terms and conditions of purchase), (ii) CSR questionnaires accompanied where appropriate by (iii) EcoVadis assessments or sometimes on-site supplier and service provider audits.

For teleshopping, TF1 has completed these measures with:

- the inclusion of general and specific obligations in the standard terms and conditions of purchase.
- governance of imports from Asia through "Quality and Conformity", "Quality Testing", "Inspection and Audit" (including international labour law) and "Ethics and Compliance" clauses.
- quality controls performed by local approved agents (AKA, Outspring, Innomega and DAG Import) with inspections of factories and testing laboratories by approved firms (TUV SUD and SGS). In addition to these controls, the Téléshopping (home shopping) team also makes on-site inspections several time a year.

For US and European suppliers, the standard contracts also contain "Compliance with Labour Regulations" and "Ethics and Compliance" clauses.

In 2018, TF1's responsible purchasing approach was rewarded with the renewal of its "Responsible Supplier Relations & Purchasing" label.

The issue of personal data protection (own operations, operations of subcontractors and suppliers) is also subject to specific procedures and practices, which have been strengthened to bring the TF1 group into line with the new regulations set out in the GDPR. Specific procedures limiting the exchange of personal data are in place to protect children.

Health and safety

- Health and safety, both physical and psychological, are important issues for TF1. As regards the safety of its journalists (particularly in conflict zones), their technical support staff, employees in general as well as candidates taking part in some programmes, TF1 strives to anticipate and as far as possible mitigate these risks through appropriate measures. Various procedures have been implemented, particularly in (i) safety and security of sensitive TV productions, (ii) prevention of risks for news reporting teams, and (iii) control and access to buildings or sensitive sites. Employees exposed to certain types of risk are given appropriate training and special equipment may be made available to them. Lastly, insurance policies are regularly reviewed by the Legal and Human Resources Departments. The activity of suppliers or subcontractors can also be assessed by including specific clauses in their contracts or through on-site inspections.
- The specific risks of intrusion and attack, which are potentially high at the Boulogne-Billancourt premises (Tour and Atrium buildings), have prompted TF1's security department to set up a three-pronged action plan: (i) security improvement work was done in 2018, such as reinforcing access points, anti-ram vehicle barriers and burglar deterrents; (ii) strengthening its dedicated, fully trained staff, particularly the fire and security teams, with an additional level of expertise (training of all security guards in self-defence with regular on-site drills, equipment review, damage control training for all safety, fire and first aid staff); and (iii) strengthening technological resources over a three-year period from 2019 (total overhaul of the CCTV and facial recognition systems, total overhaul of the fire detection system, etc.).

The risk of harm to consumer health is also an area of concern in TF1's retail activities (home shopping, games, publishing, etc.). These risks are addressed through compliance tests (French and European standards) performed by external service providers (inspection firms, consultancy firms).

(a) Autorité de régulation professionnelle de la publicité

Environment

Environmental risks (mainly waste management) may arise from the operations of suppliers or subcontractors involved in the production of various programmes or in the transportation of products used. These risks are addressed through the responsible purchasing policy, (responsible supplier relations charter/responsible purchasing policy), supplier assessment questionnaires, the inclusion of appropriate clauses in standard terms and conditions of purchase and EcoVadis assessments with remedial action plans. Buyers are also given appropriate training (all buyers in the purchasing department, other than TV rights, have received training in responsible purchasing and CSR since June 2015).

4.5.7 Bouygues Telecom

Human rights

Human rights risks (minimum employment age, working time, rest time, pay, disciplinary practices, etc.) may arise from the operations of foreign suppliers or subcontractors of Bouygues Telecom branded products (router, SIM card, goodies), and from the operations of foreign handset suppliers and call centre providers in some countries.

These risks are addressed through the responsible purchasing policy and, more specifically, through the Bouygues group's CSR Charter for Suppliers and Subcontractors.

In practical terms, the protection measures taken consist of:

- desk audits performed by EcoVadis for suppliers (contracts over €100,000);
- including specific contractual CSR clauses imposing certain obligations on suppliers and appending the Group's CSR Charter for Suppliers and Subcontractors to all contracts;
- on-site audits of social performance by a specialist firm (SGS) for all suppliers of Bouygues Telecom branded products and for a sample of handset suppliers and call centre providers.

There is also a specific risk of human rights violations (minimum age, working hours, etc.) related to the sourcing of conflict minerals used to manufacture electrical and electronic equipment (routers, handsets, etc.). This risk, which involves suppliers, is addressed by including CSR clauses in contracts and by EcoVadis audits;

Given its business activities, Bouygues Telecom is exposed to personal data protection risks (own and foreign suppliers' operations). These risks may involve data collection methods, respect for personal rights or data storage terms. Bouygues Telecom has always paid due care and attention to these issues and monitors them through a "dedicated entity" responsible for compliance with legal requirements and relations with the CNIL (French Data Protection Agency). There is a genuine governance framework in this respect covering documentation of data processing, data classification, approval committees, regular awareness sessions for employees or subcontractors, audits of subcontractors, and procedures to be applied in times of crisis. Bouygues Telecom has also implemented the provisions of the GDPR.

Health and safety

As is the case for human rights, health and safety risks may arise from the operations of some of Bouygues Telecom's suppliers and partners. These risks may involve working conditions at the premises of suppliers or subcontractors: factories manufacturing Bouygues Telecom branded products or handsets, call centre providers, companies working on fitting out or dismantling Bouygues Telecom telecoms sites or stores.

These risks are addressed through the same measures described above for "human rights". Specific safety arrangements are in place for workers called out to network sites. They are also given safety training.

Risks related to exposure to radio frequencies (electromagnetic waves) are monitored and taken into account at the outset. The benchmark exposure level is that applicable to the general public. The control system includes various types of measures (scientific intelligence, internal procedures to be applied on site, training for relevant employees, health & safety rules imposed on subcontractors, etc.). In addition, a series of additional measures will be deployed in 2019 to better take this type of risk into account, including a review of site demarcation, change in output power, new types of mobile tower, etc.

Environment

Environmental risks may arise during the transportation of waste (site dismantling and equipment resale). The measures in place include assessing suppliers and subcontractors (EcoVadis assessment procedure with monitoring and analysis of assessment outcomes). An audit of the main service provider is scheduled for early 2019.

4.5.8 Whistleblowing mechanism

A whistleblowing system was introduced in 2006 for Bouygues SA and the Group's five business segments and is included in the Code of Ethics.

The system was supplemented and updated to take into account legislative changes introduced in the law of 9 December 2016 (the Sapin 2 law) and the law of 27 March 2017 requiring the preparation and implementation of a vigilance plan. It now forms part of the Bouygues group's Code of Ethics and an appendix to the Code of Ethics, which is available on the intranet sites of Bouygues SA and the business segments, and on the corporate website bouygues.com. The appendix describes the procedure for raising and processing whistleblower alerts.

This procedure applies to all Bouygues group entities. It is a single mechanism encompassing all situations that might give rise to an alert as provided for by French law. The procedure was drawn up after consultation with Bouygues SA's trade unions. The employee representative bodies in the Bouygues group's legal entities were also consulted.

Although the whistleblowing system is a single system at Bouygues group level, alerts are dealt with at business segment level as the business segment Ethics Officer is the designated officer for dealing with alerts (unless the whistleblower considers that the situation goes beyond the scope of the business segment, in which case the alert may be reported to the Group Ethics Officer instead). In early 2018 the Group set up an internal platform to make it easier for whistleblowers to use the system and to centralise alerts.

The platform is available at the following address:
https://alertegroupe.bouygues.com

4.5.9 Monitoring the vigilance plan

Bouygues SA's vigilance plan forms part of a continuous improvement approach. Various metrics for each business segment and each of the three themes (Human Rights, Health & Safety, Environment) are used to monitor progress in the measures implemented under the plan.

More generally, the Bouygues group has set up an internal control and risk management system, the main components of which are described in section 4.6.2 of this registration document. These principles apply to all the Group's business segments and may be supplemented at business segment level to take into account any specific requirements of each business activity.

This system will therefore include self-assessments at business segment level enabling the operating entities to assess how well the measures in the vigilance plan have been applied. Action plans will then be implemented where necessary. As indicated in Chapter 3 of this document, the monitoring system also includes annual reporting on key information in the three areas addressed by the law of 27 March 2017.

As regards suppliers and subcontractors, the monitoring system covers both the results of self-assessment questionnaires and the assessments carried out by EcoVadis or any other external service provider. They are supplemented as required by the results of audits and controls performed by the business segment in accordance with the provisions of the Bouygues group's CSR Charter for Suppliers and Subcontractors.

Based on the conclusions of the monitoring measures taken, each business segment will assess the effectiveness of its risk prevention or mitigation measures and will complete or adapt the system as required.

4.5.10 Conclusion

The first vigilance plan was presented to a panel of stakeholders in 2018. The business segments are gradually defining and implementing additional measures and action plans to strengthen vigilance and take into account the recommendations made by stakeholders. A new inter-business segment working group will be set up in 2019 to:

- better determine the priorities;
- better define the principles to be implemented and general rules to be observed;
- share best practices;
- continue to obtain opinions and suggestions from stakeholders;
- co-ordinate group-wide initiatives between business segments and promote common action.

The working group will monitor the plan and develop it as required in order to ensure continuous improvement in the prevention and management of risks in the areas of human rights, health and safety of people, and the environment.

4.6 INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

4.6.1 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 systems inspired by principles that have been applied across the Group's business segments for many years.

This is especially the case as regards the preparation and processing of accounting and financial information, given that the quality and reliability of the Group's accounting documents and the financial information communicated to investors may be of great importance.

The scope of this report covers the Bouygues group (parent company, Bouygues Construction, Bouygues Immobilier, Colas, TF1, and Bouygues Telecom).

4.6.2 Bouygues group internal control and risk management

The Internal Control and Risk Management Reference Manual of the Bouygues group is based on the reference framework published by the AMF in 2007.

The Manual was first updated in 2010 after the AMF reference framework was revised to accommodate changes in laws and regulations on risk management as well as the AMF Recommendation on audit committees.

It is regularly amended and improved to take account of changes and to reflect feedback from the business segments.

The Reference Manual covers the general principles of internal control and risk management, and internal control principles relating to accounting and finance. The main objectives are to:

- define 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-wide approach by analysing the specific aspects of its own internal control system and supplementing the Manual with principles specifically related to its own activities, especially on accounting and financial matters.

The Reference Manual includes a section on "Risk management principles and methods" that encompasses the key stages of risk management: identification, classification, assessment, prioritisation, processing, reporting and communication.

The business segments use this approach to check, on a regular basis, the degree to which they are applying internal control principles relating to accounting and financial matters.

The accounting and financial internal control self-assessment campaigns conducted within each business segment focus on the risks and challenges identified at both Group and business segment level.

Three accounting and financial issues were addressed across all business segments in 2018:

- Treasury: financing and financial instruments;
- Procurement and trade payables;
- Controls and verifications.

Each business segment completed the self-assessment by adding issues of their choice to reflect their own perceptions of risk. Examples of accounting and financial issues addressed by one or other of the business segments include application and control of accounting risks; provisions and commitments; revenue and trade receivables; subcontracting; and treasury, financing and financial instruments.

4.6.3 Preparation and processing of financial information

One of the key objectives of internal control is the reliability of accounting and financial information. Within the Bouygues group, this is addressed through comprehensive systems and a set of stringent procedures.

Quarter-end close

Each business segment has its own accounting close procedures, which must dovetail with the Group's consolidation process. Interim financial statements are produced quarterly, and consolidated at Group level.

Accounting consolidation process

At parent company level, a major role of the Group Consolidation and Accounting department is to establish and implement consistent rules and methods for consolidation across the Group as a whole. It also provides support to the business segments in managing their activities on a consolidated basis, and prepares the parent company financial statements.

Consolidation is carried out quarterly, using intermediate consolidations. Each business segment prepares a consolidation 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.

The consolidation is processed at each level using a specific software programme widely used by listed companies; all of the business segments use it to prepare their intermediate consolidation. Using consolidation software makes it possible to exercise rigorous control and apply standardised procedures during the preparation of the financial statements.

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 consolidated financial statements, and is accessible to all accounting staff Group-wide on a dedicated intranet site that also describes the accounting policies and elective treatments applied within the Group.

The Group Consolidation and Accounting department also has an educative and co-ordinating role, organising seminars and distributing circulars to make sure the business segments are kept up to date on accounting rules and methods. Special emphasis is placed on the interpretation of, and developments in, international financial reporting standards. This in turn helps to lock in consistency in the way financial statements are prepared.

4.6.4 Management control/Reporting

The management control system is organised such that no Group company falls outside the management control process. Any company not subject to control at business segment level is controlled by the parent company.

The principles governing operational relations between the parent company and the business segments are summarised in a regularly-updated document, issued by the Group Strategy, Development and Financial Control department, to which all the business segments refer.

The parent company exercises systematic control over the financial management of its subsidiaries via the annual plan (including updates to the plan), combined with monthly performance indicators sent directly to Group senior management and centralised by the Group Strategy, Development and Financial Control department.

The management cycle and control/reporting procedures provide a regular flow of information and dialogue between the parent company and the business segments. Plans can be adjusted and the parent company is always in a position to exercise control over how the subsidiaries are being managed and intervene at an early stage in strategic decision-making.

4.6.5 Financial communication

At Bouygues SA level, the Group Investor Relations department handles relations with investors and financial analysts (in conjunction with senior management), providing the markets with the information they need and offering feedback to shareholders and analysts.

Great care is taken in preparing press releases, the half-year report and the Registration Document, which (along with presentations for financial analysts and investors) the Group regards as major vectors of its corporate image. The Group published its first Integrated Report in 2018.

Various departments are involved in the process of preparing these documents, including Finance, Consolidation, Corporate Communications and Legal Affairs. They are approved by senior management, and audited by the statutory auditors. The quarterly press releases are approved by the Accounts Committee and the Board of Directors.

Procedures are in place to ensure that employees are aware of insider dealing regulations.

The other listed companies in the Group (Colas, TF1) handle their own investor relations.

4.6.6 Key players in control

In addition to the essential role played by the departments mentioned in sections 4.6.3, 4.6.4 and 4.6.5 above, many other players are involved in the internal control and risk management process as regards accounting and financial matters.

Senior management

Senior management teams are responsible for overseeing the internal control system 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. Bouygues SA senior management in particular plays an important role in financial communication.

Accounts Committees

The Bouygues SA Accounts Committee and its remit are described in the "Corporate governance" section of this report (see section 5.3.4.1). Each business segment's Board of Directors has an Accounts Committee with similar responsibilities to those of the Bouygues SA Accounts Committee.

In addition to their role relating to elective accounting treatments and examining the financial statements, their remit also includes monitoring the effectiveness of internal control and risk management systems. Accounts Committees at business segment level review internal audit programmes and findings as well as risk mapping exercises, making them a key component in the internal control and risk management system.

Internal Control and Audit departments

The parent company has a Group Risks, Internal Control and Audit department, which plays a major role in developing the Group's internal control policy and has specific responsibility for:

- directing the Group's internal control and audit functions;
- coordinating the business segments' internal control, risk management and audit activities.

The Group Internal Audit Charter states that the main role of internal audit is to provide senior management with reasonable assurance that organisational principles and internal control and risk management systems are reliable and effective. In fulfilling that role, Internal Audit evaluates the integrity, reliability, completeness, traceability and protection of accounting, financial and management information.

The business segments also have dedicated internal control functions. Accounting self-assessment campaigns are conducted under the direct responsibility of each accounting department.

Each business segment (with the exception of Bouygues Telecom, where internal audit is handled by the Bouygues SA Audit department) has its own Audit department.

Group Treasury and Finance Department

The Group Treasury and Finance Department at parent company level has a lead role in coordinating policy in this area; it establishes management principles at Group level, and ensures that they are applied.

These rules cover the cash pooling vehicles Bouygues Relais and Uniservice, which are managed at parent company level, and cash pools operated by the business segments. They also apply to financing arrangements for the subsidiaries.

Key management rules relate to issues such as internal security (countersignature for payments, etc.); external security (secure cheques, payment by promissory note, etc.); liquidity (confirmed credit facilities, investment of surplus cash, etc.); counterparty quality; legal documentation for credit agreements; and assessments of any hedging of interest rate risk and foreign exchange risk.

Statutory auditors

In connection with their statutory audit engagement, the auditors perform four reviews a year (two of which, for the first-quarter and third-quarter financial statements, are limited reviews). They present a summary of their work to the Audit Committees (of the parent company, and of the lead company of each of the business segments).

4.6.7 Oversight

Internal control systems must themselves be subject to control by means of periodic assessments, and should also be subject to a constant process of improvement.

Audit departments at parent company and business segment level have always assessed the effectiveness of internal control as part of their core mission, and are actively involved in this improvement process.

The key concern is always to develop and implement action plans whose primary objective is to help the Group exercise better control over its operations, and to provide ever more reliable accounting and financial information.

4.7 INSURANCE – RISK COVERAGE

4.7.1 Organisation and policy

The insurance policy is handled by separate insurance departments in each of the five business segments with a significant degree of autonomy. A central Risks and Insurance department provides leadership and coordination on a Group-wide basis.

Policies are usually contracted by the insurance departments at business segment level, reflecting the great diversity of risks to which each business is exposed. Some insurance programmes that are less sensitive to the specific needs of individual businesses are centralised in the interest of cost-effectiveness.

The Group and its subsidiaries operate a loss prevention policy, developing new measures to further reduce the probability and impact of accidents and claims. This policy also reduces the overall cost of risk, improving the Group's position when negotiating premiums and cover with its insurers.

A high proportion of the Group's policies are compulsory, for example third-party motor insurance and (for buildings in France) cover such as ten-year latent defect insurance, reflecting the importance of construction activities in the business mix. These policies can account for up to 75% of the insurance budget of the business segment most exposed to those risks.

Looking beyond compulsory insurance, Group policy is to transfer significant risks to the insurance market by establishing stable relationships with leading insurers, and to negotiate policies on the best possible terms as regards cover and cost.

Insurers are selected using key criteria such as financial security, technical expertise and administrative efficiency. The main programmes are placed via specialist insurance brokers with leading insurers such as Allianz, AxaXL, Chubb, Covéa, Generali, MSIG, SMABTP and Zurich.

Worst-case scenarios are used in determining the level of cover required, subject to restrictions imposed by insurance market capacity and the cost of cover.

Deductibles on these policies are set at entity level to ensure an optimum trade-off between the likelihood of claims and the premium reductions that can be obtained from insurers by increasing the deductible. On this basis, some risks are insured with no deductible, while others are subject to a higher deductible of up to €2 million for some property insurance claims.

Total premiums paid to property and casualty insurance companies vary depending on the insurance contracts bought for specific large-scale projects. However, this amount represents less than 1% of the Group's total sales.

The Bouygues group owns a captive reinsurance company, Challenger Réassurance, which may be involved in some of the risks to which the Group is exposed. This company is governed by Luxembourg law and is supervised by the Luxembourg insurance regulator.

4.7.2 Core insurance programmes

To prevent certain information being used to the detriment of the Group and its shareholders, especially in legal disputes, the amount of premiums and terms of cover are kept strictly confidential, especially in the case of liability insurance.

- **Property insurance:** Cover is generally set on the basis of property value; where this is impossible, cover is set at a level corresponding to the worst-case scenario subject to market constraints.

  Generally, when damage to insured assets could lead to a business interruption, insurance is taken out to cover the financial consequences, such as operating losses and/or additional costs. The amount of cover reflects the expected downtime at the damaged site based on the worst-case scenario and on the recovery plans in place.
- **Contractor's insurance:** Cover is generally equal to contract value. Exceptionally, cover for some geographically dispersed projects may be limited to the cost of repairing damage incurred in a worst-case scenario. The scenario used depends on the type of project (e.g. motorway, viaduct or tunnel) and its geographical location, so as to build in the risk of damage from natural disasters such as seismic activity and hurricanes. In some cases, the amount of cover may be limited by the total capacity available in the world insurance market, for example in the case of damage caused by tunnelling activity or by natural events abroad.
- **Liability insurance:** These policies provide cover against loss or injury to third parties for which Group companies may be liable. Because Group companies vary greatly in size and in the nature of their activities, cover is tailored to the risk exposure

The Group considers that its current policies are suitably matched to its risk exposure profile, taking account of what is available on insurance markets in terms of capacity, cover and terms. The insurance policies described are subject to market constraints, and hence may contain exclusions and/or limitations; they may be subject to change in response to market conditions or to changes in the risks to which the Group is exposed.

CORPORATE GOVERNANCE 5

This chapter constitutes the report on corporate governance pursuant to the last paragraph of Article L. 225-37 of the Commercial Code. It includes information specified in Articles L. 225-37-2 and L. 225-37-5 of the Commercial Code.

This report has been drawn up by the General Counsel of Bouygues in close cooperation with the Group's senior management. The contributors have used various internal documents (articles of association, rules of procedure and minutes of the Board of Directors and its committees, compliance programmes, etc.).

The contributors have taken into consideration the regulations in force, the recommendations of the AMF, the Afep-Medef Corporate Governance Code, the report of the High Committee for Corporate Governance, and best practices adopted by other listed companies.

The Selection and Remuneration Committee gave a favourable opinion on this report on 15 February 2019. It was approved by the Board of Directors on 20 February 2019.

Corporate governance code

Bouygues complies with the Corporate Governance Code for listed companies (hereafter the Afep-Medef Code). The Code was updated in June 2018. The Afep-Medef Code is available on the Medef website at www.medef.com and on the Afep website at www.afep.com. It is also included as an appendix to the Rules of Procedure of the Board of Directors available on the www.bouygues.com website.

Derogation from Afep-Medef Code	Explanation
Paragraph 8.3 Proportion of independent directors	See end of section 5.3.2

5.1 INFORMATION ON CORPORATE OFFICERS AT 31 DECEMBER 2018

Chairman and CEO

Martin Bouygues

32 avenue Hoche, 75008 Paris, France
Date of birth: 3 May 1952 – French
Date of first appointment: 21 January 1982
Expiry date of current term of office: 2021
Number of shares in the company: 369,297 (79,992,925 via SCDM and SCDM Participations)

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. In 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: Standing representative of SCDM, Chairman of SCDM Participations.

Outside France: Member of the Board of Directors of the Skolkovo Foundation (Russia).

Former positions and functions during the last five years (outside the Group)

2018 – Standing representative of SCDM, Chairman of Actiby.

2016 – Member of the supervisory board and the strategy committee of Rothschild & Co [a] (former-Paris-Orléans).

2015 – Standing representative of SCDM; Chairman of La Cave de Baton Rouge.

Deputy CEO, director

Olivier Bouygues

32 avenue Hoche, 75008 Paris, France
Date of birth: 14 September 1950 – French
Date of first appointment: 5 June 1984
Expiry date of current term of office: 2019
Number of shares in the company: 193,021 (79,992,925 via SCDM and SCDM Participations)

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 [b], 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 [c]. He has held a seat on the Bouygues Board of Directors since 1984. 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; member of the Board of Bouygues Immobilier.

Outside France: Chairman of the Board of Directors of Bouygues Europe (Belgium).

Other positions and functions outside the Group

In France: Director of Alstom [a]; Chairman of SCDM Domaines.

Outside France: Director of SCDM Energy Limited (United Kingdom); Chairman and CEO of Seci (Ivory Coast).

Former positions and functions during the last five years (outside the Group)

2017 – Chairman of Sagri.

2016 – Standing representative of SCDM on the Board of Bouygues.

2015 – Chairman of SCDM Énergie; director of Eranove (former-Finagestion), Sodeci [a] (Ivory Coast), CIE [a] (Ivory Coast) and Sénégalaise des Eaux (Senegal); liquidator of SIR.

2014 – Director of Eurosport.

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(a) Listed company.
(b) Bouygues' oil and gas services activity, sold to Saipem in 2002.
(c) Bouygues' utilities subsidiary, sold to PAI Partners in 2004.

Deputy CEOs

Philippe Marien

32 avenue Hoche, 75008 Paris, France
Date of birth: 18 June 1956 – French
Date of first appointment: 30 August 2016

Expertise/experience

Philippe Marien is a graduate of École des Hautes Études Commerciales (HEC). He joined the Bouygues group in 1980 as international finance manager. In 1984, he was special advisor for the takeover of the AMREP oil services group before being appointed finance director of Technigaz, a liquefied gas engineering contractor, in 1985. In 1986, he joined the Group's finance department to take responsibility for the financial aspects of the takeover of Screg. He was successively Director of Finance and Cash Management at Screg in 1987 and Director of Finance at Bouygues Offshore [b] in 1991. He was appointed Senior Vice-President, Finance and Administration of Bouygues Offshore in 1998, then moved to Bouygues Bâtiment in 2000 as Chief Financial Officer. In March 2003, Philippe Marien became Chief Financial Officer of the Saur [c] group, Bouygues' utilities subsidiary, of which he managed the sale by Bouygues to PAI partners, then by PAI partners to a new group of shareholders led by Caisse des Dépôts et Consignations. He was appointed Chief Financial Officer of the Bouygues group in September 2007. In February 2009, Philippe Marien was appointed Chairman of Bouygues Telecom's Board of Directors, a position that he held until April 2013. He took on the position of Senior Vice-President and Chief Financial Officer, Information Systems and Innovation in 2015 and Human Resources in 2016. On 30 August 2016, he was appointed Deputy CEO of Bouygues.

Other positions and functions in the Group

In France: Standing representative of Bouygues on the Boards of Bouygues Construction, Bouygues Telecom, Colas [a] and TF1 [a]; standing representative of Bouygues, member of the Board of Bouygues Immobilier.

Outside France: Director of Bouygues Europe (Belgium) and Uniservice (Switzerland).

Other positions and functions outside the Group

In France: CEO of SCDM; standing representative of Bouygues on the Board of Alstom [a].

Former positions and functions during the last five years (outside the Group)

2015 – Liquidator of Finamag.

Olivier Roussat

32 avenue Hoche, 75008 Paris, France
Date of birth: 13 October 1964 – French
Date of first appointment: 30 August 2016

Expertise/experience

Olivier Roussat is a graduate of INSA – Lyon. He began his career in 1988 at IBM, where he occupied a number of positions in data network services, service delivery and pre-sales. He joined Bouygues Telecom in 1995 to set up the network management centre and network processes. He then became head of network operations, and telecoms and IT service delivery. In May 2003, he was appointed network manager and became a member of the Executive Committee of Bouygues Telecom. In January 2007, Olivier Roussat took charge of the performance and technology unit which groups Bouygues Telecom's cross-disciplinary technical and IT departments, including networks, information systems, process engineering, purchasing, corporate services and property development. He was also given responsibility for Bouygues Telecom's headquarters and Technopôle buildings. Olivier Roussat became Deputy Chief Executive Officer of Bouygues Telecom in February 2007 and was appointed Chief Executive Officer in November 2007. He was then Chairman and Chief Executive Officer of Bouygues Telecom from May 2013 to November 2018, before being appointed Chairman of the Board of Directors of Bouygues Telecom on 9 November 2018. Since 30 August 2016, Olivier Roussat has been Deputy CEO of Bouygues.

Principal positions outside Bouygues SA

Chairman of the Board of Directors of Bouygues Telecom.

Other positions and functions in the Group

In France: Director of TF1 [a] and Bouygues Construction; member of the Board of Bouygues Immobilier.

Directors

Francis Castagné

Director representing employees
Member of the Selection and Remuneration Committee

1 avenue Eugène Freyssinet, 78280 Guyancourt, France
Date of birth: 29 December 1963 – French
Date of first appointment: 27 April 2016
Expiry of current term of office: 2020

Expertise/experience

Francis Castagné has spent all his career with the Bouygues group, in the construction businesses. Between 1987 and 1990, he was works supervisor at Screg EPI, before taking responsibility for main contractor operations at

(a) Listed company.
(b) Bouygues' oil and gas services activity, sold to Saipem in 2002.
(c) Bouygues' utilities subsidiary, sold to PAI Partners in 2004.

Screg Bâtiment until 1997. In 1997, he was appointed head of main contractor production at SB Ballestrero until 2000. From 2000 to 2007, he was head of projects at Bouygues Bâtiment Ile-de-France. Since 2008, he has been Works Director at Bouygues Bâtiment Ile-de-France – Construction Privée.

Principal positions outside Bouygues SA

Works Director at Bouygues Bâtiment Ile-de-France – Construction Privée.

Clara Gaymard

Independent director
Member of the Accounts Committee

138 bis rue de Grenelle, 75007 Paris, France
Date of birth: 27 January 1960 – French
Date of first appointment: 21 April 2016
Expiry of current term of office: 2019
Number of shares in the company: 500

Expertise/experience

Clara Gaymard is a graduate of Institut d'Études Politiques de Paris (IEP). She was an administrative officer at the office of the mayor of Paris from 1982 to 1984, before joining École Nationale d'Administration (ENA). Graduating from ENA in 1986, she joined the Cour des Comptes state audit office as an auditor and in 1990 was promoted to public auditor. She was then appointed head of the European Union office at the External Economic Relations department (DREE) of the French Ministry of Finance. In 1995, she was named chief of staff at the Ministry of Intergenerational Solidarity. From 1996 to 1999, she served as deputy head in charge of support for small- and medium-sized businesses and regional initiatives at DREE. In February 2003, she became Ambassador for International Investment and Chair of the French Agency for International Investments (AFII). She joined the General Electric group in 2006, where she was appointed Chair and CEO of GE France, then GE Northwest Europe in 2008. In 2009, she was appointed Vice-Chair of GE International responsible for key public accounts and in 2010 as Vice-Chair responsible for governments and cities. As Chair and CEO of GE France, she participated, from 2014 to 2016, in the acquisition of Alstom's Energy business. She left the General Electric group in January 2016 to join on a full-time basis Raise which she founded in January 2014 with Gonzague de Blignières.

Principal positions outside Bouygues SA

Co-founder of Raise.

Other positions and functions outside the Group

In France: Director of Veolia Environnement [a], LVMH [a], Danone [a] and Sages.

Former positions and functions during the last five years (outside the Group)

2018 – Chair of the Women's Forum.

2017 – CEO of Raise Conseil.

2016 – Chair of GE France.

Anne-Marie Idrac

Independent director
Chairwoman of the Ethics, CSR and Patronage Committee
Member of the Accounts Committee

9 Place Vauban, 75007 Paris, France
Date of birth: 27 July 1951 – French
Date of first appointment: 26 April 2012
Expiry date of current term of office: 2021
Number of shares in the company: 500

Expertise/experience

Anne-Marie Idrac graduated from Institut d'Études Politiques de Paris (IEP) and École Nationale d'Administration (Simone Weil intake, 1974). She began her career as a senior civil servant serving in a number of posts at the French Ministry of Infrastructure in the fields of the environment, housing, urban development and transport. She was director general at the Public Development Agency (EPA) of Cergy-Pontoise from 1990 to 1993, and director of land transportation from 1993 to 1995. She has also held political offices: Secretary of State for Transport from 1995 to 1997, then Member of Parliament for a constituency in the Yvelines from 1997 to 2002, Councillor for the Paris region from 1998 to 2002, and junior minister for foreign trade from 2008 to 2010. In addition, she has held significant responsibilities in major transport companies: she was Chair and CEO of the RATP (Paris public transport authority) from 2002 to 2006, before becoming the first woman to head the SNCF (French state railways) where she was Chair and CEO from 2006 to 2008. She was also the first woman to become Vice-Chair of Union Internationale des Chemins de Fer (UIC – International Railway Union). From 2015 to August 2018, she was Chairwoman of the supervisory board of the Toulouse-Blagnac Airport concession company. In 2017, she was appointed High Representative for the French government strategy on driverless vehicles.

Principal positions outside Bouygues SA

Company director.

Other positions and functions outside the Group

In France: Director of Total [a], Saint-Gobain [a] and Air France-KLM [a]; Senior Advisor to Sia Partners.

Former positions and functions during the last five years (outside the Group)

2018 – Chair of the supervisory board of Toulouse-Blagnac Airport; Senior Advisor to Suez [a].

2015 – Member of the supervisory board of Vallourec [a].

2014 – Director of Mediobanca [a] (Italy).

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(a) Listed company.

Patrick Kron

5 rue de la Baume, 75008 Paris, France
Date of birth: 26 September 1953 – French
Date of first appointment: 6 December 2006
Expiry date of current term of office: 2019
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. Between 1988 and 1993, Patrick Kron held various operational and financial positions, first managing a group of activities in aluminium processing, before being appointed Chairman and CEO of Pechiney Électrométallurgie. In 1993, he became member of the executive committee of the Pechiney group and was Chairman and CEO of Carbone Lorraine from 1993 to 1997. From 1995 to 1997, he ran Pechiney's Food and Health Care Packaging Sector and held the position of COO of the American National Can Company in Chicago. From 1998 to 2002, Patrick Kron was Chairman of the executive board of Imerys. He was appointed CEO of Alstom, then Chairman and CEO in 2003, a position he held until January 2016, when he created PKC&I (Patrick Kron – Conseils & Investissements). He was appointed director of LafargeHolcim in May 2017 and of Elval-Halcor SA in November 2017. He has been Chairman of Truffle Capital since November 2016.

Principal positions outside Bouygues SA

Chairman of PKC&I and Truffle Capital.

Other positions and functions outside the Group

In France: Director of Sanofi [a]; member of the supervisory board of Segula Technologies.

Outside France: Director of LafargeHolcim [a] (Switzerland) and Elval-Halcor SA [a] (Greece).

Former positions and functions during the last five years (outside the Group)

2016 – Chairman and CEO, and director of Alstom [a].

2015 – Chairman of Alstom Resources Management; director of Afep (French Association of Private Companies).

2014 – Director and Managing Director of Alstom Asia Pte Ltd (Singapore).

Helman le Pas de Sécheval

Independent director
Chairman of the Accounts Committee
Member of the Selection and Remuneration Committee

30 rue Madeleine Vionnet, 93300 Aubervilliers, France
Date of birth: 21 January 1966 – French
Date of first appointment: 24 April 2008
Expiry date of current term of office: 2020
Number of shares in the company: 600

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 the Veolia group. He was appointed member of the Board of the AMF in February 2015 and appointed director of Institut Français des Administrateurs (IFA) in May 2018.

Principal positions outside Bouygues SA

General Counsel of the Veolia [a] group.

Other positions and functions outside the Group

In France: Member of the Board of the AMF; director of Institut Français des Administrateurs (IFA).

(a) Listed company.

Colette Lewiner

Independent director
Chairwoman of the Selection and Remuneration Committee

7 avenue de Suresnes, 92210 Saint-Cloud, France
Date of birth: 19 September 1945 – French
Date of first appointment: 29 April 2010
Expiry date of current term of office: 2019
Number of shares in the company: 12,685

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 began her career in research and teaching at Université de Paris VII. She joined EDF in 1979, where she worked in the Research and Development department, before taking charge of fuel oil and uranium purchases. In 1987, she was appointed head of the fuel procurement department. In 1989, she created the development and commercial strategy division and was the first woman to be appointed Senior Vice President at EDF. In 1992, she was appointed Chairwoman and CEO of SGN-Réseau Eurisys, Cogema's engineering subsidiary. In 1998, she joined Capgemini, where she headed the Global Energy, Utilities and Chemicals sector, before becoming Advisor to the Chairman on matters regarding energy and utilities. Between 2010 and 2015, she was non-executive Chairwoman of TDF. From 2008 to 2012, she was a member of the European Union Advisory Group on Energy. Since 2013, she has been a member of the Conseil Stratégique de la Recherche (CSR), a high-level committee charged with advising the French government on research and innovation strategy.

Principal positions outside Bouygues SA

Advisor to the Chairman of Capgemini [a] on matters regarding energy and utilities.

Other positions and functions in the Group

In France: Director of Colas [a].

Other positions and functions outside the Group

In France: Director of Nexans [a], Getlink [a], EDF [a] and CGG [a].

Former positions and functions during the last five years (outside the Group)

2018 – Director of Ingenico [a].

2016 – Director of Crompton Greaves Limited [a] (India).

2015 – Director of TGS Nopec Geophysical Company [a] (Norway); Chairwoman of the Board of Directors of TDF.

2014 – Director of Lafarge [a].

Sandra Nombret

Director representing employee shareholders
Member of the Ethics, CSR and Patronage Committee

1 avenue Eugène Freyssinet, 78280 Guyancourt, France
Date of birth: 24 May 1973 – French
Date of first appointment: 29 April 2010
Expiry date of current term of office: 2019

Expertise/experience

Sandra Nombret has a DESS postgraduate diploma in foreign trade law. She joined the Bouygues group in 1997. She is currently Director, Legal Officer for the Middle East, Africa and Europe at Bouygues Bâtiment International.

Principal positions outside Bouygues SA

Director, Legal Affairs at Bouygues Bâtiment International.

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(a) Listed company.

Alexandre de Rothschild

23 bis avenue de Messine, 75008 Paris, France
Date of birth: 3 December 1980 – French
Date of first appointment: 27 April 2017
Expiry date of current term of office: 2020
Number of shares in the company: 500

Expertise/experience

Alexandre de Rothschild is a graduate of École Supérieure du Commerce Extérieur (ESCE). He began his career in 2004 as a financial analyst at Bear Stearns in New York. From 2005 to 2008, he was a manager for the Private Equity department of Argan Capital in London, then Deputy Head of Strategy at Jardine Matheson in Hong Kong. He joined the Rothschild & Co Group in 2008 to set up the Merchant Banking Division. Since 2011, he has been member of the Rothschild & Co Group Executive Committee. In 2013, he was appointed managing partner of Rothschild & Cie Banque (now Rothschild Martin Maurel) and of Rothschild & Cie and is a member of several boards and committees within the Rothschild & Co Group. In 2014, he joined the management board of Rothschild & Co Gestion, on which he became Executive Deputy Chairman in March 2017. He has been Executive Chairman of Rothschild & Co Gestion, managing partner of Rothschild & Co since May 2018.

Principal positions outside Bouygues SA

Executive Chairman of Rothschild & Co Gestion, managing partner of Rothschild & Co.

Other positions and functions outside the Group

In France: Chairman of K Développement SAS and Rothschild Martin Maurel Associés SAS; director of Rothschild & Co Concordia SAS; managing partner of RCB Partenaires SNC, Rothschild & Cie SCS and Rothschild Martin Maurel SCS; member of the supervisory board of Martin Maurel SA; standing representative of Rothschild & Co Gestion SAS, managing partner of RMM Gestion SNC.

Outside France: Chairman of Rothschild & Co Continuation Holdings AG (Switzerland); Vice-Chairman and director of the board of directors of Rothschild & Co Bank AG (Switzerland); member of the board of directors of Rothschild & Co Concordia AG (Switzerland) and Rothschild & Co Holding AG (Switzerland); director of Rothschild & Co Japan Ltd (Japan).

Former positions and functions during the last five years (outside the Group)

2018 – Deputy Chairman of the management board of Rothschild & Co Gestion SAS; director of Five Arrows (Scotland) and General Partner Ltd (Scotland).

2017 – Member of the Board of Directors of Treilhard Investissements SA; general partner of Rothschild & Compagnie Gestion SCS.

2016 – Chairman of Messine Managers Investissements SAS.

2014 – Member of the Strategy Committee of Rothschild & Co SCA.

Rose-Marie Van Lerberghe

Independent director
Member of the Ethics, CSR and Patronage Committee

33 rue Frémicourt, 75015 Paris, France
Date of birth: 7 February 1947 – French
Date of first appointment: 25 April 2013
Expiry date of current term of office: 2019
Number of shares in the company: 531

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) and INSEAD, and has a degree in history. After holding various positions at the French Ministry of Labour in 1986 Rose-Marie Van Lerberghe joined the Danone group, where she successively headed two subsidiaries before becoming Director of Human Resources of the Danone group from 1993 to 1996. In 1996, she became Delegate General for Employment and Vocational Training at the French Ministry of Labour and Social Affairs. She was then Chief Executive Officer of Altédia from 2000 to 2002, before becoming Director General of Assistance Publique – Hôpitaux de Paris from 2002 to 2006. From 2006 to 2011, she chaired the Korian management board. From 2007 to 2008, she sat on the French Commission charged with drawing up proposals for the French Alzheimer's Plan. In 2009, she joined the KPMG strategy committee. From 2011 to 2015, she was a member of the Conseil Supérieur de la Magistrature (High Council for the Judiciary), appointed as a prominent figure from outside the Judiciary. She was Chairwoman of the Board of Directors of Institut Pasteur from 2013 to 2016 and has been Vice-Chairwoman of the supervisory board of Klépierre since June 2017.

Principal positions outside Bouygues SA

Vice-Chairwoman and member of the supervisory board of Klépierre [a].

Other positions and functions outside the Group

In France: Director of CNP Assurances [a] and Fondation Hôpital Saint-Joseph; Chairwoman of the Board of Directors of Orchestre des Champs-Élysées.

Former positions and functions during the last five years (outside the Group)

2018 – Senior Advisor to BPI Group.

2016 – Chairwoman of the Board of Directors of Institut Pasteur.

2015 – Director of Casino [a], member of the Conseil Supérieur de la Magistrature.

2014 – Director of Air France.

(a) Listed company.

Michèle Vilain

Director representing employee shareholders
Member of the Accounts Committee

3 boulevard Gallieni, 92130 Issy-les-Moulineaux, France
Date of birth: 14 September 1961 – French
Date of first appointment: 29 April 2010
Expiry date of current term of office: 2019

Expertise/experience

Michèle Vilain joined Bouygues Immobilier in 1989, holding various positions in the IT and Office Automation department, including responsibility for customer services. She then took charge of customer relations within the Support Functions division before becoming Deputy Director supporting change management within the Residential Property France division for two years. She was then Deputy Director supporting Human Resources digital projects and is currently Deputy Director, Opéra IT project management.

Principal positions outside Bouygues SA

Deputy Director, Opéra IT project management at Bouygues Immobilier.

SCDM, represented by Charlotte Bouygues

32 avenue Hoche, 75008 Paris, France
Date of first appointment: 22 October 1991
Expiry date of current term of office: 2019
Number of shares in the company: 79,892,925

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 SCDM Participations.

Former positions and functions during the last five years (outside the Group)

2018 – Chair of Actiby.

2015 – Chair of SCDM Invest-3, now La Cave de Baton Rouge.

Charlotte Bouygues, standing representative of SCDM

1 quai du Point du Jour, 92100 Boulogne-Billancourt, France
Date of birth: 29 July 1991 – French

Standing representative of SCDM since 11 June 2018

Expiry date of current term of office: 2019

Expertise/experience

Charlotte Bouygues graduated from Babson College in the United States, where she specialised in strategic management. She was product marketing manager at L'Oréal in the United States for three years, before joining TF1 Publicité in September 2016 where she held a post in advertising sales for two years. She then joined the programming teams, in charge of programming for the TF1 channel.

Principal positions outside Bouygues SA

Programming Officer at TF1 SA.

Other positions and functions in the Group

In France: Director of Bouygues Telecom.

SCDM Participations, represented by William Bouygues

32 avenue Hoche, 75008 Paris, France
Date of first appointment: 21 April 2016
Expiry date of current term of office: 2019
Number of shares in the company: 100,000

William Bouygues, standing representative of SCDM Participations

19 rue Stephenson, 78180 Montigny-le-Bretonneux, France
Date of birth: 2 July 1987 – French

Standing representative of SCDM Participations since 11 June 2018

Expiry date of current term of office: 2019

Expertise/experience

William Bouygues graduated from the London School of Economics and Political Science in Economics and Economic History. Following work experience in various construction businesses, he joined Bouygues Bâtiment Ile-de-France – Rénovation Privée in September 2011, where he held the post of works supervisor for two years. Drawing on this experience, he then joined the sales teams within the same entity until December 2016, when he moved on to Bouygues Bâtiment International in the structure and development teams. Since March 2018, he has been Smart Office services manager at Bouygues Energies & Services.

Principal positions outside Bouygues SA

Smart Office services manager for Bouygues Energies & Services.

Other positions and functions in the Group

In France: Director of Bouygues Construction; member of the Board of Bouygues Immobilier; member of the Board of Directors of the Francis Bouygues Foundation.

5.2 CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Chairman

The Board of Directors is required by law to elect one of its members (who must be a natural person) as Chairman, to organise and direct the work of the Board and ensure that the company's management bodies function properly and in compliance with law.

Chief Executive Officer

In accordance with law, the Board entrusts executive power over the company either to the Chairman of the Board of Directors or to another natural person, not necessarily a director, who has the title of Chief Executive Officer.

Combination of the offices of Chairman and Chief Executive Officer

In April 2002, the Board of Directors opted not to separate the functions of Chairman and Chief Executive Officer. The Board has consistently renewed that option, most recently in April 2018. Martin Bouygues fulfils a dual role as Chairman of the Board of Directors and Chief Executive Officer.

The Board takes the view that combining the positions of Chairman and Chief Executive Officer promotes 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. In his role as Chief Executive Officer, he is supported by three Deputy Chief Executive Officers.

However, Martin Bouygues does not have executive power over any of the Group's five business segments, which is vested in the executive directors of the major subsidiaries: Bouygues Construction, Bouygues Immobilier, Colas, TF1 and Bouygues Telecom. Consequently, Martin Bouygues does not combine operational responsibility for these subsidiaries with his other roles. While Bouygues and its Chairman pay close attention to matters that have a major impact on the Group, this does not mean they are substituting themselves for the governance bodies of the Group's business segments.

There is no senior independent director or Vice-Chairman. Relations with shareholders – especially as regards corporate governance – are handled by the Chairman and Chief Executive Officer, the Deputy Chief Executive Officers and the Investor Relations department, and comply with market conduct principles and with the principle of equal access to information.

Limitations on the powers of the Chief Executive Officer

The articles of association do not place specific limitations on the powers of the Chief Executive Officer. In accordance with law and the articles of association, he has the broadest possible powers to act on the company's behalf under all circumstances. He exercises those 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.

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 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 three specialised committees tasked with preparing the work of the Board in the following areas: selection and remuneration of senior executives; accounting and audit; and ethics, CSR and patronage;
- the presence of a significant proportion of independent directors on the Board and on each of the committees (see section 5.3.2);
- the presence on the Board and on each committee of directors representing employee shareholders or employees;
- annual meetings of directors without executive directors or internal directors being present;
- the existence, at the initiative of the Ethics, CSR and Patronage Committee, of Compliance Programmes, including one on conflicts of interest and another on financial information and securities trading.

Deputy Chief Executive Officers

The articles of association state that on a proposal from the Chief Executive Officer the Board of Directors may appoint up to five natural persons, who may or may not be directors, to assist the Chief Executive Officer, with the title of Deputy Chief Executive Officers.

Olivier Bouygues was appointed as a Deputy Chief Executive Officer in 2002, and Philippe Marien and Olivier Roussat in August 2016. All three have the same powers as the Chief Executive Officer in dealings with third parties. They assist Martin Bouygues in the exercise of his executive power.

Age limit

The articles of association set an age limit of 70 for the offices of Chairman, Chief Executive Officer and Deputy Chief Executive Officer. When a person holding any of these offices reaches the age of 65, his or her term is submitted to the Board of Directors at its next subsequent meeting for confirmation for a period of one year. The Board of Directors may then renew the term annually for one-year periods up to the age of 70, at which time the person is considered to have automatically resigned.

5.3 BOARD OF DIRECTORS

5.3.1 Composition of the Board of Directors

5.3.1.1 Principles governing the composition of the Board

The importance of the role played by the Board of Directors means that the quality of its membership is key to the proper functioning of the company. The Afep-Medef Corporate Governance Code (the "Afep-Medef Code") stresses that the composition of a company's Board should appropriately reflect the company's share ownership structure, the extent and nature of its operations, and the specific circumstances facing the company. It also reiterates that since the Board acts in the corporate interest of the company it is not desirable, except in cases provided for by law, for large numbers of special interests to be represented within the Board.

The composition of the Board of Directors of Bouygues takes account of the significant proportion of the share capital held by the Group's founding family and by employee shareholders.

It also takes account of:

- legal requirements on:
  - gender balance: under Article L. 225-18-1 of the Commercial Code, neither gender may account for less than 40% of the composition of the Board (excluding directors representing employees),
  - directors representing employees: (Article L. 225-27-1 of the Commercial Code), and the inclusion of directors representing employee shareholders (Article L. 223-23 of the Commercial Code);
- the provisions of the Afep-Medef Code on independent directors (see section 5.3.2).

According to the articles of association, the Board of Directors is made up as follows:

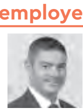
Type of director	Method of appointment	Term of office	Number of directors	Reference text
Directors appointed by the Annual General Meeting	Appointed by an Ordinary General Meeting	3 years, renewable	3 to 18	Article L. 225-18 of the Commercial Code
Directors representing employee shareholders	Elected by an Ordinary General Meeting on the recommendation of the Supervisory Boards of the employee share ownership funds	3 years, renewable	Up to 2	Article L. 225-23 of the Commercial Code
Directors representing employees	Nominated by the Group Council governed by Articles L. 2331-1 *et seq.* of the Labour Code	2 years, renewable once	1 or 2	Article L. 225-27-1 of the Commercial Code

The Rules of Procedure of the Board of Directors lay down other imperatives. For example, no more than two directors or standing representatives of legal entities may come from outside companies in which a corporate officer of Bouygues holds office.

5.3.1.2 Composition of the Board of Directors at 31 December 2018

For a full career résumé of each director see section 5.1.

Overview of Board members

Name		Personal information				Expertise
		Age	Gender	Nationality	Number of shares held	
Executive Officers (from the SCDM group)						
Martin Bouygues Chairman and CEO		66	M	FR	369,297 (79,992,925 via SCDM)	
Olivier Bouygues Deputy CEO		68	M	FR	193,021 (79,992,925 via SCDM)	
Directors representing the SCDM group						
Charlotte Bouygues Standing representative of SCDM		27	F	FR	SCDM: 79,892,925	
William Bouygues Standing representative of SCDM Participations		31	M	FR	SCDM Participations: 100,000	
Directors representing employee shareholders						
Sandra Nombret		45	F	FR	Unspecified	
Michèle Vilain		57	F	FR	Unspecified	
Director representing employees						
Francis Castagné		55	M	FR	Unspecified	
Independent directors						
Clara Gaymard		58	F	FR	500	
Anne-Marie Idrac		67	F	FR	500	
Helman le Pas de Sécheval		52	M	FR	600	
Colette Lewiner		73	F	FR	12,685	
Rose-Marie Van Lerberghe		71	F	FR	531	
Other directors						
Patrick Kron		65	M	FR	500	
Alexandre de Rothschild		38	M	FR	500	

Chair Member

Construction Banking & Finance Law Services (water, electricity and other utilities) Energy
Senior executive in large groups Political office Industry IT International Media
Advertising Corporate Social Responsibility (CSR) HR Health Telecoms Transport

Board membership			Membership of Board committees			
Start of first term[a]	End of current term	Years on Board	Accounts Committee	Selection and Remuneration Committee	Ethics, CSR and Patronage Committee	Offices held in listed companies outside the Bouygues group
1982	2021	36				
1984	2019	34				1 (Alstom)
2018	2019	0				
2018	2019	0				
2010	2019	8			Member	
2010	2019	8	Member			
2016	2020	2		Member		
2016	2019	2	Member			3 (Veolia Environnement, LVMH, Danone)
2012	2021	6	Member		Chair	3 (Total, Saint-Gobain, Air France-KLM)
2008	2020	10	Chair	Member		
2010	2019	8		Chair		4 (Nexans, Getlink, EDF, CGG)
2013	2019	5			Member	2 (Klépierre, CNP Assurances)
2006	2019	12				3 (LafargeHolcim, Sanofi, Elval-Halcor)
2017	2020	1				

(a) Either in a personal capacity or as a standing representative.

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5.3.1.3 Changes in the composition of the Board of Directors in 2018

During 2018, the membership of the Board of Directors decreased from 15 to 14 (including one director representing employees and two directors representing employee shareholders). The number of directors representing employees decreased from two to one, in line with the reduction in the overall number of directors.

Date	Departure	Appointment	Reappointment
26 April 2018			Martin Bouygues Anne-Marie Idrac
16 May 2018	Raphaëlle Deflesselle		
11 June 2018	Edward Bouygues (Standing representative of SCDM) Cyril Bouygues (Standing representative of SCDM Participations)	Charlotte Bouygues (Standing representative of SCDM) William Bouygues (Standing representative of SCDM Participations)	

5.3.1.4 Diversity policy applied to Board members

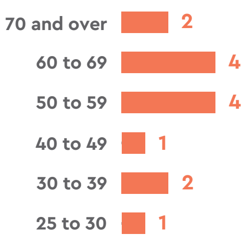
In accordance with the Afep-Medef Code, the Board periodically reassesses the preferred balance of its membership and of its committees, especially as regards diversity (gender balance, nationality, international experience, expertise, etc.). The objectives, procedures and outcomes of this diversity policy are disclosed below.

Objectives	The Board takes the view that a good balance is achieved by having directors with diverse profiles, especially in terms of age, length of service, qualifications and professional experience, and by having a sufficient number of independent directors. Such diversity is particularly necessary given the broad range of activities carried on by Bouygues in construction, telecoms and media.
Procedures	The balance of the composition of the Board and its committees is one of the issues assessed each year as part of the evaluation of the Board (see section 5.3.6). The Selection and Remuneration Committee also takes account of diversity objectives when assessing any candidate for appointment as a director or Executive Officer, or as a member of a committee. When the Selection and Remuneration Committee makes proposals to the Board about appointing, reappointing or removing a director, it pays close attention to the diversity policy applied to Board members. Reappointments of directors are *de facto* staggered across three consecutive years. This means that the composition of the Board is reassessed every February, at the Board meeting that finalises the text of the resolutions to be submitted to the Annual General Meeting. In accordance with law and with the articles of association, the Board includes directors representing employees or employee shareholders. The presence of those directors on the Board contributes to the diversity policy.
Outcomes	**Expertise** The table in section 5.3.1.2 uses pictograms to show the diversity of expertise among the directors; for their full career résumés, see Section 5.1 above.
	Independent directors See section 5.3.2. below.
	Nationality and international experience All members of the Board of Directors are French nationals, but most of them (in particular Martin Bouygues, Olivier Bouygues, Sandra Nombret, Clara Gaymard, Anne-Marie Idrac, Colette Lewiner, Patrick Kron and Alexandre de Rothschild) have extensive international experience. In addition, some directors have a binational culture.
	Gender balance At 31 December 2018, without taking account of the director representing employees (as stipulated in Article L. 225-27 of the Commercial Code), but taking account of directors representing employee shareholders, seven of the 13 directors on the Board were women, a proportion of 54%, versus 46% a year earlier. At the same date, seven out of ten seats on committees were held by women, a proportion of 70%.

Age

The average age of directors at 31 December 2018 was 55. The age pyramid is as follows:

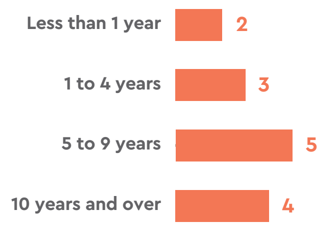
Number of directors by age range



Length of service

The average length of service of directors at 31 December 2018 was **9.4 years.**

Number of directors by length of service



5.3.1.5 Increasing the proportion of women on executive bodies

In accordance with the Afep-Medef Code, the Board regularly ensures that the Executive Officers are implementing a non-discrimination and diversity policy, especially in terms of gender balance on executive bodies.

Bouygues Group Management Committee

The Bouygues Group Management Committee is currently all-male.

There are two main reasons for this:

- the preponderance within the Group of construction activities, which employ a very high proportion of men;
- the fact that most positions of responsibility are filled by promoting internal candidates.

The Group's gender balance policy (see Section 3.2.3.3) should eventually lead to a more balanced gender split on the Group Management Committee.

This Committee essentially consists of the Chairmen and CEOs of each of the Bouygues group's five business segments. However, in 2017 the Group launched an initiative to increase female representation on the executive bodies of its subsidiaries (from where the Chairmen and CEOs of the business segments are drawn), with an objective of 23% in 2020.

Gender balance in the 10% of positions with the greatest responsibility

Women hold 14.3% of the 10% of positions at Bouygues SA with the greatest level of responsibility. However, 28.8% of positions at department head level or higher within Bouygues SA are filled by women, so this percentage should naturally increase in the years ahead.

5.3.2 Independent directors

In accordance with the recommendations of the Afep-Medef Code, after seeking the opinion of the Selection and Remuneration Committee, the Board of Directors at its meeting of 20 February 2019 reviewed each director's situation in light of each of the eight independence criteria as defined by the Afep-Medef Code.

Independence criteria of the Afep-Medef Code

Criterion 1: Employee or Executive Officer	Not being, or not having been within the previous five years: (i) an employee or Executive Officer of Bouygues; (ii) an employee, Executive Officer or director of an entity consolidated by Bouygues; (iii) an employee, Executive Officer or director of Bouygues' parent or of an entity consolidated by that parent.
Criterion 2: Cross-directorships	Not being an Executive Officer of an entity in which (i) Bouygues directly or indirectly holds a directorship or (ii) an employee of Bouygues is designated as a director or (iii) an Executive Officer of Bouygues (current, or who has held such office within the past five years) holds a directorship.
Criterion 3: Material business relationships	Not being (or not being directly or indirectly related to) a customer, supplier, investment banker, commercial banker or consultant: (i) that is material to Bouygues or its Group; (ii) or for which Bouygues or its Group represents a significant proportion of its business.
Criterion 4: Family ties	Not being related by close family ties to a corporate officer.
Criterion 5: Statutory auditor	Not having been a statutory auditor of Bouygues within the previous five years.
Criterion 6: More than 12 years' service	Not having been a director of Bouygues for more than 12 years. Directors lose their independent status on the twelfth anniversary of their taking up office.
Criterion 7: Non-Executive Officer	Non-Executive Officers cannot be regarded as independent if they receive variable remuneration in cash or shares, or any remuneration related to the performance of Bouygues or its Group.
Criterion 8: Major shareholder	Directors representing major shareholders of Bouygues or of its parent may be regarded as independent provided those shareholders do not take part in the control of Bouygues. Nevertheless, beyond a 10% threshold in capital or voting rights, the Board, upon a report from the Selection and Remuneration Committee, systematically reviews whether a director qualifies as independent in light of Bouygues' share ownership structure and the existence of any potential conflict of interest.

Situation of directors in light of the independence criteria

Criterion	Criterion 1: Employee or Executive Officer	Criterion 2: Cross-directorships	Criterion 3: Material business relationships	Criterion 4: Family ties	Criterion 5: Statutory auditor	Criterion 6: More than 12 years' service	Criterion 7: Non-Executive Officer	Criterion 8: Significant shareholder	Independent director status
Martin Bouygues	□	□	□	□	■	□	□	□	No
Olivier Bouygues	□	□	□	□	■	□	□	□	No
Charlotte Bouygues (SCDM)	□	■	□	□	■	■	■	□	No
William Bouygues (SCDM Participations)	□	■	□	□	■	■	■	□	No
Francis Castagné									Not applicable
Clara Gaymard	■	■	■	■	■	■	■	■	Yes
Anne-Marie Idrac	■	■	■	■	■	■	■	■	Yes
Patrick Kron	□	■	■	■	■	■	■	■	No
Helman le Pas de Sécheval	■	■	■	■	■	■	■	■	Yes
Colette Lewiner	□ [a]	■	■	■	■	■	■	■	Yes
Sandra Nombret									Not applicable
Alexandre de Rothschild	■	■	□	■	■	■	■	■	No
Rose-Marie Van Lerberghe	■	■	■	■	■	■	■	■	Yes
Michèle Vilain									Not applicable

■ Independence criterion met.
□ Independence criterion not met.
(a) Colette Lewiner is also a Director of Colas, a company 96.6% owned by Bouygues, which may create a conflict of interest during some deliberations of the Bouygues Board of Directors. In accordance with the Afep-Medef Code application guidance issued in June 2018, the Board ensures that in such circumstances she refrains from taking part in deliberations and voting at Bouygues Board meetings. More generally, Colette Lewiner, like other directors, is required to comply with the rules set out in the Conflicts of Interest Compliance Programme, as updated in 2017. The main provisions of the Conflicts of Interest Compliance Programme are set out in section 5.3.5.2 below.

As regards criterion 3 (material business relationships), the Board obtained assurance that none of the directors likely to qualify as independent was (or was directly or indirectly related to) a customer, supplier or banker that is material to Bouygues or a Bouygues group company. Drawing on the work of the Selection and Remuneration Committee, the Board made a case-by-case assessment of any existing business relationships between Bouygues group companies and companies in which a director holds a professional position or corporate office.

In accordance with the recommendations of the AMF and the High Committee for Corporate Governance, the Board adopted a multi-criteria approach when considering material business relationships, while favouring a qualitative analysis. To this end, the Board took account of all the following criteria:

Qualitative criteria	• The extent of the business relationship for each of the entities concerned (potential economic dependence between the parties, size of transactions, specific characteristics of certain markets, direct interest of the legal entity in the business relationship). • The organisation of the relationship, including the position of the director concerned in the co-contracting company (length of directorship, whether the director has an operational role within the entity concerned, direct decision-making power over contracts, whether the director has a personal interest in the contracts or is entitled to remuneration linked to the contracts, etc.). In this respect, the Board referred to the definition contained in the Conflicts of Interest Compliance Programme approved by the Board in January 2014: *"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 information about how the Bouygues group manages conflicts of interest is given in section 5.3.5.2 below.
Quantitative criteria	• Sales generated by Bouygues group entities with entities of the group with which the director has a relationship, measured by comparing that sales figure with the total sales of the Bouygues group. • The volume of purchases made by Bouygues group entities from entities of the group with which the director has a relationship, measured by comparing that volume with the total volume of purchases of the Bouygues group.

Based on the above criteria, the Selection and Remuneration Committee reported to the Board as follows:

Clara Gaymard	Clara Gaymard is Co-founder of Raise. She is a director (since 2016) of Veolia Environnement, LVMH, Danone and Sages. The Selection and Remuneration Committee took account of the following factors: • Business relationships exist between Bouygues group entities and entities of the **Veolia Environnement**, **LVMH** and **Danone** groups, but the sales and volume of purchases generated by those business relationships represent only a very small proportion of the business of the groups in question. • There is no relationship of economic dependence, exclusivity or dominance in the sectors in which the Veolia Environnement, LVMH and Danone groups have business relationships with the Bouygues group. • The business relationships arise in the normal course of business and in an ordinary competitive environment. • Those business relationships do not involve Bouygues SA directly, but only certain subsidiaries or sub-subsidiaries. • The Bouygues Board of Directors in no way interferes in those business relationships. • Clara Gaymard has no operational role within the Veolia Environnement, LVMH and Danone groups. She has no decision-making power over the selection of service providers or the awarding, implementation or management of the contracts involved in the business relationships. • She receives no remuneration from and has no personal interest in the contracts in question. • The directorships or positions that she holds within the Veolia Environnement, LVMH and Danone groups are recent. • In 2014, Bouygues SA took a decision to invest €10 million in a **Raise** investment fund. This decision was taken in light of the specific aims of the fund (support for innovative French businesses, and the existence of a philanthropic endowment fund dedicated to start-ups). It decided to invest a further €5 million in a **Raise** investment fund in 2018 for the same reasons as in 2014.
Anne-Marie Idrac	Anne-Marie Idrac is a director of Saint-Gobain (since 2011), Total (since 2012) and Air France-KLM (since 2017). She is a Senior Advisor to Sia Partners. In October 2017, she was appointed High Representative for the French government strategy on driverless vehicles. The Selection and Remuneration Committee took account of the following factors: • Business relationships exist between Bouygues group entities and entities of the **Saint-Gobain, Sia Partners, Total** and **Air France-KLM** groups, but the sales and volume of purchases generated by those business relationships represent only a very small proportion of the business of the groups in question. • There is no relationship of economic dependence, exclusivity or dominance in the sectors in which the groups in question have business relationships with the Bouygues group. • The business relationships arise in the normal course of business and in an ordinary competitive environment. • Those business relationships do not involve Bouygues SA directly, but only certain subsidiaries or sub-subsidiaries. • The Bouygues Board of Directors in no way interferes in those business relationships. • Anne-Marie Idrac has no operational role within the entities in question. She has no decision-making power over the selection of service providers or the awarding, implementation or management of the contracts involved in the business relationships. • She receives no remuneration from and has no personal interest in the contracts in question.

Colette Lewiner

In addition to her directorships at Bouygues and Colas, Colette Lewiner is a director of Nexans (since 2004), Getlink – formerly Eurotunnel – (since 2011), EDF (since 2014) and CGG (since 2018). She is also Advisor to the Chairman of Capgemini, a company where she has spent most of her career.
The Selection and Remuneration Committee took account of the following factors:
- Business relationships exist between Bouygues group entities and entities of the **Capgemini** and **Nexans** groups, but the sales and volume of purchases generated by those business relationships represent only a very small proportion of the business of the groups in question.
- However, there are more material business relationships between Bouygues group entities and entities of the EDF group, due to a number of ongoing projects. In 2018, Bouygues Construction generated 3.1% of its sales with the **EDF** group (versus 3% in 2017, 2.2% in 2016 and 2.6% in 2015). In January 2017, EDF awarded the contract for construction of the buildings housing two nuclear reactors at the Hinkley Point C plant in the UK to Bouygues Construction subsidiary Bouygues Travaux Publics, in a joint venture with British contractor Laing O'Rourke. The Bouygues Construction share in the deal amounts to over €1.7 billion. However, the Board takes the view that those business relationships do not impair the independence of Colette Lewiner, in light of the factors described below.
- There is no relationship of economic dependence, exclusivity or dominance in the sectors in which the groups in question have business relationships with the Bouygues group.
- The business relationships arise in the normal course of business and in an ordinary competitive environment.
- For the most part, those business relationships do not involve Bouygues SA directly, but only certain subsidiaries or sub-subsidiaries.
- The Bouygues Board of Directors in no way interferes in those business relationships.
- Colette Lewiner has no operational role within the entities in question. She has no decision-making power over the selection of service providers or the awarding, implementation or management of the contracts involved in the business relationships.
- She receives no remuneration from and has no personal interest in the contracts in question.

Helman le Pas de Sécheval

Helman le Pas de Sécheval is General Counsel of the **Veolia** group (since 2012). He is a member of the Board of the AMF (since 2015).
The Selection and Remuneration Committee took account of the following factors:
- Business relationships exist between Bouygues group entities and entities of the **Veolia** group, but the sales and volume of purchases generated by those business relationships represent only a very small proportion of the business of the groups in question.
- There is no relationship of economic dependence, exclusivity or dominance in the sectors in which the Veolia group has business relationships with the Bouygues group.
- The business relationships arise in the normal course of business and in an ordinary competitive environment.
- Those business relationships do not involve Bouygues SA directly, but only certain subsidiaries or sub-subsidiaries.
- The Bouygues Board of Directors in no way interferes in those business relationships.
- Helman le Pas de Sécheval has no operational role within the entities in question. He has no decision-making power over the selection of service providers or the awarding, implementation or management of the contracts involved in the business relationships.
- He receives no remuneration from and has no personal interest in the contracts in question.

Rose-Marie Van Lerberghe

Rose-Marie Van Lerberghe chairs the Board of Directors of Orchestre des Champs-Elysées (since 2015). She is also a director of Fondation Hôpital Saint-Joseph (since 2011), a member of the supervisory board of Klépierre (since 2012) and a director of CNP Assurances (since 2013). She was appointed Vice-Chairwoman of Klépierre in June 2017.
The Selection and Remuneration Committee took account of the following factors:
- Business relationships exist between Bouygues group entities and entities of the **CNP Assurances** and **Klépierre** groups, but the sales and volume of purchases generated by those business relationships represent only a very small proportion of the business of the groups in question.
- There is no relationship of economic dependence, exclusivity or dominance in the sectors in which the groups in question have business relationships with the Bouygues group.
- The business relationships arise in the normal course of business and in an ordinary competitive environment.
- Those business relationships do not involve Bouygues SA directly, but only certain subsidiaries or sub-subsidiaries.
- The Bouygues Board of Directors in no way interferes in those business relationships.
- Rose-Marie Van Lerberghe has no operational role within the entities in question. She has no decision-making power over the selection of service providers or the awarding, implementation or management of the contracts involved in the business relationships.
- She receives no remuneration from and has no personal interest in the contracts in question.

In light of the above, the Board takes the view that the business relationships described above are not of a material nature such as to create conflicts of interest or impair the independence of the five directors in question. In any event, if the Board were to examine a transaction involving any of the entities concerned, the director in question would refrain from taking part in the deliberations and voting on that matter (see section 5.3.5.2 below).

Proportion of independent directors

Under the Afep-Medef Code, the proportion of independent directors on company boards must be at least:
- one third in the case of a "controlled"[a] company;
- 50% in the case of a widely-held company without controlling shareholders.

Those proportions do not take into account directors representing employee shareholders or representing employees.

(a) Within the meaning of Article L. 233-3 of the Commercial Code.

To date, the proportion of independent directors on the Bouygues Board has been five out of 11 (45.5%).

In response to a comment from the High Committee for Corporate Governance on this point, Martin Bouygues pointed out that the company is not "controlled" within the meaning of Article L. 233-3 of the Commercial Code, but nor is its capital "widely held": the SCDM group and the employee share ownership funds each hold a significant proportion of the share capital and voting rights of Bouygues (see section 6.3).

At the conclusion of the Annual General Meeting on 25 April 2019, the percentage of independent directors should (subject to approval of the resolutions on the reappointment of directors) reach 50%, thereby coming into line with the Afep-Medef Code.

5.3.3 Conditions for preparing and organising the Board's work

5.3.3.1 Rules of Procedure of the Board of Directors

Since 2002, the Rules of Procedure have clarified the conditions under which the work of the Board of Directors is prepared and organised. The Rules of Procedure are reviewed regularly and are amended to comply with:

- changes in laws and regulations and to the Afep-Medef Code;
- recommendations issued by the AMF;
- Bouygues' internal control principles.

The main provisions of the Rules of Procedure are summarised in the present report. The full text can be downloaded from the company's website www.bouygues.com under Group, Corporate governance, Board of Directors.

The Rules of Procedure were last reviewed in February 2019.

5.3.3.2 Powers of the Board of Directors

The powers and remit of the Board of Directors are laid down by law and by the Afep-Medef Code. In addition, the Rules of Procedure of the Board of Directors specify the following:

- the Board of Directors, with the assistance of an ad hoc committee if needed, determines the company's strategic priorities, and examines and makes decisions on major transactions;
- the strategic priorities, business plans and financing policy for the business segments and the Group are presented to the Board for approval;
- the Board must give its prior approval for any transaction regarded as being of major significance for the Group including investments in organic growth, external acquisitions, disposals, or internal restructuring, particularly where the transaction is outside the scope of the company's stated strategy;
- Board authorisation is required for major financing transactions through public offerings or private placements as well as for the principal guarantees and major commitments;
- the Board exercises control over management and oversees the quality of the information supplied to shareholders and to the markets, in particular through the financial statements and in connection with major transactions.
- the Board performs regular reviews of opportunities and risks, including risks of a financial, legal, operational, social or environmental nature, and assesses their impact on the strategy determined by the Board; to that end, the Board receives all the information necessary to fulfil its remit, especially from the Executive Officers;
- the Board obtains assurance that mechanisms are in place to prevent and detect corruption and influence peddling, and receives all the necessary information to that end;
- the Board also obtains assurance that senior management applies a policy of non-discrimination and diversity, especially in terms of gender parity on executive bodies.

5.3.3.3 Calling of meetings, quorum and majority rules

Under the articles of association:

- the Board of Directors meets as often as necessary in the interests of the company. Meetings are called by the Chairman and may take place at the registered office or any other venue and may be convened in any way, including orally;
- meetings are only quorate when at least half of the Board members are in attendance;
- decisions are taken by a majority of the directors present 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 method 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. As required by 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.

5.3.3.4 Board meetings

The Board of Directors meets in ordinary session at least five times a year:

- In January, the Board reviews the Group's 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 that are presented to it for approval.
- In February, it closes off the financial statements for the previous financial year.
- In May, it closes off the first-quarter financial statements.
- In August, it closes off the first-half financial statements.
- In November, it closes off the nine-month financial statements.

Other Board meetings are held as the Group's business requires.

A separate session is held at least once a year at which no Executive Officers are present.

The agenda for meetings held to close the financial statements is in three parts: business review, accounting issues, and legal issues. A detailed file on each part is provided to each director.

The statutory auditors are invited to attend all meetings at which the Board reviews interim or full-year financial statements.

People who are not Board members, whether Bouygues group employees or not, may be invited to attend all or part of Board meetings.

5.3.3.5 Information and training

The Chairman must ensure that each director is provided with all the documents and information needed to perform their duties, including:

- information about market trends, the competitive environment and the main challenges facing the company, including corporate social responsibility issues;
- the information needed to monitor the progress of business activities and in particular sales figures and order books;
- the financial position, 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 trends in headcount;
- major risks to the company, any change therein, and the steps taken to control them.

Once each quarter, senior management reports to the Board of Directors on the previous quarter's operations and consolidated results.

Directors may obtain additional information on request. The Chairman and Chief Executive Officer and the Deputy Chief Executive Officers, along with the Chief Financial Officer and General Counsel, are always at the Board's disposal to provide explanations and relevant information.

Directors may also meet with the company's senior executives, and may do so without the Executive Officers present provided that the latter have been informed beforehand.

Committees tasked by the Board of Directors with addressing specific issues shall help to keep the Board well informed through their work and reports (see section 5.3.4).

Directors must always receive any document that the company and its subsidiaries have issued to the public, particularly information for shareholders.

Since May 2017, directors have had the use of a secure digital platform to make it easier for them to access relevant documents and information. This platform can also be accessed by the Economic and Social Committee representative on the Board.

Directors may request additional training relating to the company, its business segments and the sectors in which it operates.

As required by law, the director representing employees is also entitled to receive specific training on request.

5.3.4 Board committees

The committees of the Board of Directors examine issues submitted to them for an opinion by the Board or its Chairman as well as matters assigned to them by the Rules of Procedure or by law. The Bouygues group has three Board committees:

- Accounts Committee;
- Selection and Remuneration Committee;
- Ethics, CSR and Patronage Committee.

Annexes to the Rules of Procedure, the content of which is indicated below, define the composition, remit and rules for the operation of the three committees. Executive Officers and salaried directors of Bouygues (other than directors representing employees or directors representing employee shareholders) cannot sit on the committees. The committees are chaired by independent directors.

Each committee may if it deems fit commission technical research from third parties in areas within its competence, subject to the principles contained in the Afep-Medef Code.

The Board determines the membership and remits of the committees, which perform their activities under the Board's responsibility. The Board appoints the committee members from among the directors.

5.3.4.1 Accounts Committee

The Accounts Committee was formed in 1996. The Committee comprises the following directors:

CHAIRMAN	Helman le Pas de Sécheval	Independent director
MEMBERS	Clara Gaymard	Independent director
	Anne-Marie Idrac	Independent director
	Michèle Vilain	Director representing employee shareholders

The membership of the Accounts Committee remained unchanged in 2018.

Three members of the Committee have particularly extensive skills and experience in financial matters.

- Helman le Pas de Sécheval has been head of the Financial Operations and Information department of the Commission des Opérations de Bourse (now the AMF), and Chief Financial Officer of the Groupama group; he is currently on the Board of the AMF.
- Clara Gaymard has been an auditor at the Cour des Comptes state audit office and has held executive functions in the General Electric group.
- Anne-Marie Idrac has been director general at the Public Development Agency (EPA) of Cergy-Pontoise, and Chair and CEO of the RATP (Paris public transport authority) and of the SNCF (French state railways).

Remit

In accordance with the provisions of applicable French and European legislation as well as the Afep-Medef Code, the Accounts Committee, acting under the responsibility of the Board of Directors, is responsible for overseeing matters related to:

- the preparation and control of accounting, financial and extra-financial information;
- internal control and risk management systems;
- the statutory auditors.

Subject	Detailed description
Oversight of the process for preparing financial and extra-financial information	• Reviewing the parent company and consolidated financial statements, as well as the statement of extra-financial performance, before they are presented to the Board. • Obtaining assurance that the accounting policies used in drawing up those financial statements are relevant and consistent. • Reviewing any changes that have a material impact on the financial statements. • Reviewing the principal optional treatments applied at the accounting close, key estimates and judgments, and the main changes in the scope of consolidation.
Oversight of the effectiveness of internal control and risk management systems, and of internal audit, as regards procedures for preparing and processing accounting, financial and extra-financial information	• Reviewing internal control procedures relating to the preparation of the financial statements, in conjunction with internal departments and qualified advisors. • Reviewing the key accounting, financial, social and environmental risks faced by the company, any changes in those risks, and the arrangements put in place to manage them. • Performing an annual review of the key risks faced by the company, including social and environmental risks, any changes in those risks, and the arrangements put in place to manage them. • Reviewing key information systems risks. • Performing an annual review of the company's internal control assessment.
Oversight of matters related to the statutory auditors	• Organising the selection procedure as specified in the relevant laws and regulations with a view to the appointment of the statutory auditors by the Annual General Meeting. • Making recommendations on the statutory auditors proposed for appointment at Annual General Meetings. • Overseeing execution by the statutory auditors of their engagement. • Obtaining assurance that the statutory auditors are in compliance with the independence criteria specified in the applicable laws and regulations, in particular examining the allocation of fees paid by the company itself and by Group companies between each statutory auditor (including members of their networks), including fees paid for services other than the statutory audit of the financial statements. • Approving the provision of any services other than statutory audit that may be provided by the statutory auditors or by members of their networks, having first analysed the risks posed to the independence of the statutory auditors and the protective measures applied by them. • Reporting to the Board of Directors on the outcomes of the statutory audit engagement, the way in which that engagement contributed to the integrity of financial information, and the role played by the Accounts Committee in that process.

Subject	Detailed description
Specific tasks	• 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 reviews the accounting treatment of key risks to which Group companies are exposed, in particular country risk, or (for example) risks involved in the execution of certain projects at Bouygues Construction. The Committee pays particular attention to changes in accounting policy and to optional treatments applied at the accounting close.
Reporting to the Board of Directors	• The Committee reports to the Board of Directors and issues recommendations on the matters described above, both periodically at accounting closes and whenever warranted by a specific event. It informs the Board promptly of any difficulty encountered.

The Accounts Committee reviews the section on internal control and risk management included in the draft Report on corporate governance, and communicates any observations it may have on that draft.

Operation

At the time of their appointment, Accounts Committee members are provided with information concerning the company's specific accounting, financial and operational characteristics.

Accounts Committee meetings are valid only if two or more of its members, including its Chairman, are in attendance. Meetings are called by the Chairman of the Committee, or at the request of the Chairman of the Board of Directors. The Committee meets at least four times each year to examine the quarterly, first-half and full-year financial statements before they are submitted to the Board. The Committee Chairman draws up the agenda. The opinions issued by the Committee are approved by a simple majority of its members. In the event of a tie, the Committee Chairman has the casting vote.

In carrying out its duties, the Committee has access to all accounting and financial documents, as well as all extra-financial information, that it deems useful. It must also meet with the statutory auditors and with senior executives of the company responsible for finance, accounting, sustainable development, cash management and internal audit. If the Committee so requests, such meetings must be held without the company's senior management being present.

The Committee may also have recourse to external experts, as provided for in the Afep-Medef Code.

The statutory auditors present to the Accounts Committee a summary of their work and of optional accounting treatments used at the accounting close.

The Committee meets with the statutory auditors at least once a year with no company representative present to ensure that they were given full access to information and that they have all the resources they need to fulfil their duties.

During the examination 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 (in particular, any audit adjustments and significant internal control weaknesses identified during their work), and the optional accounting treatments applied. The Chief Financial Officer provides the Committee with a memorandum describing the company's risk exposure and material off-balance sheet commitments.

The statutory auditors' main recommendations are incorporated in an action plan and a follow-up procedure that are presented to the Accounts Committee and to senior management at least once a year.

The Accounts Committee's discussions and the information provided to it are highly confidential and must not be disclosed outside the Board of Directors, without prejudice to the financial reporting obligations incumbent upon listed companies.

The Accounts Committee reports on its work at the next subsequent Board meeting, indicating the specific actions it has taken, its conclusions, and any recommendations it may have. It informs the Board promptly of any difficulty encountered in performing its duties.

5.3.4.2 Selection and Remuneration Committee

The Selection and Remuneration Committee was formed in April 2016 by merging the Selection Committee (set up in 1997) and the Remuneration Committee (set up in 1995).

The Committee comprises the following directors:

CHAIRWOMAN	Colette Lewiner	Independent director
MEMBERS	Francis Castagné	Director representing employees
	Helman le Pas de Sécheval	Independent director

The membership of the Selection and Remuneration Committee remained unchanged in 2018.

Remit

In accordance with the recommendations of the Afep-Medef Code, the remit of the Selection and Remuneration Committee is as described below:

Subject	Detailed description
Composition of the Board of Directors	• Periodically reviewing issues related to the composition, organisation and operation of the Board of Directors, especially in light of the composition of and changes in the company's share ownership structure, in order to make proposals to the Board. • Making proposals and giving an opinion to the Board of Directors on proposals to appoint, reappoint or remove from office a director, non-voting director or Executive Officer, whilst: ▪ ensuring that the composition of the Board remains balanced, and that the diversity policy applicable to Board members is applied; ▪ ensuring that the Board always has a sufficient proportion of independent directors; ▪ paying particular attention to the mix of skills, experience and knowledge of the Group's businesses that each candidate will need in order to make an effective contribution to the Board's work. • Giving an opinion on whether or not each director qualifies as independent by reference to the Afep-Medef Code criteria. • Reviewing proposals to set up Board committees, and suggesting lists of their remits and members. • Giving an opinion on which governance model to adopt (in particular, whether to combine or separate the functions of Chairman and Chief Executive Officer). • Drawing up a succession plan for Executive Officers. • Reviewing the draft Report on corporate governance, and informing the Board of any observations about that report. • Participating in the evaluation of the Board of Directors.

Subject	Detailed description
Remuneration	• Submitting proposals on remuneration and incentive arrangements for Executive Officers of the company and senior executives of the Group. • Reviewing and submitting proposals to the Board of Directors on all components of the remuneration and benefits to be awarded to the Executive Officers, and in particular: ▪ proposing and checking, each year, the rules used to set the variable portion of the remuneration of Executive Officers, and ensuring that such rules are consistent with the assessment of their performance and with the company's medium-term strategy; ▪ proposing performance conditions for the vesting of Executive Officers' annual defined-benefit pension rights; ▪ issuing a recommendation annually on the remuneration and benefits of all kinds paid or awarded to each Executive Officer for the most recently ended financial year; ▪ each year, submitting to the Board of Directors the draft Report on the remuneration of corporate officers. • Proposing a general policy for awarding stock options, it being stipulated that (i) no discount may be offered on options awarded to Group senior executives and in particular to Executive Officers of the company and (ii) awards must be proportionate to the merits of each executive and fairly allocated between the beneficiaries. ▪ examining stock option plans awarded to Executive Officers and employees, and making recommendations to the Board on whether the option plans should involve new or existing shares; ▪ where stock options or performance shares are awarded to an Executive Officer, making proposals on the number of shares resulting from the exercise of stock options or performance share grants that the beneficiary will be required to retain until the end of his or her term of office and proposing performance conditions for the granting and exercise of options or for the granting of performance shares; ▪ submitting each year to the Board of Directors the draft Report on stock options and performance shares. • Issuing a recommendation on the overall amount of directors' fees and the arrangements for allocating those fees between the directors. • Submitting proposals on remuneration and incentive arrangements for Executive Officers of the company and senior executives of the Group.

Operation

Selection and Remuneration Committee meetings are called by the Chairman of the Committee, or at the request of the Chairman of the Board of Directors. Committee meetings are valid only if two or more of its members, including its Chairman, are in attendance. The Committee Chairman draws up the agenda.

The opinions issued by the Committee are approved by a simple majority of its members. In the event of a tie, the Chairman has 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 him. The Committee may also have recourse to external experts, as provided for in the Afep-Medef Code.

The Committee reports on its work at the next subsequent meeting of the Board of Directors. No Executive Officer may be present when the report on the work of the Committee regarding remuneration is presented to the Board of Directors.

5.3.4.3 Ethics, CSR and Patronage Committee

The Ethics, CSR and Patronage Committee was set up in 2001, and currently comprises the following directors:

CHAIRWOMAN	Anne-Marie Idrac	Independent director
MEMBERS	Sandra Nombret	Director representing employee shareholders
	Rose-Marie Van Lerberghe	Independent director

During 2018, the membership of the Ethics, CSR and Patronage Committee decreased from four to three.

Date	Departure	
16 May 2018	Raphaëlle Deflesselle	Director representing employees

Remit

The remit of the Ethics, CSR and Patronage Committee is as follows:

Subject	Detailed description
Ethics	• Helping define rules of conduct and guiding principles to be followed by senior executives and other employees. • Issuing recommendations or opinions on initiatives aimed at promoting best practice in this area. • Monitoring compliance with these values and rules of conduct. • Examining and giving an opinion on the system put in place by the Group to prevent and detect corruption.
CSR	• Examining at least once a year issues encountered by the Group in terms of environmental, corporate and social responsibility. • Examining and giving an opinion to the Board on the extra-financial compliance declaration required pursuant to Article L. 225-102-1 of the Commercial Code. • Examining and giving an opinion on the vigilance plan required pursuant to Article L.225-102-4 of the Commercial Code.
Patronage	• Setting rules or making recommendations for Bouygues to follow. • Giving its opinion to the Chairman of the Board on patronage initiatives proposed by Bouygues when they represent a significant financial commitment. • Ensuring that its recommendations are implemented and that these initiatives are properly carried out.

Operation

Ethics, CSR and Patronage Committee meetings are called by the Chairman of the Committee, or at the request of the Chairman of the Board of Directors. In the course of its work, the Committee may meet with the Chairman of the Board of Directors or any other person designated by him. The Committee reports on its work at the next subsequent meeting of the Board of Directors.

5.3.5 Ethical conduct

The directors of Bouygues are required to comply with all the rules of conduct listed in paragraph 19 of the Afep-Medef Code, and with the Code of Conduct appended to the Rules of Procedure of the Board of Directors. These documents are available on the Bouygues website.

The Code of Conduct includes detailed requirements regarding directors' duty to be informed, regular attendance, limitations on multiple directorships, preventing and managing conflicts of interest, holding shares in the company, confidentiality, and detailed measures for the prevention of insider dealing.

The Compliance Programmes approved in 2014 by the Board of Directors, then updated and supplemented in 2017, include rules relating to ethical conduct in securities trading and the prevention of conflicts of interest.

5.3.5.1 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 Officers must not hold more than two other directorships in listed companies outside their group, including foreign companies, and must seek the opinion of the Board before accepting a new directorship in a listed company;

- directors must not hold more than four other directorships in listed companies outside their group, including foreign companies. This recommendation applies at the time of their appointment or of the next renewal of their term of office;
- directors must inform the Board of directorships held in other companies, including their involvement in the board committees of those companies, whether French or foreign.

As far as the Board of Directors is aware, all of the directors are in compliance with all these rules.

Attendance rates of Board members

The Rules of Procedure state 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 portion of 70%, calculated on the basis of the attendance rate at meetings.

In 2018, the attendance rates at Board and Committee meetings were:

	Board of Directors	Accounts Committee	Selection and Remuneration Committee	Ethics, CSR and Patronage Committee
Martin Bouygues (Chairman and CEO)	6/7 (85%)			
Olivier Bouygues (Deputy CEO)	7/7 (100%)			
Charlotte Bouygues (Standing representative of SCDM, as from 11/06/2018)	2/2 (100%)			
Cyril Bouygues (Standing representative of SCDM Participations, up to 11/06/2018)	5/5 (100%)			
Edward Bouygues (Standing representative of SCDM, up to 11/06/2018)	5/5 (100%)			
William Bouygues (Standing representative of SCDM Participations, as from 11/06/2018)	2/2 (100%)			
Francis Castagné (Director representing employees)	7/7 (100%)		3/3 (100%)	
Raphaëlle Deflesselle (Director representing employees, term of office ended 16/05/2018)	5/5 (100%)			1/1 (100%)
Clara Gaymard	6/7 (85%)	4/5 (80%)		
Anne-Marie Idrac	6/7 (85%)	3/5 (60%)		5/5 (100%)
Patrick Kron	5/7 (71%)			
Helman le Pas de Sécheval	6/7 (85%)	5/5 (100%)	3/3 (100%)	
Colette Lewiner	7/7 (100%)		3/3 (100%)	
Sandra Nombret (Director representing employee shareholders)	6/7 (85%)			5/5 (100%)
Alexandre de Rothschild	6/7 (85%)			
Rose-Marie Van Lerberghe	5/7 (71%)			5/5 (100%)
Michèle Vilain (Director representing employee shareholders)	7/7 (100%)	5/5 (100%)		
AVERAGE	**91.3%**	**85%**	**100%**	**100%**

5.3.5.2 Rules on preventing and managing conflicts of interest

The Code of Conduct for directors appended to the Rules of Procedure of the Board of Directors sets forth specific measures on conflicts of interest. These include a stipulation that where circumstances require, directors may be obliged to refrain from deliberating or voting on any matter that directly or indirectly concerns them, and may be denied access to documents made available to the other directors on that matter.

A compliance programme on conflicts of interest was adopted by the Board of Directors in January 2014. 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 office.

The provisions of the Conflicts of Interest Compliance Programme relating to directors and Executive Officers are as follows:

"Directors and executive officers of all Group companies are required to pay special care and attention to conflicts of interest."

"Specific regulations on so-called "regulated agreements" deal with conflicts of interest that may arise between the company and its senior executives — Chief Executive Officer, Deputy CEOs, directors, chairman of a simplified limited company (Société par Actions Simplifiée – SAS), etc. — or between the company and a shareholder with more than 10% of the company's voting rights (or an entity controlling such a shareholder) as a result of (i) agreements between them and the company; (ii) agreements in which the senior executive or shareholder may indirectly have an interest; or (iii) agreements between two companies with common senior executives."

"Those regulations 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."

"Directors and Executive Officers should inform their board of directors of any conflict of interest, even potential, between their duties to the company and their private interests. The chairman of a board may at any time ask directors and non-voting directors to provide a written statement confirming that they are not subject to a conflict of interest."

"Directors must refrain from voting on any issue that concerns them directly or indirectly. In some cases, this obligation to refrain from voting may even require the relevant person not to attend meetings and not to have sight of the documents about the issue in question."

"Directors and Executive Officers must not engage in any activity that would place them in a conflict of interest situation and must not hold an interest in a client, supplier or rival company if such an investment might influence their behaviour in the performance of their duties."

The Code of Conduct contains identical measures.

To date, the company is aware of the following potential conflicts of interest:

- major shareholders of the Group (SCDM, SCDM Participations and Group employee shareholders) are directly or indirectly represented on the Board of Directors by Martin Bouygues, Olivier Bouygues, Charlotte Bouygues, William Bouygues, Sandra Nombret and Michèle Vilain;
- potential conflicts of interest exist because some of the directors hold functions or directorships in other companies. The list of those functions or directorships is set out above (see section 5.1);
- Martin Bouygues, Olivier Bouygues, Charlotte Bouygues and William Bouygues have family ties with one another. The company is not aware of other family ties between Board members;
- Charlotte Bouygues, William Bouygues, Francis Castagné, Sandra Nombret and Michèle Vilain are bound by employment contracts to Bouygues subsidiaries;
- Martin Bouygues, Olivier Bouygues, William Bouygues and Colette Lewiner hold directorships in Bouygues subsidiaries.

As far as the company is aware:

- as of the date of this report there are no other potential conflicts of interest between the duties of any member of the Board of Directors to the company and their private interests or other duties;
- subject to the agreement between SCDM and Bouygues, none of the members of the Bouygues Board of Directors is linked to the company or any of its subsidiaries by a service agreement providing for benefits.

The Auditors' special report (see section 8.3.1) details the regulated agreements and commitments authorised by the Board, and identifies the Board members who abstained from voting because of actual or potential conflicts of interest.

5.3.5.3 Regulated agreements

The Bouygues group Internal Charter on Regulated Agreements, approved by the Board of Directors, is available on www.bouygues.com. The Charter makes it easier for Bouygues group companies to identify agreements which, because they directly or indirectly concern a senior executive or a shareholder, must follow the regulated agreements procedure (prior authorisation from the Board of Directors, auditors' special report, approval by the Annual General Meeting).

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 section 8.2) as well as in the Auditors' special report (section 8.3.1). This report also mentions regulated agreements for which the effects continue over time, which the Board of Directors reviews each year. Only new agreements are submitted to the Annual General Meeting for approval.

5.3.5.4 Convictions and court orders

As far as the company is aware, during the last five years no member of the Board of Directors has been:

- found guilty of fraud, incriminated or subject to official public sanction by any statutory or regulatory body;
- associated, in the capacity of senior executive, with any insolvency, compulsory administration or liquidation proceedings;
- prevented by a court from acting as a member of an issuer's administrative, management or supervisory body or from being involved in an issuer's management or the conduct of its business.

5.3.5.5 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 own 500 shares in the company.

In addition, when awarding stock options or performance shares, the Board of Directors must determine the number of performance shares or shares arising from exercise of options that Executive Officers are required to retain until they cease to hold office (see section 6.4.1).

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.

5.3.5.6 Prevention of insider dealing

All Bouygues directors are required to comply with the Code of Conduct rules on the prevention of insider dealing. The Code of Conduct is set out in Annex 1 of the Rules of Procedure of the Board of Directors, accessible on the Bouygues website. The Financial Information and Securities Trading Compliance Programme, adopted by the Board in 2014 and updated in 2017, sets out and supplements those rules.

5.3.6 Evaluation of the Board of Directors

The Rules of Procedure of the Board of Directors stipulate that the Board should periodically evaluate its ability to meet shareholders' expectations by reviewing its composition, organisation and operation, and by undertaking a similar review of Board committees.

Consequently, every year the Board includes on the agenda of its November meeting a discussion on the way in which the Board operates.

In accordance with the recommendations of the Afep-Medef Code, this formal evaluation has three objectives:

- assess the way in which the Board and its committees operate;
- check that important issues are suitably prepared and debated;
- measure the actual contribution of each director to the Board's work through his or her competence and involvement in discussions.

Shareholders are informed each year in the Registration Document that an evaluation has been performed and what action is being taken as a result.

On 15 January 2019, the Board of Directors carried out a formal evaluation of its organisation and operation, based on detailed questionnaires sent to directors and committee members. The questionnaires were prepared in collaboration with members of the Selection and Remuneration Committee, and included questions relating to the self-assessment of the other directors. Directors were also invited to have discussions with the General Counsel to ensure they were as well prepared as possible for the meeting.

The response rate was 93%. These responses were reviewed by the General Counsel, in liaison with the members of the Selection and Remuneration Committee, and compared with those from previous years in order to assess what progress had been achieved and what still needed to be done.

The main conclusions of the evaluation were as follows:

General evaluation	• Board and its committees operating well. • Good quality of discussion. • Good level of contribution by each director to the work of the Board.
Progress achieved	• The observations or wishes expressed by directors in recent years have been taken into account: the number of directors has been reduced, and the proportion of women on the Board has been increased; the level of directors' fees has been increased; since 2017, the annual evaluation of the Board and its committees has been carried out under the direction of the Selection and Remuneration Committee; since 2017, the Board has been given an annual presentation on the Human Resources function and its actions; and the proportion of independent directors has been increased and should reach 50% at the conclusion of the Annual General Meeting of 25 April 2019.
Areas for improvement	Directors raised the following issues at the end of 2018: • Level of directors' fees: the possibility of an increase to bring the level into line with other CAC 40 companies was mentioned. • Arranging an off-site session to coincide with the presentation of the Group's strategy at the January Board meeting. • Mutual assessment by individual directors: opinion is divided on this practice, which remains controversial. Some directors have suggested that a confidential assessment be performed by an independent third party, with feedback given directly to the directors concerned.

5.3.7 Work of the Board and committees in 2018

5.3.7.1 Work of the Board

The Board of Directors met seven times in 2018. The attendance rate was 90.3%.

The table below shows the main issues that featured on the agenda of each meeting.

16 January	• Three-year strategic priorities and business plans (2018–2020) for the Group and its business segments. • Update on the Group's digital transformation. • Mapping of the Group's major risks. • Report of the Accounts Committee. • Consultation of the Economic and Social Committee on strategic orientations. • Review of the principal claims and litigation involving the Group. • Report of the Ethics, CSR and Patronage Committee. • Review of ongoing regulated agreements. • Result of the Bouygues Confiance n°9 employee share ownership plan. • Meeting of non-executive directors without the executive directors or internal directors present, in particular to carry out an assessment of the Executive Officers and consider future management arrangements.
21 February	• 2017 business activity, outlook and objectives of the Group and business segments for 2018. • Position of the Group's business segments compared with their main competitors. • Report of the Accounts Committee. • Opinion of the statutory auditors. • Closing off the consolidated and parent company financial statements for the 2017 financial year, accounting documents and forecasts, consolidated financial statements, proposed appropriation of profits, and management report. • Report of the Selection and Remuneration Committee: composition of the Board of Directors – renewals of the terms of office of directors. • Report of the Selection and Remuneration Committee on the remuneration of corporate officers, special report on stock options. • Setting the variable remuneration of senior executives for the 2017 financial year and establishing rules for setting the remuneration of senior executives for the 2018 financial year. • Approval of the management report. • Approval of the Report on corporate governance • Proposal to renew the terms of office of Martin Bouygues and Anne-Marie Idrac as directors. • Convening of the Combined Annual General Meeting, finalisation of the agenda, the draft resolutions and the reports submitted to the general meeting. • Delegation of financial authority to Martin Bouygues and Philippe Marien in relation to corporate bonds. • Description of the share buyback programme and cancellation of shares. • List of companies that fall within the scope of the group tax election. • Press release.
23 March	• Proposed acquisition of Alpiq Engineering Services by Bouygues Construction and Colas.
26 April	• Answers to written questions addressed to the Board of Directors. • Renewal of option not to separate the functions of Chairman and CEO. • Renewal of the term of office of Martin Bouygues as Chairman and CEO.
16 May	• Business activity and financial statements for the first quarter of 2018. Alstom group: results for the 2017/18 financial year, and outlook. • Comparisons between the Bouygues group and its competitors. • Outlook for the Bouygues group. • Report of the Accounts Committee and opinion of the statutory auditors. • Closing off the first-quarter financial statements. • Human resources policy. • 2018 stock option plan. • Training for the director representing employees. • Press release.
29 August	• Key figures and business activity for the first half of 2018. • R&D activities in the Group. • Outlook for 2018. • Presentation of the first-half 2018 results. • Report of the Accounts Committee and opinion of the statutory auditors. • Closing off the first-half financial statements and approval of the First-half 2018 Financial Report. • Renewal of the term of office of Olivier Bouygues as Deputy Chief Executive Officer. • Bouygues Confiance n°10 employee share ownership plan. • Renewal of the authority granted to the Chairman and Chief Executive Officer to give guarantees, endorsements and sureties. • Update on the 2018 stock option plan. • Regulated agreements. • Press release.
14 November	• Business activity and financial statements for the first nine months of 2018. Outlook for 2018. • Report of the Accounts Committee. • Auditors' report. • Closing off the nine-month 2018 financial statements. • Terms and conditions of capital increase reserved for employees (Bouygues Confiance n°10) and adoption of supplementary report. • Update on the Sapin 2 law. • Gender parity in terms of career development and pay. • Approval of regulated agreements. • Press release.

5.3.7.2 Work of the Accounts Committee

The Accounts Committee met five times in 2018. The attendance rate was 85%.

The Accounts Committee reviewed the full-year parent company financial statements, the quarterly, first-half and full-year consolidated financial statements and the corresponding draft press releases, as well as the section of the management report on internal control and risk management procedures relating to the preparation and treatment of accounting and financial information. The Committee also reviewed other issues, including:

12 January 2018	• Mapping of the Group's major risks. • Principal claims and litigation to which the Group is a party. • Presentation on cybersecurity and the General Data Protection Regulation (GDPR) within the Group.
19 February 2018	• Valuations of the principal equity interests held by the Group. • Auditors' supplementary report to the Accounts Committee. • Impact of the Bouygues Confiance n°9 employee share ownership plan and of changes in tax law (reimbursement of the tax on dividends, changes to tax rates in France and the US). • Activity review of major projects and of certain subsidiaries of Bouygues Construction and Colas. • Impact on the Bouygues Telecom financial statements of the agreements with Cellnex. • Impact of first-time application of IFRS 9 ("Financial Instruments") and IFRS 15 ("Revenue from Contracts with Customers) on the consolidated financial statements. • Auditors' fees for 2017. • Services provided by the statutory auditors. • Overview of internal audit assignments in 2017.
14 May 2018	• Valuations of the principal equity interests held by Bouygues SA. • Activity review of major projects and of certain subsidiaries of Bouygues Construction and Colas. • Impact on the Bouygues Telecom financial statements of the agreements with Cellnex. • Services provided by the statutory auditors. • Review of the internal control assessment conducted in 2017, and dissemination of the updated Internal Control Reference Manual. • Presentation on the Group's insurance cover.
27 August 2018	• Valuations of the principal equity interests held by Bouygues SA. • Acquisitions of the Miller McAsphalt group, aufeminin and Alpiq Engineering Services. • Completion of work on implementation of new accounting standards. • Activity review of major projects and of certain subsidiaries of Bouygues Construction and Colas. • Impact on the Bouygues Telecom financial statements of the agreements with Cellnex. • Services provided by the statutory auditors. • Overview of internal audit activities. • Fraud reporting • Presentation by the statutory auditors.
12 November 2018	• Valuations of the principal equity interests held by Bouygues SA. • Acquisitions of the Miller McAsphalt group, aufeminin and Alpiq Engineering Services. • Activity review of major projects and of certain subsidiaries of Bouygues Construction and Colas. • Impact on the Bouygues Telecom financial statements of the agreements with Cellnex. • Impact of new International Financial Reporting Standard (IFRS 16, "Leases") on the consolidated financial statements. • Services provided by the statutory auditors and fee forecasts for 2018. • Internal audit plan for 2019.

In furtherance of its remit the Accounts Committee interviewed Philippe Marien, Deputy CEO of the Group (in particular on material risks and off-balance sheet commitments of the company), the Accounts and Audit Director, the head of consolidation and the statutory auditors, without the Executive Officers being present.

In accordance with paragraph 15.3 of the Afep-Medef Code, the company ensures that Committee members are supplied with the relevant files sufficiently far in advance (between one-and-a-half and four days ahead of each Committee meeting) for them to have time to examine those files properly before the Committee meeting. A digital platform was put in place in February 2017 to make it easier to access documents on a timely basis.

5.3.7.3 Work of the Selection and Remuneration Committee

The Selection and Remuneration Committee met three times in 2018. The attendance rate was 100%.

12 February 2018	• Calculation of variable remuneration in respect of the 2017 financial year. • 2017 Report on remuneration. • 2017 Report on stock options and performance shares. • Proposed remuneration policy for the 2018 financial year. • Proposal to award a stock option plan in May 2018. • Examination of the eligibility criteria for the defined-benefit pension scheme. • Review of the draft Report on principles and criteria for determining, allocating and awarding remuneration components payable to Executive Officers. • Group salary policy.
30 May 2018	• 2018 stock option plan. • Update on the Annual General Meeting of 26 April 2018.
8 November 2018	• Update on the assessment of the Board of Directors. • Ongoing analyses.

On 15 February 2019, the Selection and Remuneration Committee raised the issue of succession planning for the Chairman and Chief Executive Officer.

5.3.7.4 Work of the Ethics, CSR and Patronage Committee

The Ethics, CSR and Patronage Committee met five times in 2018. The attendance rate was 100%.

15 February 2018	• Review of the 2017 CSR report – Independent verifier's report. • Update on the Integrated Report. • CSR criteria to be taken into account in determining the variable remuneration of Executive Officers. • Ongoing matters. • Patronage.
21 June 2018	• Update on implementation of the Sapin 2 law. • Patronage. • Ongoing matters.
29 August 2018	• Patronage. • Update on the Ethics function.
14 November 2018	• Presentation of the Sapin 2 law. • Sapin 2 law (update on Bouygues Immobilier and TF1). • Ethics training. • Preparation for inspections by the French Anti-corruption Agency (AFA). • Patronage. • Ongoing matters.
6 December 2018	• Sapin 2 law. • Organising ethics training. • Director responsibility (Afep-Medef Code). • Ongoing matters. • Agenda.

5.3.8 Delegations of authority to increase the share capital conferred on the Board of Directors

As required by paragraph 3 of Article L. 225-37-4 of the Commercial Code, the table below summarises financial authorisations to increase the share capital conferred on the Board of Directors by the Annual General Meeting and currently in force, and the use made of such authorisations during 2018.

Only the authorisations to award stock options and increase share capital for the benefit of employees were used during the 2018 financial year.

Purpose	Maximum nominal amount	Expiry/Duration	Use in 2018
1. Increase the share capital with pre-emptive rights for existing shareholders (AGM of 27 April 2017, Resolution 18)	• Capital increase: €150 million • Issuance of debt securities: €7 billion	27 June 2019 (26 months)	None
2. Increase the share capital by incorporating share premiums, reserves or earnings into capital (AGM of 27 April 2017, Resolution 19)	• €4 billion	27 June 2019 (26 months)	None
3. Increase the share capital by way of public offering without pre-emptive rights for existing shareholders (AGM of 27 April 2017, Resolution 20)	• Capital increase: €85 million [a] • Issuance of debt securities: €4 billion [a]	27 June 2019 (26 months)	None
4. Increase the share capital by way of private placement (AGM of 27 April 2017, Resolution 21)	• Capital increase: 20% of the share capital over 12 months and €70 million [a] • Issuance of debt securities: €3 billion [a]	27 June 2019 (26 months)	None
5. Set the price for immediate or future issues of equity securities by way of public offering or private placement, without pre-emptive rights for existing shareholders (AGM of 27 April 2017, Resolution 22)	• 10% of the share capital in any 12-month period	27 June 2019 (26 months)	None
6. 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 27 April 2017, Resolution 23)	• 15% of the initial issue	27 June 2019 (26 months)	None
7. Increase the share capital as consideration for contributions in kind consisting of another company's equity securities or securities giving access to the capital of another company, outside of a public exchange offer (AGM of 27 April 2017, Resolution 24)	• 10% of the share capital [a] • Issuance of debt securities: €1.5 billion [a]	27 June 2019 (26 months)	None
8. Increase the share capital as consideration for securities tendered to a public exchange offer initiated by Bouygues (AGM of 27 April 2017, Resolution 25)	• Capital increase: €85 million [a] • Issuance of debt securities: €4 billion [a]	27 June 2019 (26 months)	None
9. Issue shares following the issue by a Bouygues subsidiary of securities giving access to shares in Bouygues (AGM of 27 April 2017, Resolution 26)	• Capital increase: €85 million [a]	27 June 2019 (26 months)	None
10. Increase the share capital for the benefit of employees or corporate officers who are members of a company savings scheme (AGM of 27 April 2017, Resolution 27)	• 5% of the share capital	27 June 2019 (26 months)	5,116,659 new shares were issued on 27 December 2018 as part of the Bouygues Confiance n°10 employee share ownership plan
11. Grant options to acquire new and/or existing shares (AGM of 27 April 2017, Resolution 28)	• 2% of the share capital (Executive Officers: 0.25% of the share capital)	27 June 2019 (26 months)	2,584,700 stock options granted to 803 beneficiaries on 1 June 2018 at a subscription price of €41.57
12. Allot existing or new bonus shares (i.e. free shares) (AGM of 21 April 2016, Resolution 21)	• 5% of the share capital (Executive Officers: 0.1% of the share capital)	21 June 2019 (38 months)	None
13. Issue equity warrants during the period of a public offer (AGM of 26 April 2018, Resolution 16)	• Capital increase: €91.5 million and 25% of the share capital • The number of warrants is capped at one quarter of the number of existing shares	26 October 2019 (18 months)	None

(a) To be deducted from the overall ceiling referred to in point 1.

5.4 REMUNERATION OF CORPORATE OFFICERS

This section contains the reports required by the Commercial Code, and the tables recommended in the Afep-Medef Corporate Governance Code and in AMF pronouncements on information to be included in the registration documents of listed companies about the remuneration of corporate officers.

5.4.1 Remuneration for 2018

Information required under Articles L. 225-37-3 and L. 225-100 paragraph II of the Commercial Code, and reiterating the principles and criteria approved by the eleventh resolution of the Annual General Meeting of 26 April 2018.

5.4.1.1 Principles and rules for determining remuneration awarded to Executive Officers in 2018

The Board of Directors has consistently applied the successive changes to the Afep-Medef Corporate Governance Code concerning executive remuneration, including those in the Code itself and in the application guidance issued by the High Committee for Corporate Governance.

The principles and rules currently applied by the Board, and used to determine remuneration for the 2018 financial year, are described below. As required by Article L. 225-37-2 of the Commercial Code, the Board submitted the principles and criteria for determining, allocating and awarding the remuneration components of Executive Officers for 2018 to a shareholder vote at the Annual General Meeting of 26 April 2018. The remuneration policy was approved when the eleventh resolution of the Annual General Meeting was passed with 84.55% in favour.

A. General preliminary remarks

- None of the four Executive Officers holds an employment contract. Prior to their appointment as Deputy Chief Executive Officers, Philippe Marien and Olivier Roussat were employees of Bouygues SA, but their employment contracts were suspended effective from the date of their appointment, i.e. 30 August 2016.
- The Board of Directors has not granted them any entitlement to severance compensation or non-competition indemnity in the event that they leave the company.
- They were not awarded any deferred annual variable remuneration or exceptional remuneration in 2018.
- A new medium-term remuneration component was introduced in 2017, in the form of multi-year variable remuneration subject to performance conditions.
- The overall remuneration package awarded to Executive Officers takes account of the existence of a capped supplementary pension benefit, and of the fact that they are not entitled to any severance compensation or non-competition indemnity.
- Apart from directors' fees (see Table 4 below), no Group subsidiary pays any remuneration to Martin Bouygues, Olivier Bouygues or Philippe Marien.
- Until November 2018, Olivier Roussat held office as Chairman and Chief Executive Officer of Bouygues Telecom in parallel with his role as Deputy Chief Executive Officer of Bouygues. His remuneration for 2018 was charged 60% to Bouygues SA and 40% to Bouygues Telecom. In November 2018, Olivier Roussat left his position as Chief Executive Officer of Bouygues Telecom. His remuneration for 2019 will be charged to Bouygues SA in full.

B. General structure of 2018 remuneration of Executive Officers

Fixed Remuneration (FR)
Performance-related annual variable remuneration
Performance-related multi-year variable remuneration
Directors' fees
Benefits in kind
Performance-related supplementary pension

C. 2018 fixed remuneration

The rules used to determine Fixed Remuneration (FR) were established in 1999 and have been applied consistently ever since. Fixed remuneration is determined according to the level and complexity of the person's responsibilities, experience in the post and length of service with the Group, and practices followed by groups or companies carrying on comparable businesses.

D. 2018 benefits in kind

Benefits in kind consist of the use of a company car, and in the case of Martin Bouygues and Olivier Bouygues the part-time assignment of a personal assistant and a chauffeur/security guard for their personal needs.

E. 2018 annual variable remuneration

General description of method used to determine the 2018 annual variable remuneration of Martin Bouygues, Olivier Bouygues, Olivier Roussat and Philippe Marien

The Board has defined five variable remuneration criteria for Martin Bouygues, Olivier Bouygues, Olivier Roussat and Philippe Marien.

An objective is set for each criterion. When the objective is attained, a variable portion corresponding to a percentage of fixed remuneration is awarded.

In the case of those portions of variable remuneration linked to a quantitative criterion, if an objective is exceeded or not attained the variable portion is adjusted on a straight-line basis within a specified range. The variable portion is subject to an upper limit, and is reduced to zero if the objective falls below a lower limit.

The sum total of the five variable portions calculated on this basis cannot under any circumstances exceed the overall cap, set in 2018, of 160% of each Executive Officer's fixed remuneration (see below).

The five criteria used to determine the 2018 annual variable remuneration of Martin Bouygues, Olivier Bouygues, Olivier Roussat and Philippe Marien

For 2018, the variable remuneration of Martin Bouygues, Olivier Bouygues, Olivier Roussat and Philippe Marien is based on the performance of the Group, determined by reference to four key quantitative criteria and to qualitative criteria (P1, P2, P3, P4 and P5):

- P1 = Actual consolidated current operating profit (COP) of the Group for the year / Objective = COP per the 2018 plan
- P2 = Actual consolidated net profit (CNP) of the Group for the year / Objective = CNP per the 2018 plan
- P3 = Actual CNP for the year (excluding exceptional items) / Objective = CNP for the previous year (excluding exceptional items)
- P4 = Change in net debt (CND) during the year (excluding external growth not built into the plan) / Objective = CND per the 2018 plan
- P5 = Qualitative criteria (set by the Board of Directors): performance in CSR[a] and compliance and overall qualitative assessment – Overall downward adjustment in the event of a serious adverse event during the year

The quantitative objectives (P1, P2, P3 and P4) and the qualitative criteria (P5) were established with precision but are not disclosed for confidentiality reasons.

The method used to determine the annual variable remuneration of the Executive Officers for 2018 is as follows:

(FR = Fixed Remuneration)

The effective weight of each criterion used to determine each variable portion awarded (P1, P2, P3, P4 and P5) reflects the actual performance achieved during the year.

The P1, P2, P3 and P4 components are calculated as follows:

1) If actual performance is more than 10% below the Objective: the component concerned (P1, P2, P3 or P4) = 0
2) If actual performance is in the range between (Objective – 10%) and the Objective:

   P1 = 0% to 40% of FR

   P2 = 0% to 40% of FR

   P3 = 0% to 30% of FR

   P4 = 0% to 20% of FR
3) If actual performance is in the range between the Objective and (Objective +20%):

   P1 = 40% to 70% of FR

   P2 = 40% to 70% of FR

   P3 = 30% to 50% of FR

   P4 = 20% to 30% of FR

Between these limits the effective weight of each component is determined by linear interpolation.

P5

The P5 component is determined on the basis of performance as assessed by the Board, and is capped at 30% of FR. The Board of Directors determines the effective weight of P5, subject to a strict cap of 30% of FR. The CSR/compliance criterion and the overall qualitative assessment criterion are each subject to a cap of 15%.

The Board of Directors reserves the right to make an overall downward adjustment that would reduce or eliminate P5 in the event of a serious adverse event during the year.

CAP

The sum of the five components P1, P2, P3, P4 and P5 calculated according to the above method may never exceed a **cap of 160% of FR.**

The table below summarises the method used to determine annual variable remuneration for 2018.

		Variable remuneration calculation method		
	Objective	**Theoretical annual variable remuneration if objective is attained** Cap (% of FR)	**Maximum theoretical annual variable remuneration if objective is exceeded** (% of FR)	**Annual variable remuneration awarded based on 2018 performance** (% of FR)
P1	COP for the year per the 2018 plan	40%	70%	31%
P2	CNP for the year per the 2018 plan	40%	70%	70%
P3	CNP for the previous year (2017 CNP)	30%	50%	42%
P4	Change in net debt per the 2018 plan	20%	30%	23%
P5	Qualitative criteria (CSR/compliance, overall assessment) Downward adjustment in the event of serious adverse event during the year	30%	30%	23%
		Total = 160% of FR	Total = 250% of FR Reduced to 160%	Total = 189% of FR
Cap		160%	160%	160%

FR: Fixed Remuneration.

(a) Corporate Social Responsibility.

F. 2018 multi-year variable remuneration

The Annual General Meeting of 26 April 2018 approved the principle of multi-year variable remuneration (MYVR), a medium-term remuneration package determined by reference to two quantitative criteria derived from the three-year business plan.

Martin Bouygues and Olivier Bouygues had already been awarded multi-year variable remuneration in 2017. Olivier Roussat and Philippe Marien having been appointed in 2016, they were awarded multi-year variable remuneration for the first time in 2018.

Multi-year variable remuneration for 2018 is based on medium-term performance, determined by reference to two quantitative criteria potentially giving entitlement to two components (P6 and P7):

- P6 = Average actual consolidated current operating profit (COP) of the Group for the last three financial years (2018, 2017 and 2016) for Martin Bouygues and Olivier Bouygues, and for the last two financial years (2018 and 2017) for Olivier Roussat and Philippe Marien / Average of the COP figures set as objectives in the annual business plans.
- P7 = Average actual consolidated net profit (CNP) of the Group for the last three financial years (2018, 2017 and 2016) for Martin Bouygues and Olivier Bouygues, and for the last two financial years (2018 and 2017) for Olivier Roussat and Philippe Marien / Average of the CNP figures set as objectives in the annual business plans.

Multi-year variable remuneration for 2018 was determined as follows:

(FR = Fixed Remuneration)

P6: Objective = average of the COP figures for the financial years set as objectives in the annual business plans.

- If the objective is attained, P6 = 0
- If the COP figures are at least 20% above the objective, P6 = 15% of FR

Between these lower and upper limits, P6 is determined by linear interpolation on the basis of the actual profit figure achieved.

P7: Objective = average of the CNP figures for the financial years set as objectives in the annual business plans.

- If the objective is attained, P7 = 0
- If the CNP figures are at least 20% above the objective, P7 = 15% of FR

Between these lower and upper limits, P7 is determined by linear interpolation on the basis of the actual profit figure achieved.

Multi-year variable remuneration for 2018 (total of P6 and P7) is therefore capped at 30% of fixed remuneration.

The table below summarises the method used to determine multi-year variable remuneration for 2018.

	Method used to calculate multi-year variable remuneration (MYVR)			
	Theoretical MYVR			
Objective	**If the Objective is attained**		**If actual performance is at least 20% above the Objective**	**MYVR awarded based on 2018 performance**
P6: Average of 2018, 2017 and 2016 COP per the plans (for Olivier Roussat and Philippe Marien, average of 2018 and 2017 COP per the plans)	0% of FR	Linear interpolation ⟷ between 0% and 15%	15% of FR	1% of FR
P7: Average of 2018, 2017 and 2016 CNP per the plans (for Olivier Roussat and Philippe Marien, average of 2018 and 2017 CNP per the plans)	0% of FR	Linear interpolation ⟷ between 0% and 15%	15% of FR	15% of FR
Cap			30%	30%
2018 MYVR				16%

FR: Fixed Remuneration.

G. 2018 directors' fees

Martin Bouygues and Olivier Bouygues receive directors' fees paid by Bouygues and by certain Group subsidiaries. Philippe Marien and Olivier Roussat receive directors' fees paid by certain subsidiaries (see sections 5.4.1.2 and 5.4.1.3 below).

H. 2018 supplementary pension

The four Executive Officers are entitled, subject to certain conditions, to a supplementary pension when they retire.

Performance conditions for the supplementary pension in 2018

Under Article 229 of the law of 6 August 2015, vesting of the pension rights of Executive Officers of listed companies in respect of a given financial year must be subject to performance conditions.

Martin Bouygues and Olivier Bouygues cannot acquire any supplementary pension rights in 2018 since the rights vested in them to date have reached the cap set by the Board of Directors (eight times the annual social security ceiling).

The Board of Directors has set performance conditions that must be met if Philippe Marien and Olivier Roussat are to acquire pension rights for 2018.

The table below summarises the method used to determine pension rights for 2018:

Supplementary pension scheme

Annual cap on vesting of pension rights = 0.92% of the 2018 reference salary (Fixed + Annual Variable)

Performance conditions

Objective		
Objective = plan average – 10% (average of CNP figures per the 2018, 2017 and 2016 plans)	If the average of actual CNP figures for 2018, 2017 and 2016 is more than 10% below the Objective Pension rights = 0	If the average of actual CNP figures for 2018, 2017 and 2016 is ≥ the Objective Pension rights = 0.92%
	Linear interpolation between 0% and 0.92%	

Overall cap on pension rights = 8 times social security ceiling (giving a cap of €317,856 in 2018).

Note: Annual pension rights for 2018 are contingent on CNP performances for 2018, 2017 and 2016.

Those performances were achieved by Philippe Marien and Olivier Roussat in 2018. Consequently, their pension rights would be 0.92% of their reference salary.

Information provided by the company on pension commitments or other lifetime benefits pursuant to Articles L. 225-37-3 (paragraph 3) and D. 225-104-1 of the Commercial Code

The characteristics of the supplementary pension scheme awarded to the Group's senior executives are as follows:

1. Title of the commitment: defined-benefit collective pension scheme.
2. Reference to legal provisions identifying the scheme: Article L. 137-11 of the Social Security Code.
3. Conditions for joining the scheme and other eligibility conditions. The beneficiary must:
   - be a member of the Group Management Committee on the date of voluntary or compulsory retirement;
   - have at least ten years' service with the Bouygues group at the date of voluntary or compulsory retirement;
   - have definitively ended his or her professional career at one of the Group companies (this condition is fulfilled when the employee is part of the workforce at the date of voluntary or compulsory retirement);
   - be at least 65 years old at the date of voluntary or compulsory retirement;
   - fulfil the eligibility criteria for pension benefits under the basic social security pension scheme and the mandatory supplementary schemes (AGIRC-ARRCO);
   - meet the performance conditions set by the Board of Directors.
4. Method of determining the reference salary specified by the scheme and used to calculate the rights of beneficiaries:

   The reference salary must be equal to the average gross salary of the three best calendar years of the Executive Officer or employee at the Bouygues group during his or her period on the Group Management Committee, adjusted to reflect changes in the value of pension entitlement points under the AGIRC-ARRCO scheme, on the date the term of office ends or the employment contract is terminated. The reference gross salary is that used to calculate social security contributions in accordance with Article L. 242-1 of the Social Security Code.
5. Pattern of vesting of rights: annual.
6. Annual cap on vesting of pension rights: 0.92% of reference salary.
7. Overall cap (amount and calculation method): eight times the annual social security ceiling, giving a cap of €317,856 in 2018.
8. Terms and conditions for funding the benefit: outsourced to an insurance company, to which a contribution is paid each year.
9. Estimated amount of annual annuity at the end of the reporting period:

Name	Annual annuity €
Martin Bouygues	314,124
Olivier Bouygues	252,766
Philippe Marien	201,808
Olivier Roussat	233,474

Note: The annual annuities of Martin Bouygues and Olivier Bouygues would each amount to eight times the annual social security ceiling once the contributions paid into the scheme by SCDM, calculated on a pro rata basis for the time spent on SCDM business each year by the person concerned, are taken into account.

Note: Before being appointed as Deputy Chief Executive Officers, Philippe Marien and Olivier Roussat were already members of the Group Management Committee and as such were entitled to benefit from the defined-benefit pension scheme described above.

10. Tax and social security charges borne by the company: the contributions paid into the scheme by the company are not subject to employers' social security charges or to the CSG or CRDS levies. However, the company is required to pay a levy set at 24% of those contributions.

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I. Other information on remuneration

The remuneration of 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 as approved under the regulated agreements procedure. Those invoices strictly reflect the amounts of remuneration as determined by the Bouygues Board of Directors. The agreement between Bouygues and SCDM was approved by the Annual General Meeting of 26 April 2018 (fourth resolution) under the regulated agreements procedure.

Olivier Bouygues spends part of his time on SCDM business. The Board of Directors has ensured that his remuneration reflects how he splits his time. His operational responsibilities within SCDM do not significantly reduce his availability and do not give rise to a conflict of interest.

As mentioned above, until November 2018 Olivier Roussat served as Chairman and Chief Executive Officer of Bouygues Telecom in parallel with his office as Deputy Chief Executive Officer of Bouygues, so 60% of his remuneration was charged to Bouygues and 40% to Bouygues Telecom. His remuneration is charged to Bouygues in full from 1 January 2019.

J. Combined Annual General Meeting of 26 April 2018 – Say on Pay

The Annual General Meeting of 26 April 2018 expressed a favourable opinion on the remuneration components awarded in respect of the 2017 financial year to Martin Bouygues (seventh resolution, passed with 97.79% in favour), Olivier Bouygues (eighth resolution, 97.85% in favour), Philippe Marien (ninth resolution, 97.49% in favour) and Olivier Roussat (tenth resolution, 97.55% in favour).

5.4.1.2 Remuneration of Executive Officers in respect of the 2018 financial year

Description of the remuneration of Martin Bouygues, Chairman and Chief Executive Officer, in respect of the 2018 financial year

I. Remuneration components due or awarded in respect of the 2018 financial year and submitted to the Annual General Meeting of 25 April 2019 for approval (Resolution 7)	**Quantity/ accounting value** €	**Comments**
Fixed remuneration	920,000	Martin Bouygues' fixed remuneration has not changed since 2003.
• Change versus 2017	0%	
Annual variable remuneration	1,472,000	Criteria for annual variable remuneration (2018): see 5.4.1.1 (E) above.
• Change versus 2017 • Variable/fixed [a] • Cap [b]	0% 160% 160%	
Multi-year variable remuneration	147,200	Criteria for multi-year variable remuneration (2018): see 5.4.1.1 (F) above.
• Change versus 2017	-18%	
Deferred variable remuneration		No deferred variable remuneration.
Exceptional remuneration		No exceptional remuneration.
Value of stock options, performance shares or any other long-term remuneration awarded in respect of the year		No stock options, performance shares or other long-term remuneration awarded in respect of the year.
Directors' fees	84,100 • of which Bouygues: 60,200 • of which subsidiaries: 23,900	
Value of benefits in kind	30,222	Company car. Part-time assignment of personal assistant and chauffeur/security guard for personal needs.

II. For information: remuneration components due or awarded in respect of the 2018 financial year and approved by the Annual General Meeting under the regulated agreements procedure (AGM of 26 April 2018, Resolutions 4 & 5)	**Quantity/ accounting value** €	**Comments**
Severance compensation		No severance compensation.
Non-competition indemnity		No non-competition indemnity.
Supplementary pension scheme		Martin Bouygues, on the same basis and subject to the same conditions as the other members of the Group Management Committee, belongs to a supplementary pension scheme giving entitlement to an annual pension equal to 0.92% of the reference salary (average of the three best years) per year in the scheme, capped at eight times the social security ceiling (giving a cap of €317,856 for 2018). Because he has reached this cap, Martin Bouygues cannot acquire any further rights. Entitlement to this supplementary pension is acquired only after ten years' service with the Bouygues group and is contingent on the beneficiary being a member of the Group Management Committee at the date of retirement. If he had retired in 2018, taking into account his length of service, Martin Bouygues would have been entitled to an annual pension of €314,124 (although the €317,856 cap would have been reached because Martin Bouygues has also acquired pension rights through the office he holds at SCDM). In accordance with the Afep-Medef Code, this does not exceed 45% of his reference income.
TOTAL	**2,653,522**	
Change versus 2017	-1.5%	

(a) Variable remuneration expressed as a percentage of fixed remuneration.
(b) Cap on variable remuneration, set at a percentage of fixed remuneration.

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Description of the remuneration of Olivier Bouygues, Deputy Chief Executive Officer, in respect of the 2018 financial year

I. Remuneration components due or awarded in respect of the 2018 financial year and submitted to the Annual General Meeting of 25 April 2019 for approval (Resolution 8)	Quantity/ accounting value €	Comments
Fixed remuneration • Change versus 2017	500,000 0%	Olivier Bouygues' fixed remuneration has not changed since 2009.
Annual variable remuneration • Change versus 2017 • Variable/fixed[a] • Cap[b]	800,000 0% 160% 160%	Criteria for annual variable remuneration (2018): see 5.4.1.1 (E) above.
Multi-year variable remuneration • Change versus 2017	80,000 -18%	Criteria for multi-year variable remuneration (2018): see 5.4.1.1 (F) above.
Deferred variable remuneration		No deferred variable remuneration.
Exceptional remuneration		No exceptional remuneration.
Value of stock options, performance shares or any other long-term remuneration awarded in respect of the year		No stock options, performance shares or other long-term remuneration awarded in respect of the year.
Directors' fees	93,107 • of which Bouygues: 40,000 • of which subsidiaries: 53,107	
Value of benefits in kind	10,756	Company car. Part-time assignment of personal assistant and chauffeur/security guard for personal needs.

II. For information: remuneration components due or awarded in respect of the 2018 financial year and approved by the Annual General Meeting under the regulated agreements procedure (AGM of 26 April 2018, Resolutions 4 & 6)	Quantity/ accounting value €	Comments
Severance compensation		No severance compensation.
Non-competition indemnity		No non-competition indemnity.
Supplementary pension scheme		Olivier Bouygues, on the same basis and subject to the same conditions as the other members of the Group Management Committee, belongs to a supplementary pension scheme giving entitlement to an annual pension equal to 0.92% of the reference salary (average of the three best years) per year in the scheme, capped at eight times the social security ceiling (giving a cap of €317,856 for 2018). Because he has reached this cap, Olivier Bouygues cannot acquire any further rights. Entitlement to this supplementary pension is acquired only after ten years' service with the Bouygues group and is contingent on the beneficiary being a member of the Group Management Committee at the date of retirement. If he had retired in 2018, taking into account his length of service, Olivier Bouygues would have been entitled to an annual pension of €252,766 (although the €317,856 cap would have been reached because Olivier Bouygues has also acquired pension rights through the office he holds at SCDM). In accordance with the Afep-Medef Code, this does not exceed 45% of his reference income.
TOTAL	**1,483,863**	
Change versus 2017	-1%	

(a) Variable remuneration expressed as a percentage of fixed remuneration.
(b) Cap on variable remuneration, set at a percentage of fixed remuneration.

Description of the remuneration of Olivier Roussat, Deputy Chief Executive Officer, in respect of the 2018 financial year

I. Remuneration components due or awarded in respect of the 2018 financial year and submitted to the Annual General Meeting of 25 April 2019 for approval (Resolution 10)	**Quantity/ accounting value** €	**Comments**
Fixed remuneration	552,000	Corresponds to 60% of Olivier Roussat's fixed remuneration, the remainder being charged to Bouygues Telecom.
• Change versus 2017	0%	
Variable remuneration	883,200	Corresponds to 60% of Olivier Roussat's variable remuneration, the remainder being charged to Bouygues Telecom. Criteria for variable remuneration (2018): see 5.4.1.1 (E) above.
• Change versus 2017	0%	
• Variable/fixed [a]	160%	
• Cap [b]	160%	
Multi-year variable remuneration	88,320	Corresponds to 60% of Olivier Roussat's multi-year variable remuneration, the remainder being charged to Bouygues Telecom. Criteria for multi-year variable remuneration: see 5.4.1.1 (F) above.
Deferred variable remuneration		No deferred variable remuneration.
Exceptional remuneration		No exceptional remuneration.
Value of stock options, performance shares or any other long-term remuneration awarded during the period in respect of the year		No stock options, performance shares or other long-term remuneration awarded in respect of the year.
Directors' fees	Directors' fees – subsidiaries: 36,400	
Value of benefits in kind	11,675	Company car and unemployment insurance.

II. For information: remuneration components due or awarded in respect of the 2018 financial year and approved by the Annual General Meeting under the regulated agreements procedure (AGM of 26 April 2018, Resolution 4)	**Quantity/ accounting value** €	**Comments**
Severance compensation		No severance compensation.
Non-competition indemnity		No non-competition indemnity.
Supplementary pension scheme		Olivier Roussat, on the same basis and subject to the same conditions as the other members of the Group Management Committee, belongs to a supplementary pension scheme giving entitlement to an annual pension equal to 0.92% of the reference salary (average of the three best years) per year in the scheme, capped at eight times the social security ceiling (giving a cap of €317,856 for 2018). Entitlement to this supplementary pension is acquired only after ten years' service with the Bouygues group and is contingent on the beneficiary being a member of the Group Management Committee at the date of retirement. If he had retired in 2018, Olivier Roussat would have been entitled, taking into account his length of service, to an annual pension of €233,474. In accordance with the Afep-Medef Code, this does not exceed 45% of his reference income.
TOTAL	**1,571,595**	
Change versus 2017	+5.7%	

(a) Variable remuneration expressed as a percentage of fixed remuneration.
(b) Cap on variable remuneration, set at a percentage of fixed remuneration.

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Description of the remuneration of Philippe Marien, Deputy Chief Executive Officer, in respect of the 2018 financial year

I. Remuneration components due or awarded in respect of the 2018 financial year and submitted to the Annual General Meeting of 25 April 2019 for approval (Resolution 9)	Quantity/ accounting value €	Comments
Fixed remuneration • Change versus 2017	920,000 0%	
Variable remuneration • Change versus 2017 • Variable/fixed [a] • Cap [b]	1,472,000 0% 160% 160%	Criteria for variable remuneration (2018): see 5.4.1.1 (E) above.
Multi-year variable remuneration	147,200	Criteria for multi-year variable remuneration (2018): see 5.4.1.1 (F) above.
Deferred variable remuneration		No deferred variable remuneration.
Exceptional remuneration		No exceptional remuneration.
Value of stock options, performance shares or any other long-term remuneration awarded in respect of the year		No stock options, performance shares or other long-term remuneration awarded in respect of the year.
Directors' fees	Directors' fees – subsidiaries: 76,349	
Value of benefits in kind	3,644	Company car.

II. For information: remuneration components due or awarded in respect of the 2018 financial year and approved by the Annual General Meeting under the regulated agreements procedure (AGM of 26 April 2018, Resolution 4)	Quantity/ accounting value €	Comments
Severance compensation		No severance compensation.
Non-competition indemnity		No non-competition indemnity.
Supplementary pension scheme		Philippe Marien, on the same basis and subject to the same conditions as the other members of the Group Management Committee, belongs to a supplementary pension scheme giving entitlement to an annual pension equal to 0.92% of the reference salary (average of the three best years) per year in the scheme, capped at eight times the social security ceiling (giving a cap of €317,856 for 2018). Entitlement to this supplementary pension is acquired only after ten years' service with the Bouygues group and is contingent on the beneficiary being a member of the Group Management Committee at the date of retirement. If he had retired in 2018, Philippe Marien would have been entitled, taking into account his length of service, to an annual pension of €201,808. In accordance with the Afep-Medef Code, this does not exceed 45% of his reference income.
TOTAL	**2,619,193**	
Change versus 2017	+5.7%	

(a) Variable remuneration expressed as a percentage of fixed remuneration.
(b) Cap on variable remuneration, set at a percentage of fixed remuneration.

Table 1 – General summary of legal status of Executive Officers: Restrictions on combining corporate office with employment contract – Supplementary pension – Severance compensation – Non-competition indemnity

Executive Officer	Employment contract		Supplementary pension scheme		Compensation or other benefits due or liable to become due on cessation or change of office		Non-competition indemnities	
	Yes	No	Yes	No	Yes	No	Yes	No
Martin Bouygues Office: Chairman and CEO		X	X			X		X
Olivier Bouygues Office: Deputy CEO		X	X			X		X
Olivier Roussat Office: Deputy CEO		X [a]	X			X		X
Philippe Marien Office: Deputy CEO		X [a]	X			X		X

(a) Employment contracts suspended with effect from 1 September 2016.

Table 2 – General summary of remuneration, benefits in kind and options awarded to the four Executive Officers in 2018

	Martin Bouygues (Chairman and CEO)		Olivier Bouygues (Deputy CEO)		Olivier Roussat (Deputy CEO)		Philippe Marien (Deputy CEO)	
€	in 2018	in 2017	in 2018	in 2017	in 2018	in 2017	in 2018	in 2017
Remuneration due in respect of the year or period (see details in Table 3 and Table 4)	2,653,522	2,693,492	1,483,863	1,499,548	1,571,595	1,486,254	2,619,193	2,478,933
Value of options awarded during the year or period [a]								
Value of performance shares awarded during the year or period [b]								
TOTAL	**2,653,522**	**2,693,492**	**1,483,863**	**1,499,548**	**1,571,595**	**1,486,254**	**2,619,193**	**2,478,933**
CHANGE 2018 VS 2017	-1.5%		-1%		+5.7%		+5.7%	

(a) No options were awarded to the Executive Officers in 2017 or 2018.
(b) Bouygues has not awarded any performance shares.

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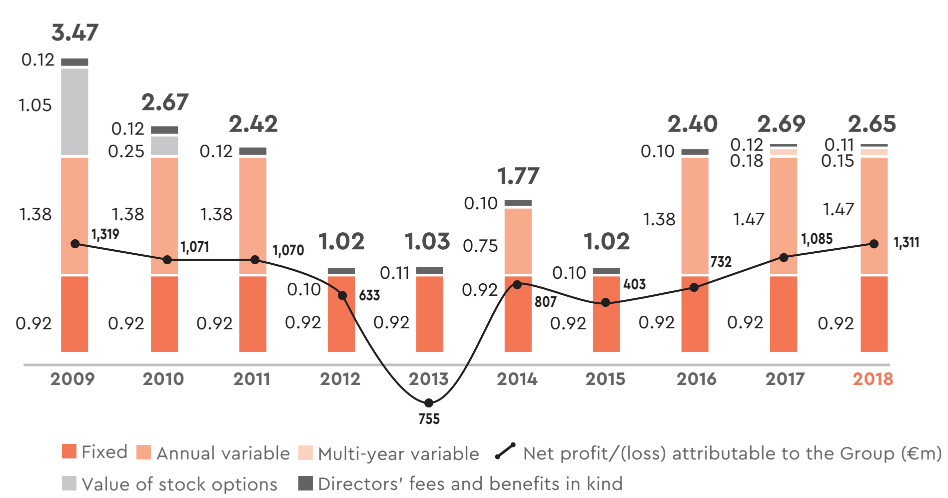
Martin Bouygues – Chairman and Chief Executive Officer

Number of options awarded in 2018: 0

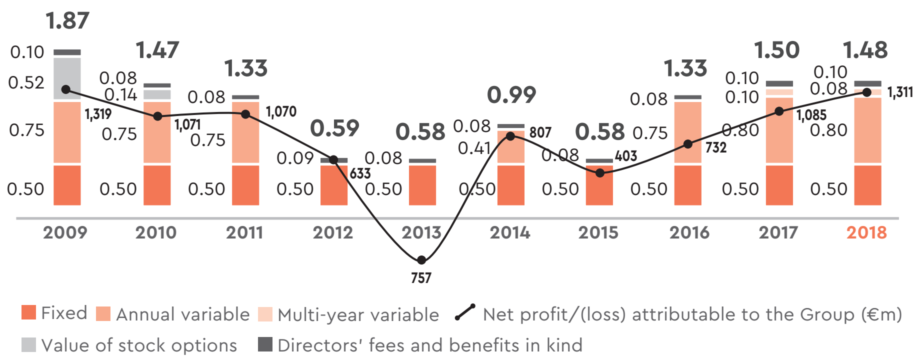
€ million



Olivier Bouygues – Deputy Chief Executive Officer

Number of options awarded in 2018: 0

€ million

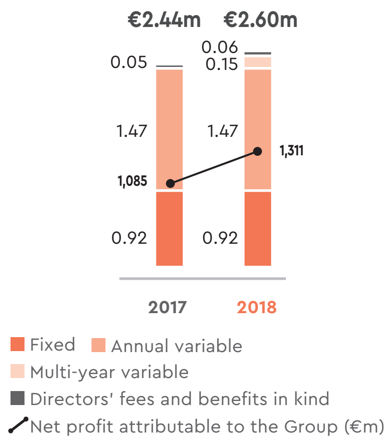


Olivier Roussat – Deputy Chief Executive Officer

Note: The amounts indicated include remuneration awarded to Olivier Roussat in respect of his functions as Chairman and Chief Executive Officer of Bouygues Telecom in 2017 and 2018 (see page 216 of this Registration Document).

Number of options awarded in 2018: 0

€ million



Philippe Marien – Deputy Chief Executive Officer

Number of options awarded in 2018: 0

€ million

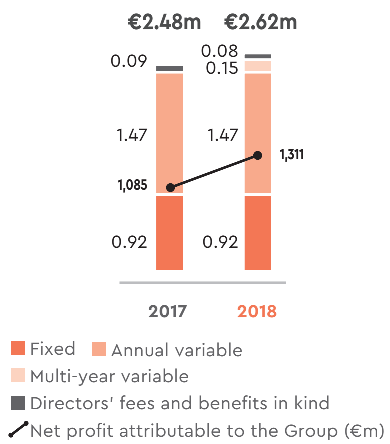


Table 3 – Detailed breakdown of remuneration awarded to the four Executive Officers in respect of the 2018 financial year

The Selection and Remuneration Committee has carried out an assessment of the attainment level of the variable remuneration criteria for the four Executive Officers.

Office held and length of service with the Group	Remuneration[a]	Amounts[b] in respect of 2018 €		Amounts[b] in respect of 2017 €	
		due[c]	paid	due[c]	paid
Martin Bouygues Chairman and CEO (45 years)	Fixed	920,000	920,000	920,000	920,000
	• Change	0%	0%		
	Annual variable	1,472,000		1,472,000	1,472,000
	• Change	0%			
	• Variable/fixed[d]	160%		160%	
	• Cap[e]	160%		160%	
	Multi-year variable	147,200		179,400	179,400
	• Change	-18%			
	Deferred variable				
	Exceptional				
	Directors' fees	84,100	84,100	90,200	90,200
	Benefits in kind	30,222	30,222	31,892	31,892
	Total	**2,653,522**	**1,034,322**	**2,693,492**	**2,693,492**
Olivier Bouygues Deputy CEO (45 years)	Fixed	500,000	500,000	500,000	500,000
	• Change	0%	0%		
	Annual variable	800,000		800,000	800,000
	• Change	0%			
	• Variable/fixed[d]	160%		160%	
	• Cap[e]	160%		160%	
	Multi-year variable	80,000		97,500	97,500
	• Change	-18%			
	Deferred variable				
	Exceptional				
	Directors' fees	93,107	93,107	90,417	90,417
	Benefits in kind	10,756	10,756	11,631	11,631
	Total	**1,483,863**	**603,863**	**1,499,548**	**1,499,548**

See footnotes to table on following page.

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Office held and length of service with the Group	Remuneration [a]	Amounts [b] in respect of 2018 €		Amounts [b] in respect of 2017 €	
		due [c]	paid	due [c]	paid
Olivier Roussat Deputy CEO (24 years)	Fixed	552,000	552,000	552,000	552,000
	• Change	0%			
	Annual variable	883,200		883,200	883,200
	• Change	0%			
	• Variable/fixed [d]	160%		160%	
	• Cap [e]	160%		160%	
	Multi-year variable	88,320		not applicable	
	Deferred variable				
	Exceptional				
	Directors' fees	36,400	36,400	34,550	34,550
	Benefits in kind	11,675	11,675	16,504	16,504
	Total	**1,571,595**	**600,075**	**1,486,254**	**1,486,254**
Philippe Marien Deputy CEO (38 years)	Fixed	920,000	920,000	920,000	920,000
	• Change	0%	0%		
	Annual variable	1,472,000		1,472,000	1,472,000
	• Change	0%			
	• Variable/fixed [d]	160%		160%	
	• Cap [e]	160%		160%	
	Multi-year variable	147,200		not applicable	
	Deferred variable				
	Exceptional				
	Directors' fees	76,349	76,349	78,400	78,400
	Benefits in kind	3,644	3,644	8,533	8,533
	Total	**2,619,193**	**999,993**	**2,478,933**	**2,478,933**
TOTAL FOR THE FOUR EXECUTIVE OFFICERS		**8,328,173**	**3,238,253**	**8,158,227**	**8,158,227**

(a) Subject to remuneration awarded to Olivier Roussat in his capacity as Chairman and CEO of Bouygues Telecom (see page 216 of this Registration Document), no remuneration other than that mentioned in the table was paid to the Executive Officers by Bouygues group companies.
(b) Amounts due = all amounts awarded in respect of the financial year. Amounts paid = all amounts paid during the financial year, bearing in mind that since 2018, the variable portion is paid after and subject to the approval of the Annual General Meeting.
(c) Amounts due - Change: the percentages shown under the amount of fixed and variable remuneration indicate the change relative to the previous financial year.
(d) Variable remuneration expressed as a percentage of fixed remuneration.
(e) Cap on variable remuneration, set at a percentage of fixed remuneration.

5.4.1.3 Directors' fees

The thirteenth resolution of the Annual General Meeting of 27 April 2017 set the total amount of directors' fees payable to Bouygues directors at €1,000,000 for each financial year, leaving it to the Board of Directors to determine how this amount should be allocated.

The thirteenth resolution was passed with 98.96% of votes in favour.

Directors' fees comprise (i) a fixed portion of 30% and (ii) a variable portion of 70% calculated in proportion to the actual presence of each director at the five periodic Board meetings held each year and (for committee members) at committee meetings.

The Board of Directors changed the amount of directors' fees in 2017 to bring it into line with the amounts paid by comparable companies.

- Chairman and CEO: €70,000 (€50,000 before 2017)
- Directors: €40,000 (€25,000 before 2017)
- Accounts Committee members: €16,000 (€14,000 before 2017)
- Members of other committees (Selection and Remuneration; Ethics, CSR and Patronage): €12,000 (€7,000 before 2017)

Table 4 – Directors' fees paid in respect of the 2018 financial year

€		Source (Notes 1 & 2)	2018	2017
Martin Bouygues	Chairman and CEO	Bouygues Subsidiaries	60,200 23,900	70,000 20,200
Olivier Bouygues	Deputy CEO	Bouygues Subsidiaries	40,000 53,107	40,000 50,417
SUB-TOTAL – EXECUTIVE OFFICERS		**BOUYGUES SUBSIDIARIES SUB-TOTAL**	**100,200 77,007 177,207**	**110,000 70,617 180,617**
Cyril Bouygues	Director	Bouygues	22,800	40,000
Edward Bouygues	Director	Bouygues Subsidiaries	22,800 12,649	40,000 12,500
Raphaëlle Deflesselle	Director	Bouygues	22,800 6,000	40,000 12,000
Charlotte Bouygues	Director	Bouygues Subsidiaries	17,200 18,048	
William Bouygues	Director	Bouygues	17,200	
Francis Castagné	Director	Bouygues	40,000 12,000	40,000 12,000
Clara Gaymard	Director	Bouygues	40,000 13,760	40,000 16,000
Anne-Marie Idrac	Director	Bouygues	40,000 23,520	34,400 28,000
Patrick Kron	Director	Bouygues	34,400	40,000
Colette Lewiner	Director	Bouygues Subsidiaries	40,000 12,000 32,000	40,000 12,000 32,000
Helman le Pas de Sécheval	Director	Bouygues	34,400 28,000	34,400 28,000
Sandra Nombret	Director	Bouygues	40,000 12,000	40,000 12,000
Alexandre de Rothschild	Director	Bouygues	40,000	25,800
Rose-Marie Van Lerberghe	Director	Bouygues	34,400 12,000	28,800 8,640
Michèle Vilain	Director	Bouygues	40,000 16,000	40,000 16,000
SUB-TOTAL – OTHER DIRECTORS		**BOUYGUES SUBSIDIARIES SUB-TOTAL**	**621,280 62,697 683,977**	**628,040 44,500 672,540**
GRAND TOTAL OF DIRECTORS' FEES: EXECUTIVE OFFICERS AND DIRECTORS		**BOUYGUES SUBSIDIARIES TOTAL**	**721,480 139,704 861,184**	**772,440 159,117 931,557**

Note 1: Bouygues = directors' fees paid for attendance as a member of the Bouygues Board of Directors. The first line shows fees paid for attendance at Board meetings. The second line shows fees paid for attendance at one or more committee meetings.

Note 2: Subsidiaries = Directors' fees paid by Group companies, within the meaning of Article L. 233-16 of the Commercial Code (mainly Colas, Bouygues Telecom and TF1).

Directors representing employee shareholders and directors representing employees

No disclosure is made of salaries paid to directors representing employee shareholders, who have an employment contract with Bouygues or one of its subsidiaries, or of salaries paid to directors representing employees.

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5.4.2 Report on the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the total remuneration and benefits of all kinds payable to the Chairman and CEO and Deputy CEOs

Information required under Article L. 225-37-2 of the Commercial Code, and covered by the eleventh resolution of the Annual General Meeting of 25 April 2019.

Payment of the variable and exceptional components described below is subject to approval by an Ordinary General Meeting of the remuneration components of the person concerned under the conditions set forth in Article L. 225-100 of the Commercial Code.

5.4.2.1 General principles

The Board of Directors has determined the following eleven general principles on the basis of which the 2019 remuneration and benefits of the Executive Officers of Bouygues will be determined.

1. Compliance with Afep-Medef Code recommendations.
2. No active employment contract with Executive Officers during their term of office; existing employment contracts suspended on appointment as Executive Officer.
3. No severance benefit or non-competition indemnity on leaving office.
4. Level of remuneration taking into account the existence of a capped supplementary pension and the fact that no severance benefit or non-competition indemnity has been granted.
5. Remuneration commensurate with the level and difficulty of each Executive Officer's responsibility. Remuneration commensurate with each Executive Officer's experience in the position held and length of service with the Group.
6. Remuneration takes account of the practices applied in groups or enterprises carrying on comparable activities.
7. An incentivising remuneration structure comprising the following:
   - fixed remuneration;
   - annual variable remuneration;
   - long-term remuneration for Olivier Roussat and Philippe Marien in the form of a contingent deferred award of existing Bouygues shares accompanied by cash payments;
   - directors' fees;
   - limited benefits in kind;
   - supplementary pension.
8. No deferred annual variable remuneration.
9. Discretion left to the Board of Directors to decide to pay exceptional remuneration but reserved for truly exceptional circumstances.
10. No additional remuneration paid to any Executive Officer by any Group subsidiary apart from directors' fees.
11. No awards of stock options or performance shares to Executive Officers pursuant to Articles L. 225-177 *et seq.* and L. 225-197-1 *et seq.* of the Commercial Code.

5.4.2.2 Criteria and methods used in 2019 by the Board of Directors to determine, allocate and award the fixed, variable and exceptional components of the total remuneration and benefits of all kinds of each Executive Officer (Martin Bouygues, Olivier Bouygues, Philippe Marien and Olivier Roussat)

The criteria and methods agreed by the Board of Directors to determine, allocate and award the fixed, variable and exceptional components of the total remuneration and benefits of all kinds of each Executive Officer for 2019 are described below.

1. Fixed remuneration

- €920,000 (Martin Bouygues, Philippe Marien and Olivier Roussat)
- €500,000 (Olivier Bouygues)

The rules used to determine fixed remuneration were established in 1999 and have been applied consistently ever since. Fixed remuneration is determined according to the level and complexity of the person's responsibilities, experience in the post and length of service with the Group, and practices followed by groups or companies carrying on comparable businesses.

2. Annual variable remuneration

Capped at 160% of fixed remuneration, i.e. a cap of €1,472,000 for Martin Bouygues, Philippe Marien and Olivier Roussat, and €800,000 for Olivier Bouygues.

The annual variable remuneration would be determined by applying five criteria (three of them referring to the three-year business plan), opening up the possibility of receiving five variable components: P1, P2, P3, P4 and P5.

P1 Actual consolidated current operating profit (COP) of the Group for the year / Objective = COP per the 2019 plan

P2 Actual consolidated net profit (CNP) of the Group for the year / Objective = CNP per the 2019 plan

P3 Actual CNP for the year (excluding exceptional items) / Objective = CNP for the previous year (excluding exceptional items)

P4 Change in net debt (CND) (excluding external growth not built into the plan) / Objective = CND per the 2019 plan

P5 Qualitative criteria: performance in CSR[a] and compliance and overall qualitative assessment – Overall downward adjustment in the event of a serious adverse event during the year

(a) Corporate Social Responsibility.

Method for determining annual variable remuneration for 2019

The method for determining the annual variable remuneration of the Executive Officers would be based on five separate variable components: P1, P2, P3, P4 and P5.

(FR = Fixed Remuneration)

P1, P2, P3 AND P4

The effective weight of each criterion determining the payment of each of the three components P1, P2 and P4 is dependent on the performance achieved during the financial year relative to the business plan.

P3 is determined by reference to the performance for the previous financial year.

The four variable components P1, P2, P3 and P4 are calculated as follows:

1) If actual performance is more than 10% below the Objective, the component concerned (P1, P2, P3 or P4) = 0
2) If actual performance is between (Objective – 10%) and the Objective:
   P1 = 0% to 30% of FR
   P2 = 0% to 30% of FR
   P3 = 0% to 30% of FR
   P4 = 0% to 40% of FR
3) If actual performance is between the Objective and (Objective +20%):
   P1 = 30% to 40% of FR
   P2 = 30% to 40% of FR
   P3 = 30% to 35% of FR
   P4 = 40% to 55% of FR

Between these limits the effective weight of each component is determined by linear interpolation.

P5

The Board of Directors determines the effective weight of P5, subject to a strict cap of 30% of FR. The Board of Directors reserves the right to make an overall downward adjustment that would reduce or eliminate P5 in the event of a serious adverse event during the year.

CAP

The sum of the five components P1, P2, P3, P4 and P5 calculated according to the above method may never exceed a cap of 160% of FR.

3. Long-term remuneration package

Philippe Marien and Olivier Roussat could be entitled to a long-term remuneration package in the form of a contingent deferred award of existing Bouygues shares intended to align the interests of the Executive Officers more closely on those of the shareholders, in particular by taking account of the stock market performance of Bouygues shares.

It is proposed that Philippe Marien and Olivier Roussat should be entitled to this package. Martin Bouygues and Olivier Bouygues would not be entitled to this package, since their personal circumstances mean that their interests are already aligned on those of the shareholders.

In the case of Philippe Marien and Olivier Roussat this package would replace multi-year variable remuneration, which it is proposed to discontinue from the 2019 financial year for the four Executive Officers.

This long-term remuneration package would result in the award of no more than 40,000 Bouygues shares to each beneficiary at the end of a three-year period (2019–2021). The award would be contingent upon the fulfilment of conditions at the end of that three-year period.

(a) Total Shareholder Return.

Continuing employment condition

The beneficiary would have to be serving as an Executive Officer of Bouygues on 31 December 2021.

Performance conditions (quantifiable criteria: A1, A2 and A3)

A1 = Average of actual consolidated current operating profit (COP) figures of the Group for the three financial years covered by the Group's annual business plans (2019, 2020 and 2021) / Average of the 3 COP figures set as objectives in the annual business plans.

A2 = Average of actual consolidated net profit (CNP) figures of the Group for the three financial years covered by the Group's annual business plans (2019, 2020 and 2021) / Average of the 3 CNP figures set as objectives in the annual business plans.

A3 = Stock market performance of Bouygues shares, including reinvestment of the dividend at the opening market price on the dividend ex-date (TSR [a]) / CAC 40 performance over the three-year period.

The number of shares awarded in 2022 (capped at 40,000 shares) would be determined as follows:

- **A1: Objective** = average of the current operating profit (COP) figures of the Group for the 2019, 2020 and 2021 financial years set as objectives in the annual business plans.
  - If the Objective is attained, A1 = 0 shares
  - If the average of the 3 COP figures is at least 20% above the Objective, A1 = 37.5% of the total number of shares potentially awardable in 2022 (i.e. 15,000 shares in 2022).

Between those lower and upper limits A1 varies on a straight-line basis between 0% and 37.5% (i.e. 0 to 15,000 shares in 2022).

- **A2: Objective** = average of the consolidated net profit (CNP) figures of the Group for the 2019, 2020 and 2021 financial years set as objectives in the annual business plans.
  - If the Objective is attained, A2 = 0 shares
  - If the average of the 3 CNP figures is at least 20% above the Objective, A2 = 37.5% of the total number of shares potentially awardable in 2022 (i.e. 15,000 shares in 2022).

Between those lower and upper limits A2 varies on a straight-line basis between 0% and 37.5% (i.e. 0 to 15,000 shares).

- **A3: Objective** = Stock market performance of Bouygues shares, including reinvestment of the dividend at the opening market price on the dividend ex-date (TSR) = CAC 40 performance over the plan period.
  - If the objective is attained, A3 = 0 shares
  - If the Bouygues share performance relative to the CAC 40 is 10% or more above the Objective over the plan period, A3 = 25% of the total number of shares potentially awardable in 2022 (i.e. 10,000 shares in 2022).

Between those lower and upper limits A3 varies on a straight-line basis between 0% and 25% (i.e. 0 to 10,000 in 2022).

Because their multi-year variable remuneration has been discontinued, it is proposed that Philippe Marien and Olivier Roussat start to benefit from 2019 onwards from the new long-term remuneration package, on the following basis:

- each of them could be awarded a maximum of 13,333 shares in 2020, subject to attainment of each of the three objectives on the terms described above as measured over the 2019 financial year;

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- each of them could be awarded a maximum of 26,666 shares in 2021, subject to attainment of each of the three objectives on the terms described above as measured over the 2019 and 2020 financial years.

Because this package falls outside the scope of Articles L. 225-177 *et seq.* and L. 225-197-1 *et seq.* of the Commercial Code, any shares awarded as a result would at the time of the award become liable for social security charges and income tax on the same basis as salaries. It is therefore proposed that a portion of the shares awarded to the beneficiaries should be paid out in the form of a cash sum in order to facilitate payment by the beneficiaries of the social security charges and income tax arising on the salary component.

This means that subject to approval by an Ordinary General Meeting on the terms specified in Article L. 225-100 of the Commercial Code, long-term remuneration would be paid as follows:

- 50% of the shares awarded would be delivered to the beneficiary on the first working day following that General Meeting;
- an amount equivalent to the value of 50% of the shares would be paid in the week following that General Meeting, in the form of a cash sum calculated on the basis of the opening share price on the day before that General Meeting takes place.

In addition, acting in line with the recommendations of the Afep-Medef Corporate Governance Code, at its meeting of 20 February 2019, the Board set a minimum quantity of shares that the beneficiaries would be required to hold in registered form until they cease to hold office. Each beneficiary would be required to hold in registered form until he ceases to hold office a minimum quantity of shares representing the equivalent of 1.5 times his fixed annual remuneration. Until such time as that objective is reached, each beneficiary would have to set aside 60% of the shares actually delivered to him for that purpose.

The value of the shares delivered and the cash sums paid under this long-term remuneration package could not exceed an annual limit of 100% of the cap set for each beneficiary's fixed and variable remuneration. In determining whether that limit is reached, the value of the shares delivered would be calculated on the basis of the opening market price of Bouygues shares on the day before delivery.

As far as the company is aware, no instruments have been contracted to hedge the shares awardable under this long-term remuneration package. In addition, the beneficiaries have made a formal undertaking not to enter into hedging transactions to cover their risk.

4. Directors' fees

Directors' fees paid by Bouygues or a subsidiary of the Group would be retained by the Executive Officer.

5. Benefits in kind

Each Executive Officer would be allocated a company car.

Martin Bouygues and Olivier Bouygues would receive an additional benefit in the form of the part-time assignment of a personal assistant and chauffeur/security guard for their personal needs.

(A chauffeur is made available to Philippe Marien and Olivier Roussat for business purposes).

6. Supplementary pension scheme

Each Executive Officer would be eligible for a defined benefit collective pension scheme governed by Article L. 137-11 of the Social Security Code. This pension scheme would have the following characteristics:

1. Conditions for joining the scheme and other eligibility conditions. The beneficiary must:
   - be a member of the Group Management Committee on the date of voluntary or compulsory retirement;
   - have at least ten years' service with the Bouygues group at the date of voluntary or compulsory retirement;
   - have definitively ended his or her professional career at one of the Group companies (this condition is fulfilled when the employee is part of the workforce at the date of voluntary or compulsory retirement);
   - be at least 65 years old at the date of voluntary or compulsory retirement;
   - fulfil the eligibility criteria for pension benefits under the basic social security pension scheme and the mandatory supplementary scheme (AGIRC-ARRCO).
2. Reference salary equal to the average gross salary of the Executive Officer's three best calendar years at the Bouygues group during his or her period on the Group Management Committee, adjusted to reflect changes in the value of pension entitlement points under the AGIRC-ARRCO scheme, on the date of cessation of office or termination of employment contract.

   The reference gross salary is that used to calculate social security contributions in accordance with Article L. 242-1 of the Social Security Code.
3. Pattern of vesting of rights: annual.
4. Annual cap on vesting of pension rights: 0.92% of reference salary.
5. Overall cap: eight times the annual social security ceiling (giving a cap of €324,192 in 2019).
6. Financing outsourced to an insurance company to which a contribution is made annually.

7. Performance conditions:
   a) Executive officers concerned

      Martin Bouygues and Olivier Bouygues cannot acquire any further supplementary pension rights since the rights vested in them to date exceed the cap set by the Board of Directors (eight times the annual social security ceiling).

      However, Philippe Marien and Olivier Roussat may acquire pension rights subject to attainment of the performance conditions described below.
   b) Definition of the performance objective (the "Objective")

      2019: Objective = that the average of the consolidated net profit figures for 2019, 2018 and 2017 ("Average CNP") is no more than 10% below the average of the consolidated net profit figures specified in the plans for 2019, 2018 and 2017.
   c) Terms for determining the vesting of performance-based pension rights:
      - if average CNP is equal to or above the Objective:

        Annual pension rights = 0.92% of the reference salary
      - if average CNP is more than 10% below the Objective:

        Annual pension rights = 0

Between those lower and upper limits pension rights will vary on a straight-line basis between 0% and 0.92% of the reference salary.

5.5 OTHER INFORMATION

5.5.1 Factors likely to have an impact on any public tender offer price

Pursuant to Article L. 225-37-5 of the Commercial Code, the factors likely to have an impact on the offer price in any potential tender offer or public exchange offer relating to Bouygues' shares are set out below:

- **capital structure:** information relating to Bouygues' capital structure and voting rights is set out below (sections 6.2 and 6.3 of this Registration Document). 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 and the transfer of shares:** Article 8.3 of the articles of association, summarised below in section 6.1.2.5, makes provision to suspend the voting rights of shareholders who fail to declare that they have crossed a threshold of at least 1% (or a multiple of 1%) of the capital or voting rights. This restriction could have an impact in the event of a public tender offer;
- **direct or indirect holdings in the share capital** of which Bouygues is aware, pursuant to Articles L. 233-7 and L. 233-12 of the Commercial Code: the relevant information is set out below in section 6.3.1;
- **a list of owners of any security with special control right, with a description of those rights:** in accordance with law, double voting rights are granted subject to the conditions stipulated by law to shares that can be shown to have been registered for at least two years in the name of the same shareholder;
- **control mechanisms stipulated within employee share ownership plans:** the regulations of the various employee share ownership funds created by Bouygues stipulate that voting rights are exercised by the Supervisory Boards of those funds and not directly by employees. Those employee share ownership funds held 25.8% of the voting rights at 31 December 2018;
- **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:** see above in section 5.3.1;
- **rules applicable to changes in the company's articles of association:** Article L. 225-96 of the Commercial Code specifies that only an extraordinary general meeting has the power to change the articles of association. Any clause to the contrary is deemed null and void;
- **powers of the Board of Directors with respect to issuance of shares:** refer to the table summarising financial authorisations in section 5.3.8. It is specified that the Combined Annual General Meeting of 26 April 2018 (Resolution 16) delegated powers to the Board of Directors to issue equity warrants during a public tender offer for the company's shares. The Combined Annual General Meeting convened for 25 April 2019 will be asked to renew all of the financial authorisations conferred on the Board of Directors (see section 8.2).

In addition, the Board of Directors is authorised by law, during the period of a public tender offer, to take any measures that are within its prerogative and in the interest of the company to frustrate such an offer;

- **powers of the Board of Directors with respect to share buybacks:** the Combined Annual General Meeting of 26 April 2018 (Resolution 14) authorised the Board of Directors to trade in the company's shares, including during a public tender offer for the company's shares, representing up to 5% of the company's share capital at the date on which the authorisation is used. The Combined Annual General Meeting convened for 25 April 2019 will be asked to replace this authorisation by a further authorisation with the same purpose (see section 6.2.4.2);
- **agreements entered into by Bouygues, which will be modified or expire in the event of a change of control of Bouygues:** the 20-year sterling bonds maturing in 2026, the nine-year bonds maturing in 2019, the ten-year bonds maturing in 2022, the ten-year bonds maturing in 2023, and the ten-and-a-half year bonds maturing in 2027 all include a change of control clause providing for the early redemption of the bonds in the event of a change of control of Bouygues, accompanied by a rating downgrade,

  In addition:
  - a change in the capital structure of Bouygues could potentially jeopardise TF1's licence to operate a national terrestrial television broadcasting service. Article 41-3-2 of the Act of 30 September 1986 governing audiovisual media specifies that any natural or legal person who controls, within the meaning of Article L. 233-3 of the Commercial Code, any company that holds such a licence, or that has placed a company holding such a licence under its authority or dependency, is deemed to be the holder of that licence. Article 42-3 adds that the licence may be withdrawn without notice if there is any substantive change in the circumstances on the basis of which the licence was granted, including changes in capital structure,
  - all the decisions and orders licensing Bouygues Telecom to establish and operate its wireless network and provide services to the public (the decision of 5 November 2009 relating to the 900 and 1800 MHz bands, the order of 3 December 2002 relating to the 2.1 GHz band, and the decisions of 11 October 2011 relating to the 2.6 GHz band, of 17 January 2012 relating to the 800 MHz band and of 8 December 2015 relating to the 700 MHz band) stipulate that Arcep (the French telecommunications regulator) must be informed immediately of any change to any of the information contained in the licence application, so that the regulator can check whether that change is compatible with the terms of the licence. The information contained in the licence application includes the share ownership structure of the company (or companies) that directly or indirectly controls (or control) the licence-holder. In addition, any change in the capital or voting rights of Bouygues that results in a single individual or entity controlling the combined bandwidth of two operators could lead Arcep to re-examine the validity of the licences awarded to Bouygues Telecom;
- **agreements entitling members of the Board of Directors or employees to compensation if they resign or leave the company without real and serious cause, or if their employment comes to an end as a result of a public tender offer:** not applicable.

5.5.2 Rules on shareholder participation in general meetings of shareholders

As required by Article L. 225-37-4 of the Commercial Code, the rules on shareholder participation in general meetings as contained in Article 19 of the Bouygues articles of association are reproduced below.

"Article 19: Holding general meetings of shareholders

19.1 *Ordinary and extraordinary general meetings, and any special meetings, shall be convened and held and shall deliberate on the conditions stipulated by law.*

Meetings shall be held in Paris or at Challenger, 1 avenue Eugène Freyssinet, 78280 Guyancourt (France).

Meetings shall be chaired by the Chairman of the Board of Directors or, in his absence, by a director specially empowered for the purpose by the Board of Directors. Failing that, the meeting shall elect its own Chairman.

19.2 *Any shareholder may attend meetings on the conditions stipulated by law.*

19.3 *Any shareholder satisfying the conditions required for attendance at meetings may alternatively choose to be represented on the conditions stipulated by law.*

19.4 *Any shareholder may alternatively vote by correspondence on the conditions stipulated by law. Postal vote forms shall be accepted only if actually received by the company at its registered office or at an address determined in the Notice of Meeting and the Convening Notice published in the Balo (Bulletin des Annonces Légales Obligatoires) no later than the third day preceding the meeting.*

If the Board of Directors so decides, shareholders may take part in the meeting by videoconference or any other means of telecommunication that enables them to be identified on the conditions stipulated by the applicable regulations. In such cases the company will accept electronic remote vote forms that must be received no later than 3.00pm (CET) on the day preceding the general meeting.

19.5 *Owners of company shares who are not resident on French territory may be shareholders of record and may be represented at general meetings by any intermediary registered on their behalf and holding a general authorisation to manage securities, provided that such intermediary declared that it was acting as an intermediary holding securities for third parties when it opened its account either with the company or with the account-holding financial intermediary, in accordance with the applicable law and regulations.*

The company shall be entitled to ask intermediaries that are registered on behalf of shareholders not resident on French territory and that hold a general authorisation to manage securities to provide a list of the shareholders they represent and whose voting rights may be exercised at the meeting.

Votes or proxies shall not be counted if they are cast by an intermediary that has failed to declare itself as such in accordance with the applicable law and regulations or with the present articles of association or that has not disclosed the identity of the owners of the securities."

5.5.3 Agreements entered into by senior executives or shareholders of Bouygues with subsidiaries or sub-subsidiaries

Under Article L. 225-37-4 of the Commercial Code, the Report on corporate governance must disclose any agreements (other than those covering day-to-day operations carried out under normal business conditions) entered into directly or through a third party between:

- a corporate officer of Bouygues or a shareholder with more than 10% of the voting rights of Bouygues;
- a company of which Bouygues directly or indirectly holds more than 50% of the share capital.

The company is not aware of any such agreements.

However, in the interests of full disclosure, shareholders are hereby informed that in April 2012, Actifly (in which SCDM holds an indirect interest of 85%) entered into an agreement with Airby (a subsidiary in which Bouygues holds an indirect interest of 85%) setting out the conditions under which Actifly can use an aircraft owned or operated by Airby on the same financial terms as Bouygues and its subsidiaries. This agreement is renewable automatically from year to year.

Amounts (before taxes) invoiced by Airby to Actifly under this agreement during the last three financial years:

- 2018: €592,667;
- 2017: €508,200;
- 2016: €698,250.

These amounts represent approximately 100 flight hours per year. The flights in question are within the corporate purpose of Bouygues, and enable senior executives and employees of Bouygues to save time on business trips such as site visits, especially in regions inadequately served by commercial airlines.

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INFORMATION ON THE COMPANY 6

6.1 LEGAL INFORMATION

6.1.1 General information

Company name	Bouygues
Registered office	32 avenue Hoche, 75008 Paris, France
Telephone	+33 (0)1 44 20 10 00
Registration No.	572 015 246 Paris
APE code	7010Z
Form	*Société Anonyme* (public limited company)
Date of incorporation	15 October 1956
Expiration date	14 October 2089
Financial year	1 January to 31 December
Governing law	Bouygues is incorporated under French law. Activities carried out by Group entities outside France are generally subject to the legislation of the country concerned, or to other legislation applicable contractually or under international law. The Group has operations in dozens of countries. Any one project may require a large number of contracts, often governed by different legal systems.

6.1.2 Articles of association

6.1.2.1 Purpose (Article 2 of the articles of association)

The purpose of the company is, in all countries:

- to acquire, directly or indirectly, interests or holdings in French or foreign companies or groupings, whatever their purpose or business, and to manage and dispose of such interests or holdings;
- to form, acquire, operate and dispose of French or foreign undertakings, in any field of business, whether industrial, commercial or financial, including in particular in the fields of construction (building, civil works, roads, property) and services (public utilities management, media, telecommunications); and
- more generally, to carry out industrial, commercial, financial, mining and agricultural operations or transactions and operations or transactions involving movable or real property relating directly or indirectly to the above purpose or to all similar or related purposes that may enable or facilitate the attainment or development thereof.

6.1.2.2 Appropriation of earnings (Article 24 of the articles of association)

At least 5% of the net profit for the financial year, minus any prior-year losses, is appropriated to constitute the legal reserve. Such appropriation ceases to be mandatory once the legal reserve reaches an amount equal to one-tenth of the share capital.

After appropriations to other reserves and retained earnings as decided by the general meeting of shareholders, the balance of distributable earnings is divided between the shareholders.

6.1.2.3 Financial and voting rights attached to shares (Articles 10 and 12 of the articles of association)

Each share is entitled to the pecuniary and non-pecuniary rights stipulated by law and specified in the articles of association. In particular, Article 10 of the articles of association states that each share entitles the holder to a share in the corporate assets and in the distribution of profits proportionate to the interest in the capital that it represents. Article 12 of the articles of association states that unless otherwise stipulated by law, and except in the case of double voting rights as stipulated below, each shareholder has as many voting rights and may cast as many votes in general meetings as the number of shares he or she holds.

6.1.2.4 Double voting rights (Article 12 of the articles of association)

Double voting rights have existed at Bouygues since 1 January 1972, based on a measure introduced into the articles of association by a general meeting on 31 December 1969. Such rights are now provided for by Article L. 225-123 of the Commercial Code.

Double voting rights are granted to all fully paid-up shares proved to have been registered in the name of the same holder for at least two years.

If the share capital is increased by incorporation of reserves, earnings or share premium, double voting rights are granted upon issue to registered shares allotted free of charge in respect of existing shares that already carry double voting rights.

Double voting rights attached to registered shares will be lost if those shares are converted into bearer shares or if title to them is transferred, unless they are transferred from one registered shareholder to another through inheritance or a gift between family members.

Double voting rights may only be abolished by a decision taken at an extraordinary general meeting and ratified by a special meeting of holders of those rights (Article L. 225–99 of the Commercial Code).

6.1.2.5 Disclosure of thresholds (Article 8.3 of the articles of association)

Persons or entities that obtain, directly or indirectly, at least 1% of the share capital or voting rights are required to inform the company of the total number of shares they own. Disclosure must be made by registered letter with acknowledgement of receipt sent to the registered office within fifteen days following completion of the transaction (whether on or off exchange) regardless of when or whether the securities have been delivered.

Such disclosure must be repeated on the terms stipulated above whenever a shareholder passes above or below the 1% threshold or any threshold that is a multiple of 1%.

If disclosure is not made on the terms set forth above, the shares exceeding the disclosure threshold are stripped of voting rights on the conditions stipulated by law if a request to that effect is made at a general meeting by one or more shareholders holding at least 5% of the company's share capital or voting rights.

Under the terms of Article 8.2 of the articles of association, the company is authorised to use all legal means to identify the holders of securities conferring an immediate or future right to vote at general meetings.

6.1.3 Shareholder agreements entered into by Bouygues

6.1.3.1 Bouygues Telecom

The Bouygues Telecom shareholder agreement binds Bouygues SA, SFPG (a subsidiary of Bouygues SA) and JCDecaux Holding.

The material provisions of this shareholder agreement are the following: a reciprocal pre-emptive right; prohibition, without the prior agreement of the other shareholders, on disposals of securities to a telecoms operator providing services to the public; and an undertaking by each party not to acquire a stake in the capital of any rival telecoms operator.

6.1.3.2 Alstom

On the announcement of the proposed merger between Alstom and Siemens, Bouygues SA undertook to retain its Alstom shares until the earlier of (i) the Extraordinary General Meeting of Alstom shareholders called to approve the merger or (ii) 31 July 2018, and to vote in favour of that merger on the Alstom Board of Directors and at the Extraordinary General Meeting of Alstom shareholders. Those undertakings were fulfilled. As of 31 December 2018, Bouygues held 27.8% of Alstom's share capital.

For further information, refer to section 2.4.4 of this Registration Document.

6.1.4 Payment terms

Pursuant to the Order of 20 March 2017 issued in application of Article D. 441-4 of the Commercial Code, Bouygues is disclosing below information about customer and supplier payment terms.

6.1.4.1 Analysis of trade payables (€)

			Article D. 441 I.-1: Invoices received and due for payment that remain unpaid at the end of the reporting period				
	Not past due	0 days	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	**Total (1 day or more)**
A. Ageing profile of payment arrears							
Cumulative number of invoices involved	144	2	Not applicable				
Cumulative amount of invoices involved (incl. VAT)	€1,503,880	€5,076	€18,422	€40,662	€5,134		€64,218
Percentage of total amount of invoices (incl. VAT) received in the year	2.51%	0.01%	0.03%	0.07%	0.01%		0.11%
B. Invoices excluded from (A) because they are disputed or not recognised in the accounts							
Number of invoices excluded			18				
Total amount of invoices excluded			€201,158				
C. Benchmark payment terms used (contractual or statutory – Article L. 441-6 or Article L. 443-1 of the Commercial Code)							
Payment terms used to determine arrears			☒ Contractual term ☒ Statutory terms: 30 days from invoice date				

6.1.4.2 Analysis of trade receivables (€)

			Article D. 441 I.-2: Invoices issued and due for payment that remain unpaid at the end of the reporting period				
	Not past due	0 days	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	**Total (1 day or more)**
A. Ageing profile of payment arrears							
Cumulative number of invoices involved	83	6	Not applicable				
Cumulative amount of invoices involved (incl. VAT)	€19,801,221	€54,186	€891	€34,900			€35,791
Percentage of total amount of invoices (incl. VAT) issued in the year	21.69%	0.06%	0.00%	0.04%			0.04%
B. Invoices excluded from (A) because they are disputed or not recognised in the accounts							
Number of invoices excluded							
Total amount of invoices excluded							
C. Benchmark payment terms used (contractual or statutory – Article L. 441-6 or Article L. 443-1 of the Commercial Code)							
Payment terms used to determine arrears			☒ Contractual term ☒ Statutory terms: 30 days from invoice date				

6.1.5 Publicly available documents

During the period of validity of this Registration Document, originals or copies of the following documents may be accessed at the registered office of Bouygues and/or online at the website bouygues.com, under Finance:

- the company's articles of association;
- reports drawn up by the auditors, some of which are included or referred to in the Registration Document; and
- historical financial information relating to the company and its subsidiaries for each of the two financial years preceding the publication of the Registration Document.

6.2 SHARE CAPITAL

6.2.1 General information

6.2.1.1 Amount of share capital

Share capital at 31 December 2017	€366,125,285 composed of 366,125,285 shares with a par value of €1 each
Number of voting rights at 31 December 2017 [a]	489,672,012 voting rights
Issue of new shares from 1 January to 31 December 2018	2,293,839 new shares issued on exercise of stock options 5,116,659 new shares reserved for employees (Bouygues Confiance n°10)
Cancellation of treasury shares	1,157,844
Share capital at 31 December 2018	€372,377,939
Number of voting rights at 31 December 2018 [a]	498,684,217

(a) Including shares stripped of voting rights, in accordance with the calculation methods set out in Article 223-11 of the AMF General Regulation.

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		
Date	**Capital increases/reductions over the last 5 years**	**Nominal**	**Share premium and capitalisation of reserves**	**Amount of share capital**
1 January to 31 May 2014	Exercise of stock options for 439,978 shares	439,978	10,816,497	319,704,974
4 June 2014	Payment of the dividend in shares	15,908,913	385,154,784	335,613,887
1 June to 31 December 2014	Exercise of stock options for 472,571 shares	472,571	11,523,723	336,086,458
1 January to 6 October 2015	Exercise of stock options for 2,000,320 shares	2,000,320	52,648,417	338,086,778
29 December 2015	Subscription of 6,472,603 shares by the Bouygues Confiance 7 employee share ownership fund	6,472,603	143,527,382	344,559,381
7 October to 31 December 2015	Exercise of stock options for 575,935 shares	575,935	17,130,046	345,135,316
1 January to 5 October 2016	Exercise of stock options for 1,983,474 shares	1,983,474	46,329,568	347,118,790
28 December 2016	Subscription of 7,400,463 shares by the Bouygues Confiance n°8 employee share ownership fund	7,400,463	142,599,522	354,519,253
6 October to 31 December 2016	Exercise of stock options for 389,294 shares	389,294	8,357,196	354,908,547
1 January to 13 October 2017	Exercise of stock options for 3,874,839 shares	3,874,839	110,203,389	358,783,386
27 December 2017	Subscription of 4,725,897 shares by the Bouygues Confiance n°9 employee share ownership fund	4,725,897	145,274,074	363,509,283
14 October to 31 December 2017	Exercise of stock options for 2,616,002 shares	2,616,002	78,491,195	366,125,285
1 January to 20 February 2018	Exercise of stock options for 137,090 shares	137,090	3,783,213	366,262,375
21 February 2018	Cancellation of 1,157,844 treasury shares	(1,157,844)	45,486,475	365,104,531
21 February to 5 October 2018	Exercise of stock options for 1,455,337 shares	1,455,337	39,851,359	366,559,868
27 December 2018	Subscription of 5,116,659 shares by the Bouygues Confiance n°10 employee share ownership fund	5,116,659	144,883,316	371,676,527
6 October to 31 December 2018	Exercise of stock options for 701,412 shares	701,412	20,617,983	372,377,939

6.2.2 Employee share ownership

6.2.2.1 Board of Directors' supplementary report on the capital increase reserved for employees and corporate officers of French companies who are members of the Bouygues group savings scheme (Article R. 225-116 of the Commercial Code)

To the shareholders,

Under the twenty-seventh resolution approved by the Combined Annual General Meeting of 27 April 2017, you delegated to the Board of Directors, with the option of sub-delegation within the limits provided by law, the power to carry out one or more capital increases within a period of twenty-six months of up to 5% of the company's share capital as of the date of the decision, with subscriptions for the shares thereby issued being reserved for employees and corporate officers of Bouygues and of related French or foreign companies who are members of a company, Group or inter-company savings scheme.

To this end you delegated to the Board of Directors, with the option of sub-delegation to the Chairman and Chief Executive Officer or, with his consent, to one or more Deputy Chief Executive Officers, full powers to carry out said capital increases and determine the final terms and conditions thereof.

Using the powers thus granted by the Annual General Meeting, the Board of Directors at its meeting of 29 August 2018 approved in principle a capital increase of a maximum amount of €150 million (inclusive of share premium) via a new leveraged share ownership plan, Bouygues Confiance n°10, and granted full powers to the Chairman and Chief Executive Officer to implement the transaction.

Under the powers thus granted by the Board of Directors, the Chairman and Chief Executive Officer decided on 8 October 2018 to carry out a capital increase of a maximum amount of €150 million (inclusive of share premium) on the terms determined by the Board of Directors at its meeting of 29 August 2018. In accordance with Article L. 3332–19 of the Labour Code, he set the opening date of the subscription period and fixed the subscription price at the average of the quoted share prices for the twenty trading days preceding 8 October 2018 less a discount of 20%.

Description of the plan

The new plan will be implemented via a leveraged employee share ownership fund specifically created for the purpose, the rules of which were approved by the Autorité des Marchés Financiers (AMF) on 7 August 2018. This fund, called FCPE Bouygues Confiance n°10 (hereinafter the FCPE), is reserved for employees and corporate officers of Bouygues and of French companies who are members of the Bouygues group savings scheme, provided they have at least three months' length of service as of 30 December 2018. The funds collected must be invested in Bouygues shares.

The plan involves a capital increase of a maximum amount of €150 million (inclusive of share premium). It is a leveraged plan whereby each beneficiary's personal contribution will be topped up thanks to an exchange transaction between the FCPE and a bank, with the bank's top-up contribution representing nine times the amount of the beneficiary's personal contribution.

When the beneficiaries withdraw from the FCPE they will receive a percentage of the capital gain on the full amount of the shares acquired with their personal contribution and the bank's top-up contribution, corresponding to the difference between an average share value calculated over a five-year period and the reference price (i.e. the average of the quoted share prices for the twenty trading days preceding 8 October 2018).

The plan involves limited risk because the beneficiaries are guaranteed to recover their personal contribution regardless of any change in the Bouygues share price.

In his decision of 8 October 2018 the Chairman and Chief Executive Officer, having noted that that the average of the initial quoted share prices for the twenty trading days preceding that date was €36.644, set the subscription price at €29.316, i.e. 80% of the aforementioned average, in accordance with Article L. 3332–19 of the Labour Code.

He set 12 November 2018 as the opening date for the subscription period and 3 December 2018 as the closing date.

He decided that the beneficiaries should pay their subscriptions in two instalments, the first no later than 27 December 2018 and the second in January 2019 but no later than 4 January 2019. However, site workers and technical, supervisory and clerical staff will be able to spread their payment over a period of up to six months, with the corresponding cash advance being made by the company that employs them.

He set 27 December 2018 as the date on which the FCPE is to subscribe to the capital increase.

He decided that the FCPE would pay its subscription in two instalments, the first on 27 December 2018 to be equivalent to the payments made by the beneficiaries during December, with the balance to be paid on 4 January 2019.

He noted that the maximum number of new shares that may be created based on the authorised capital increase and the subscription price would be 5,116,659, or 1.396% of the share capital as of 8 October 2018. This complies with the resolution passed at the Combined Annual General Meeting of 27 April 2017, which stipulated that the maximum number of shares offered must be less than 5% of the share capital.

He also specified that the shares subscribed through the FCPE will rank for dividend from 1 January 2018, and that the new shares will be fungible with the existing shares.

Impact of the issue on the position of existing shareholders

The impact of the issue of up to 5,116,659 new shares on a shareholder who held a 1% interest in the capital of Bouygues as of 8 October 2018 and does not subscribe to the capital increase would be as follows:

Percentage interest	
Before the issue	1%
After the issue of the maximum of 5,116,659 new shares	0.986%

The impact of this issue on the interest in the shareholders' equity of Bouygues SA (based on interim accounts as of 30 June 2018) of a shareholder who holds one Bouygues share and does not subscribe to the capital increase would be as follows:

Interest in shareholders' equity of Bouygues SA as of 30 June 2018	
Before the issue	€16.29
After the issue of the maximum of 5,116,659 new shares	€16.07

Finally, the impact of this issue on the interest in consolidated shareholders' equity attributable to the Group (as of 30 June 2018) of a shareholder who holds one Bouygues share and does not subscribe to the capital increase would be as follows:

Interest in consolidated shareholders' equity attributable to the Group as of 30 June 2018	
Before the issue	€23.50
After the issue of the maximum of 5,116,659 new shares	€23.17

Theoretical impact of the issue on the stock market value of Bouygues shares

Given the issue price and number of shares issued, the issue will not have a material impact on the market value of Bouygues shares.

At its meeting of 14 November 2018, the Board of Directors duly noted the Chairman and Chief Executive Officer's decision and approved the wording of this supplementary report, drafted in accordance with Article R. 225-116 of the Commercial Code and describing the final terms and conditions of the issue in accordance with the authorisation granted by the Annual General Meeting.

In accordance with Article R. 225-116 of the Commercial Code, the present report will be made available to shareholders at the company's registered office no later than fifteen days after this Board meeting, and will be brought to the attention of shareholders at the next Annual General Meeting.

14 November 2018
The Board of Directors

6.2.2.2 Auditors' supplementary report on the capital increase reserved for employees and corporate officers of French companies who are members of the Group savings scheme

To the shareholders,

In our capacity as statutory auditors of your company and as required under Article R. 225-116 of the Commercial Code, we hereby present a supplementary report to our report of 22 February 2017 on the capital increase, with cancellation of pre-emptive rights for existing shareholders, reserved for employees and corporate officers of Bouygues or any related companies within the meaning of applicable legislation who are members of the Bouygues group savings scheme, as approved by the Combined Annual General Meeting of 27 April 2017.

This capital increase was submitted for the approval of shareholders in accordance with the requirements of Article L. 225-129-6 of the Commercial Code and Articles L. 3332-18 *et seq.* of the Labour Code.

That meeting delegated to the Board of Directors, with the option of sub-delegation, powers to carry out such a capital increase within a period of twenty-six months and for up to 5% of the share capital as at the date of the Board's decision. At its meeting of 29 August 2018, the Board of Directors used that delegation to authorise in principle a capital increase reserved for employees and corporate officers of French companies who are members of the Bouygues group savings scheme of a maximum amount of €150 million (inclusive of share premium), and granted full powers to the Chairman and Chief Executive Officer to implement the capital increase.

On 8 October 2018, the Chairman and Chief Executive Officer decided to use that sub-delegation to carry out a capital increase of a maximum amount of €150 million (inclusive of share premium) on the terms determined by the Board of Directors at its meeting of 29 August 2018, by issuing a maximum of 5,116,659 shares at a subscription price of €29.316.

The Board of Directors is responsible for drawing up a supplementary report in accordance with Articles R. 225-115 and R. 225-116 of the Commercial Code.

Our responsibility is to express an opinion on the fairness of the financial information extracted from the interim accounts, on the proposal to cancel pre-emptive rights for existing shareholders, and on other specific information regarding the issue as contained in that report.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC. Those procedures mainly involved verifying:

- the fairness of the financial information extracted from the parent company interim accounts and the consolidated interim accounts prepared under the responsibility of the Board of Directors as of 30 June 2018, using the same methods and presentation as in the last full-year parent company and consolidated financial statements. Our work on those interim accounts involved meeting with members of management who are responsible for accounting and financial matters, verifying that the interim accounts were prepared using the same accounting policies and measurement and presentation methods as were used in the preparation of the last full-year parent company and consolidated financial statements, and implementing analytical procedures;
- the compliance of the terms and conditions of the transaction with the delegation given by the General Meeting; and
- the information provided in the Board's supplementary report on the inputs used to calculate the issue price and final issue amount.

We have no matters to report regarding:

- the fairness of the financial information extracted from the interim accounts and provided in the Board's supplementary report;
- the compliance of the terms and conditions of the transaction with the delegation given by the Extraordinary General Meeting of 27 April 2017, and with the indications provided to the shareholders;
- the inputs used to calculate the issue price and final issue amount;
- the presentation of the impact of the issue on the position of holders of equity securities in relation to shareholders' equity and the stock market value of the share; and
- the cancellation of pre-emptive rights for existing shareholders, on which you previously voted.

Paris-La Défense and Courbevoie, 14 November 2018

The Statutory Auditors

MAZARS	**ERNST & YOUNG Audit**
Gilles Rainaut	Laurent Vitse

6.2.2.3 Employee share ownership at 31 December 2018

At 31 December 2018, Group employees held 18.96% of the share capital of Bouygues and 25.83% of the voting rights through a number of employee share ownership funds:

- the fund (created in 1968, and invested in Bouygues shares purchased on the market) associated with the Bouygues group French statutory profit-sharing scheme held 1.33% of the share capital and 1.97% of the voting rights at 31 December 2018;
- the fund (funded by voluntary contributions from employees and additional contributions paid by the company, and invested in Bouygues shares purchased on the market) dedicated to the Bouygues group company savings scheme held 10.79% of the share capital and 15.57% of the voting rights at 31 December 2018;
- the leveraged funds set up in association with the employee share ownership plans awarded in 2009, 2015, 2016, 2017 and 2018 (Bouygues Partage 2 – ten years, Bouygues Confiance 7, Bouygues Confiance n°8, Bouygues Confiance n°9 and Bouygues Confiance n°10) held 6.84% of the share capital and 8.29% of the voting rights at 31 December 2018.

6.2.3 Potential creation of new shares

At 31 December 2018, 6,514,483 share subscription options [a] were out of the lock-up period and had an exercise price lower than the last quoted market price of the year (i.e. €31.34 at 31 December 2018).

6.2.4 Share buybacks

6.2.4.1 Use in 2018 of authorisations granted by the Annual General Meeting

The Combined Annual General Meetings of 27 April 2017 and 26 April 2018 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, (i) for the purposes set out in Commission Regulation (EC) No. 2273/2003 of 22 December 2003 (Annual General Meeting of 21 April 2016) or Commission Regulation (EC) No. 596/2014 (Annual General Meeting of 27 April 2017) and (ii) in connection with market practices authorised by the AMF.

The Combined Annual General Meetings of 27 April 2017 and 26 April 2018 authorised the Board of Directors to reduce the share capital by cancelling repurchased shares, up to a limit of 10% 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 2018.

Transactions carried out by Bouygues in its own shares in 2018	
Number of treasury shares held by the company at 31 December 2017	49,500
Shares purchased in 2018	2,497,077
Shares cancelled in 2018	1,157,844
Shares sold in 2018	1,075,733
Number of treasury shares held by the company at 31 December 2018	313,000
Value (purchase price) of treasury shares held by the company at 31 December 2018	€10,492,683
Breakdown of transactions by purpose	
Cancellation of shares	
Shares cancelled in 2018	1,157,844
Shares reallocated for other purposes	
Number of treasury shares held by the company at 31 December 2018 outside the liquidity contract	
Liquidity contract	
Shares purchased in 2018	1,339,233
Shares sold in 2018	1,075,733
Shares reallocated for other purposes	
Number of treasury shares held by the company at 31 December 2018 under the liquidity contract	313,000

6.2.4.2 Description of the new share buyback programme submitted for approval by the Combined Annual General Meeting of 25 April 2019

Pursuant to Articles 241-2 and 241-3 of the AMF General Regulation, a description is provided below of the share buyback programme to be submitted for approval by the Combined Annual General Meeting of 25 April 2019. This programme is intended to replace the one authorised by the sixteenth resolution of the Combined Annual General Meeting of 26 April 2018.

Number of shares and proportion of share capital held by Bouygues – Open derivatives positions

At 31 December 2018, the company's capital was made up of 372,377,939 shares, including 313,000 held by Bouygues via a liquidity contract, representing 0.08% of the share capital.

The carrying amount of the 313,000 shares held under the liquidity contract was €10.49 million. Their nominal value was €313,000.

At that date, the company's open derivatives positions were as follows:

Transaction date	Intermediary	Purchase/ sale	Number of shares	Type of contract	Expiry	Exercise price	Premium	Organised market/ OTC
28 September 2018	Crédit Agricole CIB	Purchase	20,554	Call option [a]	29 November 2019	26.9624	5.71	OTC
31 December 2018	Crédit Agricole CIB	Purchase	15,819	Call option [a]	29 November 2019	26.9624	5.13	OTC

(a) Purchase of call option pursuant to a contractual obligation arising out of a Bouygues group employee savings scheme.

Authorisation submitted for approval at the Annual General Meeting of 25 April 2019

The company is asking the Annual General Meeting convened for 25 April 2019 to authorise it to buy back its own shares up to a maximum of 5% of the share capital. This authorisation would cover a number of objectives, including those contained in Article 5 of Commission Regulation (EU) No. 596/2014 on market abuse ("MAR"), Article L. 225-209 of the Commercial Code, and market practice as currently accepted by the AMF. Those objectives are as follows:

- reduce the share capital by cancelling shares under the conditions laid down by law, subject to authorisation by the Extraordinary General Meeting;
- fulfil the obligations arising from debt securities, in particular 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, in particular as part of profit-sharing schemes, stock option plans, company savings schemes and Group savings schemes or through allotment of shares;
- improve market liquidity and the regularity of listings of the company's equity securities and avoid price discrepancies not supported by market trends, by implementing a liquidity contract managed by an investment service provider acting in compliance with a market practice accepted by the AMF;
- retain shares and, as the case may be, deliver them subsequently as a medium of payment or exchange in an acquisition, merger, spin-off or asset-for-share exchange, in accordance with applicable regulations;
- implement any market practice accepted by the AMF and generally carry out any other transaction, in compliance with applicable regulations.

Objectives of the new share buyback programme

Subject to approval by the Annual General Meeting of the resolution relating to the company buying back its own shares, the Board of Directors decided at its meeting of 20 February 2019 to define the objectives of the new share buyback programme as follows:

- reduce the share capital by cancelling shares under the conditions laid down by law, subject to authorisation by the Extraordinary General Meeting;
- improve market liquidity and the regularity of listings of the company's equity securities and avoid price discrepancies not supported by market trends, by implementing a liquidity contract managed by an investment service provider acting in compliance with a market practice accepted by the AMF;
- grant or sell shares to employees or corporate officers of the company or related companies, in particular as part of profit-sharing schemes, stock option plans, company savings schemes and Group savings schemes or through allotment of shares.

The Board reserved the right to extend the programme to include other objectives submitted for approval by the Annual General Meeting of 26 April 2018, in which case the company would issue a press release to inform the market.

Maximum proportion of share capital, maximum quantity and characteristics of shares that may be bought back under the new share buyback programme

Under this new share buyback programme, Bouygues may acquire shares representing no more than 5% of its share capital, with the caveat that where shares are bought back to improve liquidity 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.

The company may purchase its own shares under the programme either on- or off-market. The purchase price may not exceed fifty-five euros (€55) per share, subject to any adjustments in connection with share capital transactions.

Consequently, the Board of Directors has set the maximum amount of funds that may be set aside for the new share buyback programme at €1,000,000,000 (one billion euros).

By law, the total number of shares held at a given date may not exceed 10% of the share capital at that date.

Shares acquired may be reallocated or sold on the conditions laid down by the AMF in Position-Recommendation DOC-2017-04 entitled "Guide to trading by listed issuers in their own securities and to stabilisation measures".

Shares repurchased and retained by Bouygues will be stripped of voting and dividend rights. The shares may be acquired, sold, transferred or exchanged by any means whether on- or off-market subject to compliance with AMF rules, including via a Multilateral Trading Facility (MTF) or systematic internaliser or over-the-counter, including via block trades and via the use of derivative financial instruments, and at any time, including during the period of a public tender offer or public exchange offer for the company's shares. All or part of the programme may be carried out through block trades.

Term of the share buyback programme

Eighteen months with effect from the Combined Annual General Meeting of 25 April 2019, i.e. until 25 October 2020.

6.3 SHARE OWNERSHIP

6.3.1 Changes in share ownership over the last three years

	Situation at 31 December 2018 [a]			Situation at 31 December 2017			Situation at 31 December 2016		
	Number of shares	% of capital	% of voting rights [b]	Number of shares	% of capital	% of voting rights [b]	Number of shares	% of capital	% of voting rights [b]
SCDM [c]	80,555,243	21.6	29.1	76,840,591	21.0	29.4	70,506,801	19.9	28.8
Bouygues employees [d]	70,597,924	19.0	25.8	64,342,304	17.6	23.9	71,773,228	20.2	26.0
Other French shareholders	91,737,074	24.6	19.1	82,539,720	22.5	17.6	77,288,644	21.8	17.5
Other foreign shareholders	129,174,698	34.7	25.9	142,353,170	38.9	29.1	135,322,452	38.1	27.7
Bouygues	313,000 [e]	0.1	0.1	49,500 [e]			17,422 [e]		
TOTAL	**372,377,939**	**100**	**100**	**366,125,285**	**100%**	**100%**	**354,908,547**	**100%**	**100%**

(a) Based on a survey of identifiable bearer shares as at 31 December 2018: 347 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 stripped of voting rights.
(c) SCDM is a simplified limited company controlled by Martin Bouygues and Olivier Bouygues. This figure includes shares owned directly by Martin Bouygues and Olivier Bouygues.
(d) Shares owned by employees under company savings schemes. As of 31 December 2018, 26% of those shares have become available.
(e) Treasury shares held under share buyback programmes and the liquidity contract. Shares held by Bouygues are stripped of voting rights.

	Number of shares	Total number of voting rights
31 DECEMBER 2018	**372,377,939**	**498,684,217**
31 December 2017	366,125,285	489,672,012
31 December 2016	354,908,547	488,430,028

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 2018

The main movements in share ownership since 31 December 2017 are described below:

- the interest in the capital held by employees rose from 17.6% at 31 December 2017 to 19% at 31 December 2018 due to the new leveraged employee share ownership plan Bouygues Confiance n°10, and to the fact that the Bouygues Confiance n°8 employee share ownership fund obtained double voting rights. In parallel, the percentage of voting rights held by employees increased from 23.9% in 2017 to 25.8% in 2018;
- SCDM increased its stake slightly, from 21% at 31 December 2017 to 21.6% at 31 December 2018, while SCDM's share of the voting rights decreased from 29.4% to 29.1%;
- Blackrock and Natixis remain the two largest institutional shareholders, with 4.3% and 3.3% of the capital respectively at 31 December 2018. On the other hand, First Eagle Investment Management LLC continued to reduce its share portfolio, holding 2.3% of the capital at 31 December 2018 (versus 3.3% a year earlier).

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 6.1.2.4).

6.3.3 Control

No shareholder controls the company within the meaning of Article L. 233-3 of the Commercial Code.

At 31 December 2018, Martin Bouygues and Olivier Bouygues held 29.1% of the voting rights, either directly or via the simplified limited company SCDM, which gives them substantial power at general meetings (36.9% of the voting rights exercised at the 2018 Annual General Meeting), given the number of voting rights actually exercised.

The employees held 25.8% of the voting rights as of 31 December 2018 (30.4% of the voting rights exercised at the 2018 Annual General Meeting).

As indicated in the Report on corporate governance, the Board of Directors and Board committees include a significant proportion of independent directors (see chapter 5, section 5.2 of this Registration Document).

6.3.4 Shareholder agreements relating to the capital of Bouygues

As far as the company is aware, no shareholder agreement relating to the company's capital exists and no agreement exists which could, if activated, result in a future change in control of Bouygues.

6.4 STOCK OPTIONS AND PERFORMANCE SHARES

Special report required under Articles L. 225-184 and L. 225-197-4 of the Commercial Code.

6.4.1 Principles and rules applied in awarding stock options and performance shares

Authorisations conferred by the Annual General Meeting

The twenty-eighth resolution of the Combined Annual General Meeting of 27 April 2017 authorised the Board of Directors to grant, on one or more occasions, stock options giving the beneficiaries the right to subscribe for new shares or buy existing shares. That authorisation was granted for a period of twenty-six months.

The twenty-first resolution of the Combined Annual General Meeting of 21 April 2016 authorised the Board of Directors to allot, on one or more occasions, existing or new "bonus shares" (i.e. performance shares). That authorisation was granted for a period of thirty-eight months.

The beneficiaries of such shares must be salaried employees or corporate officers of:

- Bouygues; or
- any company or economic interest grouping that is related to Bouygues within the meaning of Article L. 225-197-2 of the Commercial Code.

To date, the Board of Directors has not used the authorisations to award performance shares or to grant options to buy existing shares. All the stock options granted have been options to subscribe for shares.

General rules applicable to awards of stock options or performance shares

The Board of Directors takes account of the recommendations contained in the Afep-Medef Code and those issued by the AMF.

Consequently:

- Stock options or performance shares are awarded 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, and constitute a true sign of recognition.

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- Each plan includes around 800 to 1,000 senior executives and employees. Beneficiaries are selected and individual awards determined on the basis of responsibility, with particular attention paid to high-potential executives.
- No discount is applied to grants of stock options.
- A cap is set to prevent a significant increase in the volume of stock option plans when the market is falling. This cap is set at 15% of the volume of the previous plan.
- Any senior executive or employee included on the list of senior executives or equivalent persons (see explanation below) is prohibited from exercising options or selling shares arising from the exercise of options:
  - during the 30 calendar days preceding publication of the first-half and full-year financial statements, and on the day of such publication;
  - during the 15 calendar days preceding publication of the first-quarter and third-quarter financial statements, and on the day of such publication;
  - during the 15 calendar days preceding publication of Bouygues' quarterly sales release, and on the day of such publication.

  The Board of Directors has reiterated that this prohibition also applies during any period during which a senior executive or employee holds inside information, and on the day such information is made public.
- Barring a decision to the contrary, options are awarded each May after publication of the first-quarter financial statements.
- In addition to these measures, Bouygues has disseminated various internal rules to prevent insider dealing policy breaches or offences: issuing a list of senior executives and equivalent persons with regular or occasional access to inside information or with regular access to sensitive information; reminders of the rules on trading restrictions; information about stock market law and the requirement for Executive Officers and their spouses to hold shares in registered form. A specific compliance programme (Financial Information and Securities Trading) was distributed within the Group in 2014 and was updated in 2017 to factor in the provisions of the European Market Abuse Directive, adding another layer to the preventive measures in this area.

Specific rules applicable to Executive Officers

Since 2010, the Executive Officers have at their own request not been awarded any stock options or performance shares. However, the Board of Directors does not rule out awarding stock options or performance shares to Executive Officers in the future, and has set the following rules that would apply in such a case:

- No stock options or performance shares may be granted by reason of an Executive Officer leaving office.
- There is a prohibition on speculative transactions or hedging the risk relating to the exercise of stock options or the sale of performance shares. To the best of the company's knowledge, no Executive Officer has contracted a hedging instrument.
- Executive Officers who wish to sell shares arising from the exercise of options or performance shares are required to confirm with the Group Ethics Officer that they do not hold inside information.
- The value of options awarded to a corporate officer is capped at 100% of his annual fixed and variable remuneration.
- Caps are imposed on awards made to the Chairman and Chief Executive Officer (no more than 5% of any plan) or to a Deputy Chief Executive Officer (no more than 2.5% of any plan). In light of the appointment of two new Deputy Chief Executive Officers, the Board of Directors reserves the right to reconsider those caps, with the caveat that the total volume of stock options awarded to Executive Officers during a two-year period is capped at 0.25% of the share capital under the terms of the twenty-eighth resolution of the Combined Annual General Meeting of 27 April 2017.
- Performance conditions must be met by Executive Officers when options are granted (by reference to actual consolidated net profit attributable to the Group for the financial year preceding the award) and exercised (by reference to consolidated net profit attributable to the Group for each of the financial years preceding exercise).
- When awarding stock options or performance shares, the Board of Directors must determine the number of performance shares or shares arising from exercise of options that Executive Officers are required to retain until they cease to hold office. For the most recently awarded stock option plans, Executive Officers were required to retain 25% of the shares they obtained from exercising stock options, after selling a sufficient number of shares to fund the exercise and pay the related taxes and social charges.
- Any transactions must be declared to the Board of Directors.

Rationale for awarding stock options

Ever since 1988, when Bouygues awarded its first stock option plan, the Board of Directors has always opted to use stock options as the mechanism for securing the loyalty of its senior executives and employees and giving them a stake in the Group's future development.

The objective is and always has been to incentivise them through movements in the Bouygues share price, rather than simply to pay them extra remuneration. 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.

The Board of Directors has asked the Selection and Remuneration Committee to reconsider regularly which is the most appropriate mechanism for securing loyalty and linking incentives to the value of the company's shares.

General information: characteristics of stock subscription options

All the stock subscription options granted by the Board of Directors in 2018 have the following characteristics:

- Exercise price: average of the opening quoted market prices on the 20 trading days preceding the grant date, with no discount.
- Validity: ten years from the grant date.
- Lock-up period: two years from the grant date.

- Exercise period: eight years from the end of the lock-up period (subject to three exceptions whereby options may be exercised at any time within the ten-year period: (i) exercise by heirs within six months following the death of a beneficiary; (ii) change of control of Bouygues, or public tender offer or public exchange offer for Bouygues; and (iii) exercise in accordance with Article L. 3332-25 of the Labour Code using assets acquired under a Group savings scheme.
- Options automatically cancelled in the event of termination of employment contract or loss of office, unless given special authorisation or in the case of permanent incapacity for work or retirement.

6.4.2 Stock subscription options awarded to or exercised by Executive Officers in 2018

Options giving entitlement to subscribe for new Bouygues shares were granted in 2018. On 16 May 2018, the Board of Directors decided to grant, on 1 June 2018, a total of 2,584,700 options to 803 beneficiaries drawn from among the corporate officers and employees of Bouygues or companies belonging to the Bouygues group.

The exercise price was set at €41.57 per share subscribed.

The value of each stock option was €1.85 at the grant date, estimated in accordance with the method used for the consolidated financial statements.

This stock option plan represented 0.71% of the company's share capital as of 30 April 2018.

Stock subscription options exercised by Executive Officers of Bouygues in 2018

The Board did not award any options to Martin Bouygues, Olivier Bouygues, Olivier Roussat and Philippe Marien.

Note: since April 2017, the Bouygues Board of Directors has not included salaried directors apart from directors representing employees or employee shareholders.

Stock subscription options exercised by Executive Officers of Bouygues in 2018

Person involved	Plan	Number of options exercised	Exercise price €
Olivier Roussat	March 2014	80,000	30.32
	May 2016	30,000	29.00
Philippe Marien	June 2011	98,257	31.43
	June 2012	97,000	20.11
TOTAL		**305,257**	

6.4.3 Performance shares

Performance shares awarded to each Executive Officer

Bouygues did not award any performance shares in 2018.

Performance shares that became available to each Executive Officer during the year

No performance shares became available because the company did not award any.

6.4.4 Summary of outstanding stock option plans

Breakdown of stock subscription option plans by plan and category of beneficiary

	2018	2017	2016	2015	2014	2013	2012
Date of AGM	26/04/2018	27/04/2017	21/04/2016	23/04/2015	21/04/2011	21/04/2011	21/04/2011
Grant date	01/06/2018	01/06/2017	30/05/2016	28/05/2015	27/03/2014	28/03/2013	13/06/2012
Number of options awarded by the Board of Directors	2,584,700	2,570,800	2,790,000	2,739,600	2,790,000	2,790,000	2,956,025
• of which the 10 employees awarded the most options	482,500	453,500	414,500	360,800	289,100	335,800	402,800
Exercise price	€41.567	€37.993	€28.997	€37.106	€30.32	€22.28	€20.11
Start date of exercise period	02/06/2020	02/06/2019	31/05/2018	29/05/2017	28/03/2018	29/03/2017	14/06/2016
Expiry date [a]	01/06/2028	01/06/2027	30/05/2026	28/05/2025	27/09/2021	28/09/2020	13/12/2019
Number of options cancelled or lapsed	14,000	69,450	100,365	140,162	205,563	218,948	253,198
Number of options outstanding at 31/12/2018	2,570,800	2,501,350	2,297,117	2,162,491	2,152,109	1,243,399	821,858
Number of options exercised between 01/01/2019 and 31/01/2019	3,000						
TOTAL OPTIONS OUTSTANDING AT 31/12/2018	**13,749,124**						

(a) Last day of period of validity of options.

6.4.5 Stock subscription options awarded to/exercised by the ten employees awarded/exercising the most options during 2018

Stock subscription options awarded to the employees (excluding corporate officers) of Bouygues awarded the most options during the year

Employees	Company awarding the options	Grant date	Number of options	Exercise price €
Valérie Agathon	Bouygues	1 June 2018	11,000	41.57
Pierre Auberger	Bouygues	1 June 2018	11,000	41.57
François Bertière	Bouygues	1 June 2018	80,000	41.57
Philippe Bonnave	Bouygues	1 June 2018	80,000	41.57
Yann Boucraut	Bouygues	1 June 2018	11,000	41.57
Robert Brard	Bouygues	1 June 2018	11,000	41.57
Gérard Bucourt	Bouygues	1 June 2018	11,000	41.57
Yvon Colleu	Bouygues	1 June 2018	11,000	41.57
Georges Colombani	Bouygues	1 June 2018	15,000	41.57
Philippe Cuenot	Bouygues	1 June 2018	11,000	41.57
Emmanuel Forest	Bouygues	1 June 2018	13,500	41.57
Hervé Le Bouc	Bouygues	1 June 2018	80,000	41.57
Gilles Pélisson	Bouygues	1 June 2018	80,000	41.57
Emmanuel Roger	Bouygues	1 June 2018	11,000	41.57
Arnauld Van Eeckhout	Bouygues	1 June 2018	20,000	41.57
Gilles Zancanaro	Bouygues	1 June 2018	15,000	41.57
TOTAL			**471,500**	

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Stock subscription options exercised during 2018 by the ten employees (excluding corporate officers) of Bouygues exercising the most options

Employees	Company awarding the options	Plan	Number of options exercised	Exercise price €
François Bertière	Bouygues	June 2011	98,257	31.43
		June 2012	97,000	20.11
Hervé Le Bouc	Bouygues	March 2014	80,000	30.32
		May 2016	80,000	29
Jean-François Guillemin	Bouygues	June 2011	33,428	31.43
Philippe Bonnave	Bouygues	June 2011	23,298	31.43
Georges Colombani	Bouygues	June 2011	18,234	31.43
		June 2012	466	20.11
Gilles Zancanaro	Bouygues	June 2011	18,234	31.43
Pierre Auberger	Bouygues	March 2014	8,300	30.32
		May 2016	9,000	29
Emmanuel Forest	Bouygues	June 2011	13,675	31.43
Philippe Cuenot	Bouygues	June 2011	7,902	31.43
Yvon Colleu	Bouygues	March 2013	4,053	22.28
TOTAL			**491,847**	

During 2018, 1,988,582 Bouygues stock subscription options were exercised by employees of Bouygues or its subsidiaries, including the ten Bouygues employees listed above.

6.5 STOCK MARKET INFORMATION

6.5.1 Stock market performance of Bouygues shares in 2018

Bouygues shares are listed on the Euronext Paris market (compartment A) and belong to the CAC 40, Euronext 100, FTSE Eurofirst 300 and Dow Jones Stoxx 600 indices. They are eligible for the Deferred Settlement Service (SRD) and for French equity savings plans (PEAs).

There were a total of 372,377,939 shares in issue on 31 December 2018.

The average number of shares in issue during 2018 was 366,487,120.

The average daily volume traded in 2018 as reported by Euronext was 882,578 shares.

Bouygues shares declined by 27.6% in 2018 (versus -11% for the CAC 40), and by 8.0% over the last two years (versus -2.7% for the CAC 40).

That fall came in three phases:

- Having peaked at its highest value of the year at more than €45 in January, the share price experienced a gradual decline in line with the general fall in the markets, reaching €40 in mid-May 2018.
- Following unfavourable results announcements within the construction sector and very fierce competition in the telecoms sector, the share price became significantly decoupled from market performance. The share price continued to fall, reaching €35 at the start of September 2018.
- Finally, Bouygues shares saw a sharp fall in October 2018, after the company revised its 2018 outlook for its construction businesses and for the Group as a whole. The share ended the year trading at €31.34.

Year	Number of shares	Dividend paid for the year €	Quoted market price €			Yield based on closing price
		Net	High	Low	Closing	%
2013	319,264,996	1.60	30.03	18.61	27.42	5.8
2014	336,086,458	1.60	34.68	23.70	29.98	5.3
2015	345,135,316	1.60	39.05	28.70	36.55	4.4
2016	354,908,547	1.60	37.30	24.99	34.05	4.7
2017	366,125,285	1.70	44.65	33.65	43.31	3.9
2018	372,377,939	1.70	45.75	30.26	31.34	5.4

6.5.2 Trends in share price and trading volumes

	High €	Low €	Number of shares traded	Capital traded €m
2017				
January	35.28	33.65	14,950,552	516
February	36.37	33.65	15,525,108	545
March	38.50	36.92	19,599,019	744
April	39.18	36.37	18,366,010	700
May	39.06	37.31	21,272,145	811
June	39.50	36.92	19,550,109	751
July	38.01	36.24	16,701,581	618
August	38.29	36.66	13,820,736	518
September	40.29	38.40	18,750,993	734
October	41.22	39.85	13,879,833	561
November	43.46	40.05	23,795,011	1,004
December	44.65	42.67	16,469,226	723
2018				
January	45.75	43.21	16,135,205	724
February	44.42	40.34	21,320,077	895
March	41.70	39.35	16,102,351	655
April	42.90	40.52	13,898,801	585
May	43.08	39.54	22,641,691	935
June	39.92	36.70	18,512,363	712
July	38.21	36.48	15,427,994	575
August	39.00	36.28	14,104,406	529
September	37.50	35.10	17,337,447	632
October	37.18	30.85	25,914,144	874
November	34.74	32.00	23,219,071	769
December	33.76	30.26	20,443,868	660

6.5.3 Share trading by senior executives

As required by Article 223-26 of the AMF General Regulation, the table below discloses details of the transactions mentioned in Article L. 621-18-2 of the French Monetary and Financial Code carried out during 2018.

Person involved	Nature of transaction	Number of transactions	Number of shares	Amount €
Martin Bouygues	Inheritance	1	28	1,107.86
Olivier Bouygues	Inheritance	1	28	1,107.86
SCDM	Acquisition	24	3,714,596	131,487,961.39
	Internal transfer within the SCDM group – purchase by SCDM of Bouygues shares held by SCDM Participations	1	2,944,972	122,510,835.20
SCDM Participations	Internal transfer within the SCDM group – sale of Bouygues shares by SCDM Participations to SCDM	1	2,944,972	122,510,835.20
François Bertière	Exercise of options	2	195,257	5,038,887.51
Philippe Bonnave	Exercise of options	1	23,298	732,256.14
	Sale	1	23,298	973,856.40
Pascal Grangé	Exercise of options	3	11,000	300,450.00
	Sale	3	11,000	442,778.20
Éric Guillemin	Exercise of options	1	13,169	413,901.67
	Sale	1	13,169	447,746.00
Hervé Le Bouc	Exercise of options	5	160,000	4,745,600.00
	Sale	5	160,000	6,408,559.68
Philippe Marien	Exercise of options	3	195,257	5,038,887.51
	Sale	2	135,657	5,173,849.45
	Acquisition	1	10,000	371,606.00
Olivier-Marie Racine	Exercise of options	2	21,273	668,610.39
	Sale	2	21,273	741,875.76
Olivier Roussat	Exercise of options	2	110,000	3,295,600.00
	Sale	2	110,000	4,181,488.00
Richard Viel-Gouarin	Exercise of options	1	2,140	47,679.20

6.6 INFORMATION ON AUDITORS

Under Article 22 of the articles of association, the financial statements are audited by at least two principal statutory auditors, appointed for a term of six financial years by an ordinary general meeting of shareholders.

The general meeting of shareholders also appoints for a term of six financial years two alternate auditors who replace the principal auditors in the event of a principal auditor's refusal or inability to act, resignation, or death. Law No. 2016-1691 of 9 December 2016 (Sapin 2 law) amended Article L. 823-1 of the Commercial Code so that alternate auditors now need to be appointed only if the principal auditor is an individual or a single-person company. Consequently, the Annual General Meeting of 26 April 2018 amended the articles of association by removing the requirement to appoint an alternate auditor where the principal auditor is a legal entity. The terms of office of the current alternate auditors will continue to run until the date specified by the general meeting of shareholders that appointed them.

6.6.1 Principal auditors

	First appointment	Latest reappointment	Term expires
Mazars 61 rue Henri Regnault, 92075 Paris-La Défense, France	10 June 1998	21 April 2016	2022
Ernst & Young Audit Tour First, 1/2 Place des Saisons, 92400 Courbevoie, France	24 April 2003	23 April 2015	2021

Mazars and Ernst & Young Audit are members of the Versailles regional association of auditors.

6.6.2 Alternate auditors

	First appointment	Latest reappointment	Term expires
Philippe Castagnac (Mazars group)	29 April 2010	21 April 2016	2022
Auditex (EY group)	23 April 2009	23 April 2015	2021

6.6.3 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).

6.7 BOUYGUES (PARENT COMPANY) RESULTS FOR THE LAST FIVE FINANCIAL YEARS

Item	2018	2017	2016	2015	2014
1. FINANCIAL POSITION AT YEAR-END					
a) Share capital (€m)	372	366	355	345	336
b) Number of shares in issue	372,377,939	366,125,285	354,908,547	345,135,316	336,086,458
c) Number of bonds convertible into shares					
2. RESULTS OF OPERATIONS (€m)					
a) Sales excluding taxes	73	81	73	73	68
b) Earnings before tax, amortisation, depreciation and provisions	597	(63)	696	761	351
c) Income tax	155	178	86	103	93
d) Earnings after tax, amortisation, depreciation and provisions	886	102	973	845	414
e) Amount of profits distributed as dividend	633	620	568	552	538
3. RESULTS OF OPERATIONS ON A PER SHARE BASIS (€)					
a) Earnings after tax, but before amortisation, depreciation and provisions	2.02	0.32	2.20	2.50	1.32
b) Earnings after tax, amortisation, depreciation and provisions	2.38	0.28	2.74	2.45	1.23
c) Dividend per share	1.70	1.70	1.60	1.60	1.60
4. PERSONNEL					
a) Number of employees (average)	173	167	169	170	168
b) Payroll (€m)	35	30	37	36	30
c) Amount paid in respect of benefits (social security, company benefits, etc.) (€m)	16	14	17	18	13

7 FINANCIAL STATEMENTS

7.1 CONSOLIDATED FINANCIAL STATEMENTS

7.1.1 Consolidated balance sheet

Assets (€ million)	Note	31/12/2018 net	31/12/2017 net restated [a]
Property, plant and equipment	3.2.1	7,432	6,658
Intangible assets	3.2.2	2,198	2,132
Goodwill	3.2.3	6,301	5,385
Investments in joint ventures and associates	3.2.4/3.2.5	2,633	2,502
Other non-current financial assets	3.2.4	536	568
Deferred tax assets and non-current tax receivable	7.1	317	323
NON-CURRENT ASSETS		**19,417**	**17,568**
Inventories	4.1	3,154	2,822
Advances and down-payments made on orders	4.2	483	432
Trade receivables	4.3	6,389	6,130
Customer contract assets	4.4	2,026	1,570
Tax asset (receivable)	4.3	260	331
Other current receivables and prepaid expenses	4.3	2,684	2,562
Cash and cash equivalents	4.5	2,928	4,820
Financial instruments – Hedging of debt	17.2	11	15
Other current financial assets	17.2	10	15
CURRENT ASSETS		**17,945**	**18,697**
Held-for-sale assets and operations		332	38
TOTAL ASSETS		**37,694**	**36,303**

Liabilities and shareholders' equity (€ million)	Note	31/12/2018	31/12/2017 restated [a]
Share capital	5.1	372	366
Share premium and reserves		8,146	7,678
Translation reserve	5.3.3	(103)	(88)
Treasury shares			
Consolidated net profit/(loss)		1,311	1,082
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP	**5.2**	**9,726**	**9,038**
Non-controlling interests	5.2	1,391	1,378
SHAREHOLDERS' EQUITY	**5.2**	**11,117**	**10,416**
Non-current debt	8.1	5,080	5,791
Non-current provisions	6.1	2,068	2,058
Deferred tax liabilities and non-current tax liabilities	7.2	348	279
NON-CURRENT LIABILITIES		**7,496**	**8,128**
Current debt	8.1	1,253	736
Current taxes payable		126	115
Trade payables		7,423	7,489
Customer contract liabilities	10.2	3,665	3,184
Current provisions	6.2	995	885
Other current liabilities	10.1	5,010	5,101
Overdrafts and short-term bank borrowings		238	209
Financial instruments – Hedging of debt	17.2	25	16
Other current financial liabilities	17.2	21	24
CURRENT LIABILITIES	**10.1**	**18,756**	**17,759**
Liabilities related to held-for-sale operations		325	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**37,694**	**36,303**
NET SURPLUS CASH/(NET DEBT)	**9/16.1**	**(3,657)**	**(1,917)**

(a) The balance sheet as of 31 December 2017 has been restated for the effects of applying IFRS 9 and IFRS 15.

7.1.2 Consolidated income statement

(€ million)	Note	Full year 2018	Full year 2017 restated [a]
SALES [b]	**11/16.1**	**35,555**	**32,923**
Other revenues from operations		185	150
Purchases used in production		(16,715)	(15,303)
Personnel costs		(7,975)	(7,336)
External charges		(7,845)	(7,327)
Taxes other than income tax		(687)	(668)
Net depreciation and amortisation expense	16.1/4.6	(1,703)	(1,596)
Charges to provisions and impairment losses, net of reversals due to utilisation	16.1/4.6	(417)	(330)
Changes in production and property development inventories		94	60
Other income from operations [c]		1,862	1,668
Other expenses on operations		(843)	(835)
CURRENT OPERATING PROFIT/(LOSS)	**12/16.1**	**1,511**	**1,406**
Other operating income	12/16.1	371	233
Other operating expenses	12/16.1	(106)	(120)
OPERATING PROFIT/(LOSS)	**12/16.1**	**1,776**	**1,519**
Financial income	13.1	29	25
Financial expenses	13.1	(245)	(251)
INCOME FROM NET SURPLUS CASH/(COST OF NET DEBT)	**13.1/16.1**	**(216)**	**(226)**
Other financial income	13.2	81	113
Other financial expenses	13.2	(64)	(75)
Income tax	14/16.1	(427)	(299)
Share of net profits/losses of joint ventures and associates	16.1	303	169
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**16.1**	**1,453**	**1,201**
Net profit/(loss) from discontinued and held-for-sale operations			
NET PROFIT/(LOSS)	**16.1**	**1,453**	**1,201**
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	**15/16.1**	**1,311**	**1,082**
Net profit/(loss) attributable to non-controlling interests		142	119
BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS ATTRIBUTABLE TO THE GROUP (€)	**15**	**3.57**	**3.02**
DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS ATTRIBUTABLE TO THE GROUP (€)	**15**	**3.55**	**3.00**
(a) The full-year 2017 income statement has been restated for the effects of applying IFRS 15.			
(b) Of which sales generated abroad		13,767	11,915
(c) Of which reversals of unutilised provisions/impairment losses & other items	16.1	487	434

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7.1.3 Consolidated statement of recognised income and expense

(€ million)	Note	Full year 2018	Full year 2017 restated [a]
NET PROFIT/(LOSS)		**1,453**	**1,201**
Items not reclassifiable to profit or loss			
Actuarial gains/losses on post-employment benefits		18	(4)
Net change in fair value of equity instruments		(6)	
Net tax effect of items not reclassifiable to profit or loss		(2)	(3)
Share of non-reclassifiable income and expense of joint ventures and associates [b]		27	22
Items reclassifiable to profit or loss			
Change in cumulative translation adjustment			(180)
Net change in fair value of financial instruments used for hedging purposes		(7)	9
Net tax effect of items reclassifiable to profit or loss		(1)	(1)
Share of reclassifiable income and expense of joint ventures and associates [b]		(21)	(39)
INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY	**5.3**	**8**	**(196)**
TOTAL RECOGNISED INCOME AND EXPENSE		**1,461**	**1,005**
Recognised income and expense attributable to the Group		**1,322**	**897**
Recognised income and expense attributable to non-controlling interests		**139**	**108**

(a) The full-year 2017 statement of recognised income and expense has been restated for the effects of applying IFRS 15.
(b) Relates mainly to Alstom.

7.1.4 Consolidated statement of changes in shareholders' equity

(€ million)	Note	Share capital & share premium	Reserves related to capital/ retained earnings	Consolidated reserves and profit/(loss)	Treasury shares	Items recognised directly in equity	Total attributable to the Group	Non-controlling interests	Total
POSITION AT 31 DECEMBER 2016 RESTATED [a]		**2,060**	**2,595**	**3,641**		**57**	**8,353**	**1,295**	**9,648**
MOVEMENTS DURING 2017 RESTATED									
Net profit/(loss)				1,082			1,082	119	1,201
Translation adjustment						(216)	(216)	(7)	(223)
Other recognised income and expense						31	31	(4)	27
TOTAL RECOGNISED INCOME AND EXPENSE [d]				**1,082**		**(185)**	**897**	**108**	**1,005**
Capital and reserves transactions, net		345	405	(405)			345		345
Acquisitions/disposals of treasury shares				(2)			(2)		(2)
Acquisitions and disposals without loss of control				7			7	6	13
Dividend paid				(568)			(568)	(38)	(606)
Other transactions with shareholders				16			16	3	19
Other transactions (changes in scope of consolidation and other items)				13			13		13
Impact of applying IFRS 9				(20)		(3)	(23)	4	(19)
POSITION AT 31 DECEMBER 2017 RESTATED [b]		**2,405**	**3,000**	**3,764**		**(131)**	**9,038**	**1 378**	**10,416**
MOVEMENTS DURING 2018									
Net profit/(loss)				1,311			1,311	142	1,453
Translation adjustment	5.3					(21) [c]	(21)	[c]	(21)
Other recognised income and expense	5.3					32	32	(3)	29
TOTAL RECOGNISED INCOME AND EXPENSE [d]				**1,311**		**11**	**1,322**	**139**	**1,461**
Capital and reserves transactions, net		169					169		169
Acquisitions/disposals of treasury shares				(8)			(8)		(8)
Acquisitions and disposals without loss of control	5.5			(27)			(27)	(35)	(62)
Dividend paid			(518)	(102)			(620)	(92)	(712)
Other transactions with shareholders	5.4			12			12	2	14
Other transactions (changes in scope of consolidation and other items)	5.5		(1)	(167)		8	(160)	(1)	(161)
POSITION AT 31 DECEMBER 2018		**2,574**	**2,481**	**4,783**		**(112)**	**9,726**	**1,391 [e]**	**11,117**

(a) Shareholders' equity as of 31 December 2016 has been restated for the effects of applying IFRS 15.
(b) Shareholders' equity as of 31 December 2017 has been restated for the effects of applying IFRS 9 and IFRS 15.
(c) Change in translation reserve:

Attributable to:	Group	Non-controlling interests	Total
Controlled entities			
Joint ventures and associates	(21)		(21)
	(21)		**(21)**

(d) See statement of recognised income and expense.
(e) Of which TF1: €892 million and Bouygues Telecom: €351 million.

7.1.5 Consolidated cash flow statement

(€ million)	Note	Full year 2018	Full year 2017 restated [a]
I - CASH FLOW FROM CONTINUING OPERATIONS			
A - NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES			
Net profit/(loss) from continuing operations		1,453	1,201
Adjustments:			
Share of profits/losses reverting to joint ventures and associates, net of dividends received		(186)	(93)
Dividends from non-consolidated companies		(32)	(19)
Net charges to/(reversals of) depreciation, amortisation, and non-current impairment and provisions		1,762	1,579
Gains and losses on asset disposals		(420)	(367)
Miscellaneous non-cash charges		(89)	(15)
Cash flow after income from net surplus cash/(cost of net debt) and income tax	**16.1**	**2,488**	**2,286**
Reclassification of (income from net surplus cash)/cost of net debt		216	226
Elimination of income tax, including provisions for tax risks		427	299
Cash flow	**16.1**	**3,131**	**2,811**
Income taxes paid		(520)	(236)
Changes in working capital related to operating activities (including current impairment and provisions) [b]		(395)	(516)
NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES		**2,216**	**2,059**
B - NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES			
Purchase price of property, plant and equipment and intangible assets	16	(2,178)	(1,931)
Proceeds from disposals of property, plant and equipment and intangible assets	16	605	509
Net liabilities related to property, plant and equipment and intangible assets		(165)	6
Purchase price of non-consolidated companies and other investments		(31)	(43)
Proceeds from disposals of non-consolidated companies and other investments		65	33
Net liabilities related to non-consolidated companies and other investments		15	65
Purchase price of investments in consolidated activities	21.1	(1,568)	(191)
Proceeds from disposals of investments in consolidated activities	21.1	113	121
Net liabilities related to consolidated activities	21.1	(1)	(2)
Other effects of changes in scope of consolidation: cash of acquired and divested companies	21.1	(11)	(9)
Other cash flows related to investing activities: changes in loans, dividends received from non-consolidated companies		72	(39)
NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES		**(3,084)**	**(1,481)**
C - NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES			
Capital increases/(reductions) paid by shareholders and non-controlling interests and other transactions between shareholders		(22)	326
Dividends paid to shareholders of the parent company		(620)	(568)
Dividends paid by consolidated companies to non-controlling interests		(92)	(38)
Change in current and non-current debt		(161)	123
Income from net surplus cash/(cost of net debt)		(216)	(226)
Other cash flows related to financing activities		3	21
NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES		**(1,108)**	**(362)**
D - EFFECT OF FOREIGN EXCHANGE FLUCTUATIONS		**54**	**(187)**
CHANGE IN NET CASH POSITION (A + B + C + D)		**(1,922)**	**29**
NET CASH POSITION AT START OF PERIOD	**9**	**4,611**	**4,581**
Net cash flows	9	(1,922)	29
Non-monetary flows			1
HELD-FOR-SALE OPERATION		**1**	
NET CASH POSITION AT END OF PERIOD	**9**	**2,690**	**4,611**
II - CASH FLOWS FROM DISCONTINUED AND HELD-FOR-SALE OPERATIONS			
NET CASH POSITION AT START OF PERIOD		**9**	
Net cash flows		(10)	
NET CASH POSITION AT END OF PERIOD	**21.2**	**(1)**	

(a) The full-year 2017 cash flow statement has been restated for the effects of applying IFRS 15.

(b) Definition of changes in working capital related to operating activities: current assets minus current liabilities, excluding (i) income taxes paid, which are presented separately and (ii) current debt and financial instruments used to hedge debt, which are classified in financing activities.

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 2018 were prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union.

The financial statements are presented in millions of euros (unless otherwise indicated) and comprise the balance sheet, the income statement, the statement of recognised income and expense, the statement of changes in shareholders' equity, the cash flow statement, and the notes to the financial statements.

The comparatives presented are from the consolidated financial statements for the year ended 31 December 2017, restated for the application of IFRS 9 and IFRS 15.

Note 1 Significant events of 2018

1.1 Scope of consolidation as of 31 December 2018

1,229 entities were consolidated as of 31 December 2018, compared with 1,110 as of 31 December 2017. The net increase in 2018 mainly reflects the acquisitions of Alpiq Engineering Services, the Miller McAsphalt group and aufeminin.

31 December	2018	2017
Companies controlled by the Group	846	776
Joint operations	178	163
Joint ventures and associates	205	171
	1,229	**1,110**

1.2 Significant events

1.2.1 Significant events of 2018

The principal corporate actions and acquisitions of 2018 are described below:

- On 12 January 2018, the French government and Arcep (the French telecoms regulator) signed the "New Deal Mobile" agreement with the four mobile operators, aimed at extending quality mobile coverage to the French population. The desired objective of digital roll-out across French territory led to stringent coverage obligations being imposed on the operators, in return for a ten-year renewal of their licences to use frequencies in the 900 MHz, 1800 MHz and 2100 MHz bands. Given that Bouygues Telecom's current licences expire in 2022 (2100 MHz band) and in 2024 (900 MHz and 1800 MHz bands), Arcep (in decision No. 2018–0680 of 3 July 2018) amended the existing frequency licences to incorporate the new roll-out requirements. Subsequently (in decision 2018–1390 of 15 November 2018), Arcep formally renewed the 900 MHz, 1800 MHz and 2100 MHz licences for a further ten years. Consequently, Bouygues Telecom now holds licences to use the 900 MHz and 1800 MHz bands until 8 December 2034, and the 2100 MHz band until 11 December 2032. All frequency bands are now technologically equivalent, and hence can be used independently for 2G/3G/4G. In parallel, on 28 September 2018 the French government issued a new decree on licence fees, which stabilises the level of such fees from now on. Consequently, Bouygues Telecom has reversed out an accrued expense recognised from 2014 to 2017, which covered the risk of a rise in the fixed portion of the 1800 MHz frequency licence fee. The accrued expense, amounting to €110 million, was reversed out in the third quarter of 2018 and recognised in "Other operating income" (see Note 12 to the consolidated financial statements).
- On 17 January 2018, an agreement was signed for the acquisition by the TF1 group of the Axel Springer group's majority equity interest of 78.07% in the aufeminin group, which in its financial year ended 31 December 2017 generated sales of €113 million and an operating profit of €12 million. The acquisition was completed on 27 April 2018 at a price of €39.47 per share, or €294 million in total. On 22 May 2018, TF1 filed a mandatory simplified tender offer for the remaining shares at the same price. That offer closed on 4 July 2018, and was followed by a squeeze-out procedure filed on 3 October 2018. Having been approved on 16 October 2018, the squeeze-out was launched on 19 October 2018 and closed on 1 November 2018, giving the TF1 group 100% of the shares and voting rights of the aufeminin group. As of the date control was obtained, provisional goodwill of €204 million was recognised after the purchase price allocation and net debt increased by €332 million.
- In line with the memorandum of understanding signed on 30 August 2017, Colas completed the acquisition of the entire share capital of the Miller McAsphalt group on 28 February 2018. The Miller McAsphalt group is a major player in road construction and bitumen distribution in Canada, with a particularly strong presence in Ontario. Over the last three years, it has generated average annual sales of approximately CAD 1.3 billion; it employs 3,300 people. The purchase price paid on the completion date was CAD 953 million, equivalent to €611 million. Out of the total purchase price, €410 million was financed by debt. Net debt increased by €555 million, and goodwill after the purchase price allocation amounted to €90 million as of the date control was obtained.
- On 26 March 2018, Bouygues Construction and Colas announced the acquisition of the entire share capital of Alpiq Engineering Services, which specialises in hard and soft services in construction and in energy, industrial and transport infrastructures. Alpiq Engineering Services employs nearly 7,650 people and generated sales of approximately CHF 1.7 billion in 2017, mainly in Switzerland (57%), Germany (24%) and Italy (12%). Following clearance from the European and Swiss competition authorities on 11 July 2018, the acquisition was completed on 31 July 2018 on the basis of an enterprise value of CHF 850 million (CHF 700 million for Bouygues Construction and CHF 150 million for Colas Rail). As of the date control was obtained, provisional goodwill of €563 million was recognised after the purchase price allocation, and net debt increased by €619 million.
- Under the agreement of 31 January 2017 between Bouygues Telecom and Cellnex (Spain), transfers of the 1,800 existing telecoms sites continued during 2018. As of 31 December 2017, 715 sites were presented in the balance sheet in "Held-for-sale assets and operations", at a carrying amount of €38 million. During 2018, 964 sites were transferred for €273 million, including those covered by the agreement mentioned above, and there were no longer any held-for-sale assets as of 31 December 2018. This sale generated a gain on disposal of €196 million, recognised in "Other operating income" (see Note 12 to the consolidated financial statements). The sale of the 1,200 new sites is being spread over a five-year period as and when the sites are constructed.
- The TF1 group and the non-controlling shareholders of Newen Studios, a 70%-owned subsidiary of TF1, signed an agreement on 5 April 2018 with a view to the acquisition by TF1 of the remaining 30% of the share capital and voting rights, giving TF1 100% of Newen Studios. This transaction took place on 5 July 2018, following clearance from the French Competition Authority on 3 July 2018. The additional acquisition, amounting to €96 million, had already been recognised as a financial liability as of 31 December 2017.
- On 28 May 2018, Bouygues Construction announced the acquisition of 100% of AW Edwards, a well-established Australian construction company. The acquisition, finalised on 5 July 2018, marks a further step in the Group's development strategy in Australia, and strengthens its position in the construction market. The company generated sales of AUD 277 million in 2017 and employs 250 people. As of the date control was obtained,

provisional goodwill of €43 million was recognised pending finalisation of the purchase price allocation; the impact on net debt was immaterial.

- On 17 July 2018, the Alstom shareholders approved resolutions relating to the proposed merger between Alstom and the Siemens Mobility businesses, which remained subject to clearance from the competition authorities (see Note 1.3 to the financial statements). The Alstom shareholders also approved the renewal of the terms of office as directors of Olivier Bouygues and Bouygues SA (standing representative: Philippe Marien). On 17 July 2018, the commitment by Bouygues to retain its Alstom shares (as described in the consolidated financial statements for the year ended 31 December 2017) ended.
- On 25 October 2018, Bouygues Telecom announced that it was in exclusive negotiations with a view to acquiring a 43.6% equity interest in the business-to-business telecoms operator Keyyo, which generated sales of €24 million and EBITDA of €4 million in 2017.
- On 19 November 2018, a potential purchaser signed an undertaking to buy Smac (the waterproofing activity of Colas, representing sales of approximately €600 million), expiring seven months later. As of 31 December 2018, the assets and liabilities of Smac were presented in the balance sheet within "Held-for-sale assets and operations" and "Liabilities related to held-for-sale operations", at carrying amounts of €332 million and €325 million respectively (see Notes 1.3 and 21 to the consolidated financial statements).
- On 12 December 2018, Axione (a Bouygues Construction subsidiary) and its financial partner Mirova signed a new contract to install and operate fibre optic (FTTH) in very dense areas, following a tendering procedure launched by Bouygues Telecom. Under the terms of the contract, Axione and Mirova set up CityFast, an access service provider, to whom Bouygues Telecom transferred its existing fibre optic infrastructures in very dense areas for €46 million. This transaction generated a gain of €34 million, recognised in "Other operating income" (see Note 12 to the consolidated financial statements).
- On 31 December 2018, Bouygues Construction sold a 49% equity interest in Axione. The shareholder agreement provides for joint control of Axione, which from that date is accounted for by the equity method. The overall gain arising on the sale (excluding transaction costs and taxes) amounts to €106 million, comprising a €52 million gain on the sale of the 49% interest and €54 million for the remeasurement of the retained 51% equity interest.

1.2.2 Reminder of the significant events of 2017

The principal corporate actions and acquisitions of 2017 are described below:

- On 30 January 2017, TF1 accepted a conditional offer from Mediawan SA to buy TF1's 33.5% equity interest in Groupe AB. As of 31 December 2017, the conditions had been met and the final purchase price determined, and the resulting gain of €14 million was recognised in "Share of net profits/losses of joint ventures and associates" in the 2017 consolidated income statement (see Note 3.2. to the consolidated financial statements).
- On 31 January 2017, Bouygues Telecom signed an agreement with Cellnex (Spain) covering 3,000 telecoms sites in France, for a total amount of €854 million. The transaction involves the transfer by Bouygues Telecom of an initial batch of 1,800 existing sites to Cellnex over a two-year period for €500 million, followed by the joint construction of 1,200 new sites over a five-year period for €354 million. In addition, Bouygues Telecom and Cellnex signed a renewable 15-year hosting and services agreement. As of 31 December 2017, 1,085 sites had been transferred for a total of €307 million. "Held-for-sale assets and operations" was reduced to €38 million to reflect the reduction in the number of sites still held by Bouygues Telecom; the resulting gain of €223 million was recognised in "Other operating income" in the consolidated income statement for the year ended 31 December 2017 (see Note 12 to the consolidated financial statements).
- On 25 July 2017, Bouygues Telecom and Cellnex signed an extension to their agreement of 31 January 2017 concerning the addition of up to 600 more sites at a selling price of up to €170 million. The additional sites did not meet the definition of "Held-for-sale assets and operations" as of 31 December 2017, since it was as yet uncertain how many sites would actually be sold.
- On 25 July 2017, Bouygues Immobilier and AccorHotels announced the formation of a 50/50 joint venture to accelerate the development of Nextdoor in France and Europe. This transaction generated a gain of €28 million (arising from the divestment of 50% of Nextdoor and the remeasurement of the residual equity interest), recognised in "Other income from operations" in the consolidated income statement for the year ended 31 December 2017.
- On 30 August 2017, Colas Canada signed a memorandum of understanding in Toronto under which it is to acquire the entire share capital of the Miller and McAsphalt group.
- On 26 September 2017, Siemens and Alstom signed a memorandum of understanding that included a reciprocal exclusivity agreement to combine their rail activities. In return for transferring its Mobility and Rail Traction Drives businesses to Alstom, Siemens would receive newly issued shares representing 50% of the share capital of Alstom on a fully diluted basis. Alstom shareholders would receive a €4 per share dividend by way of control premium, plus a further dividend of up to €4 per share paid out of the proceeds from the exercise of Alstom's put options over its share of its joint ventures with General Electric.

In connection with this transaction, the French state terminated its loan of Alstom shares from the Bouygues group on 17 October 2017 without exercising the call option it had been granted by Bouygues in 2014.

Bouygues fully supports the proposed transaction and will vote in favour of it on the Alstom Board of Directors and at the Extraordinary General Meeting of Alstom shareholders called to approve the transaction. Bouygues also committed to retain its Alstom shares until the earlier of (i) the Extraordinary General Meeting or (ii) 31 July 2018.

Closing of the transaction was subject to clearance from various regulatory authorities, including the European Commission, and to confirmation by the Autorité des Marchés Financiers (AMF) that Siemens would not be required to file a compulsory public tender offer for Alstom following completion of the transfer.

On completion of the transaction, Bouygues would have an equity interest of approximately 14% in the new entity.

- On 6 October 2017, the *Conseil Constitutionnel* (French Constitutional Council) declared the 3% tax on dividends paid by French companies to be unconstitutional. As a result, a tax gain of €90 million (plus late payment interest of €9 million) was recognised in the fourth quarter of 2017.

1.3 Significant events and changes in scope of consolidation subsequent to 31 December 2018

- On 18 January 2019, Bouygues Telecom finalised the acquisition of a 43.6% equity interest in Keyyo at a price of €34 per share, representing an investment of just over €29 million. A voluntary public tender offer for all of the remaining shares at the same price was launched on 21 January 2019, taking the overall investment to a maximum of €61 million. On 5 February 2019, the Autorité des Marchés Financiers confirmed that the public offer was compliant.
- On 6 February 2019, the European Commission rejected the merger between Alstom and Siemens, who decided not to challenge that decision. The proposed merger has therefore been abandoned.
- On 12 February 2019, Bouygues Construction filed arbitration proceedings against Alpiq following differences of opinion as to the amount of the final purchase price adjustment determined in connection with the sale of the services and engineering operations in 2018. Bouygues Construction is claiming an amount of CHF 205.1 million (€180 million), while Alpiq is claiming a payment of CHF 12.9 million (€11 million).
- On 14 February 2019, Colas announced that it had signed an agreement to sell Smac to a subsidiary of OpenGate Capital. This divestment will reduce Colas sales by approximately €600 million, but is not expected to have a material impact on operating profit. Completion is subject to clearance from the competition authorities, especially in France.

Note 2 Group accounting policies

2.1 Sectors of activity

Bouygues is a diversified services group organised into three sectors of activity:

- Construction:
  - Construction and services (Bouygues Construction);
  - Property development (Bouygues Immobilier);
  - Transport infrastructure (Colas).
- Media:
  - The TF1 group ("TF1").
- Telecoms:
  - Mobile, fixed, TV and internet services (Bouygues Telecom).

The Bouygues group also holds an equity interest in Alstom (Transport), which stood at 27.79% as of 31 December 2018.

2.2 Basis of preparation of the financial statements

The consolidated financial statements of the Bouygues group include the financial statements of Bouygues SA and its five business segments. The financial statements are presented in millions of euros, the currency in which the majority of the Group's transactions are denominated, and take account of the recommendations on the presentation of financial statements (Recommendations 2013-03 of 7 November 2013 and 2016-01 of 2 December 2016) issued by the Autorité des Normes Comptables (ANC), the French national accounting standard-setter.

The consolidated financial statements were closed off by the Board of Directors on 20 February 2019, and will be submitted for approval by the forthcoming Annual General Meeting on 25 April 2019.

The consolidated financial statements for the year ended 31 December 2018 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 of and for the year ended 31 December 2017, restated to take account of the first-time application of IFRS 9 and IFRS 15 as of 1 January 2018 (see Note 23 to the consolidated financial statements).

The Bouygues group applied the same standards, interpretations and accounting policies for the year ended 31 December 2018 as were applied in its consolidated financial statements for the year ended 31 December 2017, except for changes required to meet new IFRS requirements applicable from 1 January 2018 (see below).

- New standards effective within the European Union and mandatorily applicable from 1 January 2018:
  - **IFRS 9:**

    On 24 July 2014, the IASB issued a new standard on financial instruments intended to replace most of the current IFRS pronouncements on this subject, in particular IAS 39. The new standard was endorsed by the European Union on 22 November 2016 and is mandatorily applicable from 1 January 2018. The Group did not early adopt IFRS 9.

    The Group has applied the classification, measurement and impairment principles of IFRS 9 retrospectively, with no restatement of prior period comparatives. The hedge accounting principles of IFRS 9 have also been applied by the Group with effect from 1 January 2018, using a prospective approach in accordance with the standard.

    The impacts of applying IFRS 9 as of 1 January 2018 are not material, and are presented in Note 23 to the consolidated financial statements.
  - **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. The new standard was endorsed by the European Union on 22 September 2016 and is applicable from 1 January 2018. The Group did not early adopt IFRS 15. It has applied IFRS 15 retrospectively with effect from 1 January 2018, with the 2017 comparatives restated to reflect the impacts of the new standard.

    The impacts of applying IFRS 15 on the financial statements for the year ended 31 December 2017 are presented in Note 23 to the consolidated financial statements.

- New standard and interpretation effective within the European Union and mandatorily applicable from 1 January 2019:
  - **IFRS 16: Leases**

    On 13 January 2016, the IASB issued IFRS 16, "Leases", which replaces IAS 17 and the associated IFRIC and SIC interpretations. The new standard was endorsed by the European Union on 31 October 2017 and is applicable from 1 January 2019. Bouygues has not early adopted IFRS 16, and for first-time application has elected the retrospective approach with presentation of a comparative period.

    The process of inventorising lease contracts and collecting the related data has been ongoing through 2017 and 2018. The estimated impacts of applying IFRS 16 on the balance sheet as of 31 December 2017 (as restated for IFRS 9 and IFRS 15), the interim periods of 2018 and the year ended 31 December 2018 are presented in Note 24 to the consolidated financial statements.
  - **IFRIC 23: Uncertainty Over Income Tax Treatments**

    On 7 June 2017, the IFRS Interpretations Committee issued IFRIC 23. IFRIC 23 clarifies the accounting treatments used to recognise the fiscal consequences of uncertainties relating to income taxes. The Group has not elected early adoption of IFRIC 23, and is reviewing the potential consequences of applying it. IFRIC 23 was endorsed by the European Union on 23 October 2018 and is applicable from 1 January 2019.

    The impacts of applying IFRIC 23 as of 1 January 2019 are not material, and are presented in Note 24 to the consolidated financial statements.
- Exercise of judgement and use of estimates:

  In preparing consolidated financial statements to comply with IFRS standards and interpretations, the Group uses estimates and assumptions which may have affected the amounts reported for assets, liabilities and contingent liabilities at the end of the reporting period, and the amounts of income and expenses reported for the period.

  These estimates and assumptions have been applied consistently on the basis of past experience and of various other factors regarded as reasonable forming the basis of assessments of the valuations of assets and liabilities for accounting purposes. Actual results may differ materially from these estimates if different assumptions or conditions apply.

  The main items involved are the impairment testing of goodwill and equity investments; measurement of identifiable assets and liabilities in a purchase price allocation when an acquisition is made; employee benefits (lump-sum retirement benefits, pensions, etc.); the fair value of unlisted financial instruments; the recoverability of deferred tax assets; provisions (for litigation and claims, etc.); and end-of-contract margins on construction and property development contracts (see Note 2.13.2 to the consolidated financial statements).

  Where no standard or interpretation applies to specific transactions, events or conditions, Group management exercises its judgement to define and apply accounting policies that will provide relevant information that gives a fair presentation and is comparable between periods, such that the consolidated financial statements:
  - represent faithfully the financial position, financial performance and cash flows of the Group;
  - reflect the economic substance of the underlying transactions;
  - are neutral, prudent, and complete in all material respects.

  Disclosures about judgements made by management are provided in the notes to the consolidated financial statements.
- Held-for-sale assets and discontinued or held-for-sale operations:

  A non-current asset, or a group of directly-associated assets and liabilities, is regarded as being held for sale if its carrying amount will be recovered primarily through a sale rather than through continuing use. For this to be the case, the asset must be available for sale in its immediate condition, and its sale must be highly probable. Such held-for-sale assets or asset groups are measured at the lower of the carrying amount or the estimated selling price less costs to sell.

  An operation that is discontinued or classified as held-for-sale is one that is material to the Group (having been treated as a cash generating unit) and that has either been disposed of or has been classified as a held-for-sale asset. Income statement and cash flow information about such discontinued or held-for-sale operations is reported in separate line items in the consolidated financial statements for all periods presented.

2.3 Consolidation methods

2.3.1 Companies controlled by the Group

Companies over which Bouygues exercises control are consolidated.

- Assessment of control over TF1:

  As of 31 December 2018 Bouygues held, directly or indirectly, 43.80% of the capital and voting rights of TF1. All the factors mentioned below, taken collectively, establish that the Bouygues group has control over TF1:
  - Bouygues has the power to direct the relevant activities of TF1. The Bouygues group:
    - 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;
    - has had exclusive power to determine decisions at TF1 general meetings during at least two consecutive financial years.
  - Bouygues has exposure and rights to variable returns. Due to its 43.80% equity interest, the Bouygues group has high exposure to variable returns from TF1 in the form of dividends.
  - Bouygues has the ability to affect the returns it obtains through the power it exercises. The Bouygues group:
    - holds five of the 11 seats on the TF1 Board of Directors;
    - has a dominant role in appointing key executives of TF1, given that both members of the Director Selection Committee are representatives of the Bouygues group.

2.3.2 Jointly-controlled companies

A joint venture or joint operation derives from a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control. In the case of joint operations (which give each party direct rights over the assets and obligations for the liabilities), the assets, liabilities, income and expenses of the joint operation are accounted for in accordance with the interests held in the joint operation. Joint ventures, which give the parties rights over the net assets, are accounted for using the equity method.

2.3.3 Companies over which Bouygues exercises significant influence

An associate is a company over which Bouygues exercises significant influence without exercising control. Significant influence is presumed to exist where Bouygues directly or indirectly holds at least 20% of the entity's voting rights.

The net profit or loss and the assets and liabilities of such entities are accounted for by the equity method.

2.4 Business combinations

Since 1 January 2010, business combinations have been accounted for in accordance with the revised IFRS 3.

In a business combination, goodwill at the acquisition date represents (i) the sum total of the consideration transferred (i.e. acquisition price) and non-controlling interests minus (ii) the net amount recognised (usually at fair value) for the identifiable assets acquired and liabilities assumed, adjusted to reflect the fair value remeasurement of any previously-acquired equity interest. 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 is allocated to the Cash Generating Unit (CGU) benefiting from the business combination or to the group of CGUs at the level of which return on investment is measured (business segment for the Bouygues group).

The purchase price allocation period is limited to the time required to identify and measure the acquired entity's assets and liabilities, the non-controlling interests, the consideration transferred and the fair value of any previously-held equity interest, subject to a maximum period of 12 months.

Negative goodwill (i.e. gain from a bargain purchase) is taken to the income statement in the period in which the acquisition is made.

Subsequently, goodwill is carried at cost net of any impairment losses identified annually using the methods described in the sections on impairment testing in Note 2.7.4 ("Impairment testing of non-current assets, joint ventures and associates"), in accordance with IAS 36. Impairment losses are charged to the income statement as an operating item.

In accordance with the revised IFRS 3, the previously-held equity interest in a step acquisition is remeasured at fair value at the date on which control is obtained; the resulting gain or loss is recognised in profit or loss for the period. In the event of loss of control with a retained equity interest, that retained interest is remeasured at fair value; the gain or loss on remeasurement is recognised in profit or loss for the period, along with the gain or loss arising on the disposal.

In the event of a change in percentage interest with no effect on control, the difference between the consideration transferred and the carrying amount of the non-controlling interest is recognised directly in equity attributable to the Group. Consequently, no additional goodwill is recognised.

All acquisition-related costs are recognised as an expense within current operating profit 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, unless it can be demonstrated that another method better reflects the goodwill of the divested operation; this policy complies with paragraph 86 of IAS 36.

Goodwill recognised prior to 1 January 2004 continues to be measured using the partial fair value method. Non-controlling interests are measured on the basis of the carrying amount of the relevant items as shown in the balance sheet of the acquired entity.

2.5 Foreign currency translation

2.5.1 Transactions denominated in foreign currencies

Transactions denominated in foreign currencies are translated into euros at the average exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated at the closing exchange rate. Translation differences are recognised in profit or loss for the period. Non-monetary assets and liabilities denominated in foreign currencies and accounted for at historical cost are translated using the exchange rate on the date of the transaction.

2.5.2 Financial statements of entities with a functional currency other than the euro

All assets and liabilities of consolidated entities with a functional currency other than the euro are translated at the closing exchange rate. Income and expenses are translated at the average exchange rate for the period. Translation differences arising from this treatment, and arising from the retranslation of a subsidiary's opening shareholders' equity at the closing exchange rate, are taken to the translation reserve (which is a component of consolidated shareholders' equity). Translation differences arising on the net investment in foreign subsidiaries and associates are recognised in shareholders' equity.

2.6 Assessment of income taxes

Deferred taxation is recognised on differences between the carrying amount and tax base of assets or liabilities, and arises as a result of:

- temporary differences between the carrying amount and tax base of assets or liabilities, which may be:
  - items generating a tax liability in the future (deferred tax liabilities), arising mainly from income that is liable to tax in future periods;
  - items deductible from taxable profits in the future (deferred tax assets), mainly provisions that are temporarily non-deductible for tax purposes. Such assets are recognised to the extent that it is probable that sufficient taxable profits will be available against which to offset the temporary differences, and are reviewed at the end of each reporting period;
- tax losses available for carry-forward (deferred tax assets), where it is probable that these losses will be recovered in future periods.

Deferred taxes are measured using national tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted in the relevant country by the end of the reporting period. As of 31 December 2018, the temporary differences and tax losses available for carry-forward of French entities were measured at the following rates as approved by the French National Assembly, according to the period in which they are expected to reverse:

- 32.02% for 2019;
- 28.92% for 2020;
- 27.37% for 2021;
- 25.83% for 2022 and later.

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 income from operations" unless they meet the criteria for classification within "Other operating income and expenses" (see Note 2.13.3 to the consolidated financial statements).

Depreciation periods are reviewed annually, and may be adjusted if expected use differs 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 amount of the Bouygues group's commitments under operating leases is disclosed in "Off balance sheet commitments" (see Note 18.3 to the consolidated financial statements).

2.7.1.3 Grants received

Investment grants received from national, regional or local governments are netted off the value of the assets concerned in the balance sheet, and depreciated at the same rate as those assets once receipt of the grant becomes unconditional.

2.7.2 Intangible assets

IAS 38 defines an intangible asset as an identifiable non-monetary asset without physical substance which is controlled by the entity. An asset is identifiable:

- if it is separable, i.e. capable of being independently sold, transferred, licensed, rented or exchanged;
- or if it is derived from contractual or other legal rights, whether separable or not.

An asset is controlled if the entity has the power to obtain the future economic benefits from that asset and to restrict the access of others to those benefits.

Intangible assets with finite useful lives are depreciable. Intangible assets with indefinite useful lives are not depreciable, but are subject to annual impairment testing and are reviewed at the end of each reporting period to ensure that their useful lives are still indefinite.

Intangible assets include:

- Development expenses
  - Development expenses are capitalised if the IAS 38 criteria are met, i.e. if they are expected to generate future economic benefits and their cost can be reliably measured.
  - In accordance with IFRS, incorporation and research expenses are expensed as incurred.
- Concessions, patents and similar rights

These include the following assets held by Bouygues Telecom:

Type of asset	Amortisation method	Period
UMTS licence	Straight line	17.5 years [a]
IAP-IRU and front fees (Indefeasible Right of Use)	Straight line	25 years
Software, IT developments, office applications, service access costs	Straight line	3 to 8 years
Licence to use the 2.6 GHz, 800 MHz and 700 MHz frequencies	Straight line	20 years [b]

(a) UMTS licence awarded in 2002: amortised from the date on which the broadband network opened (26 May 2005).
(b) The licences acquired in 2011 (2.6 GHz, for €228m) and 2012 (800 MHz , for €683m) were awarded for a 20-year period, and are being amortised from the date on which they came into service (1 October 2013), over 18 and 18.3 years respectively. The dates on which the 700 MHz frequencies are being brought into service depend on the dates of (i) transfer of digital terrestrial television transmission to the telecoms sector, (ii) opening to commercial use and (iii) rate of coverage of the population.

The fee for the UMTS licence, awarded for a 20-year period, comprises:

- a fixed component of €619 million, recognised as an intangible asset on the date the licence was awarded (12 December 2002);
- a variable component, calculated at 1% of sales generated by the operation of the third generation mobile network, recognised as incurred from the date on which the UMTS network opened (November 2007).

2.7.3 Other intangible assets

Other intangible assets recognised by the Group include leasehold rights, and audiovisual rights owned by TF1.

Audiovisual rights

This item includes shares in films and audiovisual programmes produced or co-produced by TF1 SA, TF1 Films Production, TF1 Vidéo and TF1 Production; audiovisual distribution and trading rights owned by TF1 Droits Audiovisuels and TF1 Entertainment; audiovisual rights produced by Newen Studios; and music rights owned by Une Musique.

Audiovisual rights are recognised as assets, at historical cost.

Amortisation methods for the various categories of audiovisual rights are as follows:

- producer shares in French drama acquired by broadcasters: amortised as a minimum on a straight line basis over the projected period of rights exploitation, in line with the expected pattern of consumption of future economic benefits;
- producer shares in French drama produced by TF1: amortised on a reducing balance basis, taking account of the decline in the expected value of the economic benefits from those shares;
- shares in film co-productions and audiovisual distribution rights: amortised on a reducing balance basis, taking account of the decline in the expected value of the economic benefit;
- audiovisual trading rights: amortised on a straight-line basis over the contract term or expected period of exploitation;
- music rights: amortised over two years, 75% of gross value in the first year and the remaining 25% in the second year.

A provision for impairment of audiovisual rights is recorded individually as required. Impairment testing of audiovisual rights is based on an analysis of the future economic benefits derived from the rights relative to their carrying amount.

2.7.4 Impairment testing of non-current assets, joint ventures and associates

Impairment tests are carried out on the carrying amount of non-current assets and investments in joint ventures and 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, Colas, Bouygues Telecom and Bouygues Construction

In determining the recoverable amount, intangible assets to which independent cash flows cannot be directly allocated are grouped within the 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 and Bouygues Construction: using the DCF method, taking account of the specific characteristics of each investment.
  - The cash flows used are derived from three-year business plans prepared by the management of the business segment and presented to the subsidiary's Board of Directors and to the Bouygues Board of Directors.
  - The discount rate is determined on the basis of a weighted average cost of capital, in the case of equity by reference to a panel of comparable companies, and in the case of debt by applying two alternative capital structure scenarios: 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 the recoverable amount exceeds the carrying amount in both scenarios, sensitivity to each of the parameters is analysed on the basis of both scenarios.
- If the recoverable amount is less than the carrying amount in either or both of the scenarios a more detailed analysis is performed to determine the recoverable amount, for example by using an independent valuer.

If the carrying amount in the consolidated balance sheet is greater than the recoverable amount, an impairment loss is recognised. Any such losses are allocated in the first instance to any goodwill carried in the balance sheet, and may not be subsequently reversed.

2.7.4.2 Impairment testing of investments in joint ventures and associates

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.

In principle, the investment in Alstom is tested for impairment using the higher of (i) the quoted market price or (ii) value in use determined using the discounted cash flow (DCF) method based on projections established by Bouygues management, which in turn are derived from forecasts prepared by a panel of financial analysts.

2.7.5 Other non-current financial assets

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 either to shareholders' equity in "Items not reclassifiable to profit or loss" or to the income statement in "Other financial income" or "Other financial expenses", depending on the treatment elected by the Group for each individual investment.

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.

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 accounted for at amortised cost. In accordance with IFRS 9 an impairment allowance is recognised on initial recognition to reflect the expected risk of loss during the next 12 months, and charged to profit or loss (see Note 3.2.4 to the consolidated financial statements).

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 IFRS 9.

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 building permits, the amount recognised is written down via a provision for impairment.

2.8.3 Programmes and broadcasting rights

In order to secure broadcasting schedules for future years, TF1 enters into binding contracts, sometimes for a period of several years, under which it acquires (and the other party agrees to deliver) programmes and sports transmission rights.

A programme is treated as ready for transmission and recognised in inventory when the following two conditions are met: technical acceptance (for in-house and external productions), and opening of rights (for external productions).

In the case of rights and programmes for which those two criteria have not been met (programmes not yet delivered, sports rights for which the right to broadcast is not activated until the date of the event, etc.), TF1 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.

However, any advance payments made to acquire such rights are treated as supplier prepayments.

The "Inventories" line in the balance sheet includes programmes and broadcasting rights:

- in-house productions, made by TF1 companies for TF1 channels;
- external productions, comprising broadcasting rights acquired by TF1 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), light entertainment, 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 TF1 programme department. 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, at which point 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 (in the case of output deals), 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.

For contracts accounted for using the percentage of completion method, trade receivables include invoices and statements issued as works are executed or services provided, and accepted by the project owner.

For Bouygues Telecom, when a subscription is sold along with a subsidised handset, this constitutes two separate performance obligations; the handset subsidy is recognised in "Trade receivables" and charged to profit or loss over the average life of the contract (see Note 2.13.1 to the consolidated financial statements).

2.8.5 Customer contract assets

"Customer contract assets" (see Note 4.4 to the consolidated financial statements) comprises:

- assets representing sales recognised on a percentage of completion basis where billing is contingent on the supply of other goods and services and/or on the attainment of contractually agreed milestones;
- customer contract origination and execution costs (mainly at Bouygues Telecom).
  - Contract origination costs are incremental costs incurred to obtain a contract with a customer that would not have been incurred if the contract had not been obtained, and which qualify for recognition as an asset under IFRS 15. For Bouygues, this mainly applies to variable consideration paid to distributors and retailers to acquire new customers. The resulting asset is charged to profit or loss over the average life of the customer contract.
  - Customer contract execution costs are line activation costs which qualify for recognition as an asset under IFRS 15; they are charged to profit or loss over the average life of the customer contract.

2.8.6 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.

2.9.1.3 Commodities risk

In general, the Bouygues group has little exposure to commodities risk. The main exposure is in the roads activity, which is sensitive to fluctuations in commodity prices (especially petroleum-based products); there is also some exposure to the prices of certain metals in the road safety & signalling, waterproofing and railways businesses. Hedges may be contracted on an as-needed basis in connection with specific contracts.

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; interest rate swaps, future rate agreements, and purchases of caps and collars for interest rate risk hedging purposes; and forward commodity purchases and sales, commodity swaps and commodity options for commodities 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, and more generally the management of exposure to currency risk, interest rate risk and commodities risk.

2.9.3 Hedging rules

2.9.3.1 Foreign exchange 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 order 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 business segment to hedge some or all of its financial assets and liabilities, where those 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.

2.9.3.3 Commodities risk

Group policy is for each business segment to hedge some or all of the exposure to movements in commodity prices on specific contracts, primarily in the roads activity.

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 IFRS 9. Two types of accounting treatment are used:

- fair value hedges, in which 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, in which 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 9, 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. 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 ratio of net debt (see Note 2.15.4 to the consolidated financial statements) to shareholders' equity;
- distributing regular dividends to shareholders.

However, the level of equity may vary over short periods, especially if a strategically important investment opportunity arises.

The business plan is a key management tool, used by the parent company to assess the financial position of each business segment and of the Group as a whole, and the effects on consolidated shareholders' equity.

Within these overall principles, Group management allows subsidiaries within each of its five 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.

2.11 Non-current liabilities

2.11.1 Non-current debt

With the exception of derivative instruments accounted for as 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, 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 business segment.

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 voluntary leavers by business segment, age bracket and employee category;
    - average salary and wages including bonuses and benefits in kind, uplifted by a coefficient to reflect the applicable percentage of employer's social security charges;
    - a final salary inflation rate;
    - a discount rate applied to the obligation over the projected period to the retirement date;
    - estimated mortality, based on mortality tables.
  - Provisions for pension obligations (depending on the country and terms of the pension plan).

    To cover their pension obligations, Group companies make regular payments to external bodies including public-sector and private-sector pension schemes and independent pension fund managers (defined-contribution plans). There are however some remaining defined-benefit plans still in existence, mainly in the Colas group (United Kingdom, Ireland and Canada). These plans are managed by independent pension fund managers; only a limited number of employees are involved, as it was decided some years ago to close these plans to new entrants. The fair value of the assets held to cover these plans as of the end of the reporting period did not require any material impairment to be recognised in the consolidated financial statements.

The actuarial assumptions used to measure the present value of the pension obligation and the service cost for the period in respect of defined-benefit plans represent the best estimate of the variables that will determine the final cost of the benefits. These assumptions are internally consistent. The discount rate and the rate of return on plan assets are determined by reference to the expected market rate, taking into account the estimated timing of benefit payments; the discount rate applied to the obligation is determined by reference to the market rate for high-quality corporate bonds at the end of the reporting period.

The Bouygues group recognises in consolidated shareholders' equity the effect of changes in actuarial assumptions on the pension obligation.

2.12 Current liabilities

2.12.1 Current provisions

Current provisions, which relate to the normal operating cycle of each segment, mainly comprise:

- provisions for construction contract risks, including risks relating to construction project companies in the form of *Sociétés en Participation* (SEPs);
- provisions for losses to completion on construction contracts, which 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.

2.12.2 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.

2.12.3 Customer contract liabilities

Customer contract liabilities represent the Group's obligation to transfer goods and services for which payment has already been received from a customer, or where the Group has an unconditional right to receive payment. They include advances and down-payments received on orders, and differences arising from the percentage of completion on a contract (see Note 10.2 to the consolidated financial statements).

2.13 Income statement

As allowed under IAS 1, the Bouygues group presents an income statement that classifies expenses by nature. In presenting its income statement, the Group has applied ANC Recommendations 2013-03 of 7 November 2013 and 2016-01 of 2 December 2016.

2.13.1 Revenue recognition

The Group recognises revenue when:

- a customer contract, and the performance obligations within that contract, have been identified;
- a transaction price has been determined, and allocated between the performance obligations;
- the distinct performance obligations under the contract have been satisfied;
- 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.

Most contracts entered into by the Group contain a single performance obligation. However, some contracts at Bouygues Telecom (as described below) are split into two performance obligations.

Bouygues Telecom

Bouygues Telecom generates revenue from services with no handset sale; from sales of stand-alone handsets and accessories; and from sales of services with subsidised handsets.

SALES OF SERVICES WITH NO HANDSET SALE:

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.

Revenue from call charges other than plans, and from roaming and interconnection fees, is recognised as the service is used, based on a best estimate of the pattern of consumption.

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.

STAND-ALONE 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.

SALES OF SERVICES WITH SUBSIDISED HANDSETS:

When the sale of a handset is accompanied by the customer subscribing to a plan, the sale of the handset is accounted for by recognising a customer contract asset in the balance sheet for the amount of the subsidy, i.e. the difference between (i) the price paid by the customer on initial subscription and (ii) the transaction price. This contract asset is recognised within "Trade receivables", and charged to profit or loss over the average life of the contract.

2.13.2 Accounting for construction contracts

2.13.2.1 Construction businesses

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 or to completed 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 with the customer;
- construction contract signed (order given to start works).

The percentage of completion represents costs recognised to date (including land-related costs) as a proportion of the total estimated costs to completion of the project, taking account of the progress towards legal completion of the sale in the case of property sales.

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 Other operating income and expenses

These line items contain a very limited number of income and expense items, which are unusual and occur infrequently but are of particularly large amounts. The Bouygues group reports these items separately in its income statement to give users of the financial statements a better understanding of ongoing operational performance.

For a description of these items, refer to Note 12 to the consolidated financial statements.

For all acquisitions of a business completed on or after 1 January 2018, amortisation of intangible assets recognised in the purchase price allocation is charged against current operating profit, in the same way as for depreciation of property, plant and equipment.

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 over the vesting period of the rights 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.

2.14 Cash flow statement

The consolidated cash flow statement is presented in accordance with the amended IAS 7 and with ANC Recommendations 2013-03 of 7 November 2013 (using the indirect method) and 2016-01 of 2 December 2016.

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 charges to non-current 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 before (i) net depreciation and amortisation expense, (ii) net provisions and impairment losses, and (iii) effects of acquisitions of control or losses of control. Those effects relate to the impact of remeasuring previously-held interests or retained interests.

The competitiveness and employment tax credit (*CICE*) to which French companies are entitled is recognised in current operating profit, as a reduction in personnel costs.

The main components of current operating profit included in the line items "Other income from operations" and "Other expenses on operations" are net foreign exchange differences on commercial transactions, gains and losses on disposals of non-current assets, profits and losses from joint operations, royalties on the licensing of patents, and (in the case of Colas) revenue from sales of raw material (bitumen) to asphalt and emulsion entities in the form of *Sociétés en Participation* (SEPs) or economic interest groupings that subsequently sell the asphalt and emulsion back to Colas.

Profits and losses from joint operations represent the Group's share of profits or losses from non-consolidated companies (SEPs, etc.), for example those that operate asphalt and binder production facilities.

2.15.2 Free cash flow

Free cash flow is defined as cash flow (determined after cost of net debt and after net income tax expense, but before changes in working capital related to operating activities), minus capital expenditure (net of disposals) for the period.

2.15.3 Changes in working capital related to operating activities

"Changes in working capital related to operating activities" as presented in the cash flow statement is obtained by aggregating the following items:

- net change in inventories and work in progress;
- net change in advances and down-payments made on orders;
- net change in trade receivables;
- net change in customer contract assets;
- net change in trade payables;
- net change in customer contract liabilities;
- net change in current provisions;
- net change in other current asset and liability items (excluding taxes, cash and cash equivalents and current debt, hedging instruments, and receivables/liabilities related to property, plant & equipment and intangible assets).

2.15.4 Net debt/Net surplus cash

Net debt (or net surplus cash) is obtained by aggregating the following items:

- 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).

If the aggregate of these items is positive, it represents net surplus cash; if negative, it represents net debt.

From 1 January 2019 onwards, the Group will publish a net debt/net surplus cash figure adjusted to reflect current and non-current lease obligations arising from the first-time application of IFRS 16.

Note 3 Non-current assets

For a breakdown of non-current assets by business segment see Note 16 to the consolidated financial statements.

3.1 Acquisitions of non-current assets during the year, net of disposals

	2018	2017 restated
Property, plant and equipment	1,880	1,630
Intangible assets	298	301
Capital expenditure	**2,178**	**1,931**
Acquisitions of non-current financial assets (investments in consolidated and non-consolidated companies and other long-term investments)	1,599 [a]	234
Acquisitions of non-current assets	**3,777**	**2,165**
Disposals of non-current assets	(783) [b]	(663) [c]
Acquisitions of non-current assets, net of disposals	**2,994**	**1,502**

(a) Includes acquisitions: €807m made by Colas (including the Miller McAsphalt group for €611m and Alpiq Engineering Services for €127m); €455m made by Bouygues Construction (including Alpiq Engineering Services for €316m and AW Edwards for €120m); and €329m by TF1 (mainly the aufeminin group for €294m).

(b) Disposals include the sale of sites, towers and fibre optic infrastructure by Bouygues Telecom (€344m).

(c) Disposals include the sale of 1,085 sites by Bouygues Telecom (€307m) and the sale of Groupe AB for (€90m).

3.2 Non-current assets: movements during the period

3.2.1 Property, plant and equipment

	Land and buildings	Plant, equipment and tooling	Other property, plant and equipment	PP&E under construction and advance payments	Total
Gross value					
31/12/2016 restated	**2,380**	**12,880**	**3,159**	**338**	**18,757**
Movements during 2017					
Translation adjustments	(55)	(203)	(35)	(3)	(296)
Changes in scope of consolidation	45	37	(5)	(1)	76
Acquisitions during the period	49	984	292	305	1,630
Disposals, transfers and other movements	(17)	(643)	(188)	(214)	(1,062)
31/12/2017 restated	**2,402**	**13,055**	**3,223**	**425**	**19,105**
of which finance leases	9	50	16		75
Movements during 2018					
Translation adjustments	6	20	2	(1)	27
Changes in scope of consolidation	238	244	198	6	686
Acquisitions during the period	61	1,094	366	359	1,880
Disposals, transfers and other movements	(26)	(1,243)	(410)	(276)	(1,955)
31/12/2018	**2,681**	**13,170**	**3,379**	**513**	**19,743**
of which finance leases	11	63	28		102
Depreciation and impairment					
31/12/2016 restated	**(945)**	**(9,044)**	**(2,356)**		**(12,345)**
Movements during 2017					
Translation adjustments	20	144	31		195
Changes in scope of consolidation	3	1	(2)		2
Net expense for the period	(76)	(928)	(300)		(1,304)
Disposals, transfers and other movements	26	782	197		1,005
31/12/2017 restated	**(972)**	**(9,045)**	**(2,430)**		**(12,447)**
of which finance leases	(7)	(34)	(14)		(55)
Movements during 2018					
Translation adjustments	(4)	(19)	(3)		(26)
Changes in scope of consolidation	(19)	(127)	(115)		(261)
Net expense for the period	(83)	(923)	(304)		(1,310)
Disposals, transfers and other movements	28	1,305	400		1,733
31/12/2018	**(1,050)**	**(8,809)**	**(2,452)**		**(12,311)**
of which finance leases	(8)	(32)	(12)		(52)
Carrying amount					
31/12/2017 restated	**1,430**	**4,010**	**793**	**425**	**6,658**
of which finance leases	2	16	2		20
31/12/2018	**1,631**	**4,361**	**927**	**513**	**7,432**
of which finance leases	3	31	16		50

Operating commitments not yet recognised involving future outflows of resources

Property, plant and equipment	Falling due: Less than 1 year	Falling due: 1 to 5 years	Falling due: More than 5 years	Total 2018	Total 2017
Colas: orders in progress for plant and equipment	20			20	24
Bouygues Telecom: orders in progress for network equipment assets	470	50		520	490
TOTAL	**490**	**50**		**540**	**514**

3.2.2 Intangible assets

	Development expenses [a]	Concessions, patents and similar rights	Other intangible assets	Total
Gross value				
31/12/2016 restated	**239**	**2,636**	**3,176**	**6,051**
Movements during 2017				
Translation adjustments		(3)	(4)	(7)
Changes in scope of consolidation		(14)	13	(1)
Acquisitions during the period	58	34	210	302
Disposals, transfers and other movements		174	(139)	35
31/12/2017 restated	**297**	**2,827**	**3,256**	**6,380**
Movements during 2018				
Translation adjustments		(1)	(2)	(3)
Changes in scope of consolidation		83	4	87
Acquisitions during the period	67	33	198	298
Disposals, transfers and other movements	(7)	202	(137)	58
31/12/2018	**357**	**3,144**	**3,319**	**6,820**
Amortisation and impairment				
31/12/2016 restated	**(165)**	**(1,341)**	**(2,365)**	**(3,871)**
Movements during 2017				
Translation adjustments		3	3	6
Changes in scope of consolidation		14	(7)	7
Net expense for the period	(16)	(161)	(249)	(426)
Disposals, transfers and other movements		5	31	36
31/12/2017 restated	**(181)**	**(1,480)**	**(2,587)**	**(4,248)**
Movements during 2018				
Translation adjustments		1		1
Changes in scope of consolidation		(2)	62	60
Net expense for the period	(25)	(173)	(271)	(469)
Disposals, transfers and other movements		32	2	34
31/12/2018	**(206)**	**(1,622)**	**(2,794)**	**(4,622)**
Carrying amount				
31/12/2017 restated	**116**	**1,347**	**669**	**2,132**
31/12/2018	**151**	**1,522** [b]	**525** [c]	**2,198**

(a) Software development expenses are generally capitalised (applies mainly to Bouygues Telecom), while development expenses of a permanent and recurring nature that do not meet the IAS 38 capitalisation criteria are expensed (applies mainly to Colas).
In accordance with IFRS, research costs are expensed as incurred. Research and development costs expensed were €74m in 2018 and €72m in 2017.

(b) Includes for Bouygues Telecom: €141m for the UMTS licence, €736m for the 2.6 GHz and 800 MHz frequency user licences, and €326m for the 700 MHz spectrum frequency user licence.

(c) Includes €149m for the portion of 700 MHz frequencies acquired in 2015 that have not yet been brought into use and hence are classified as intangible assets, and €144m for acquisitions of audiovisual rights (TF1).

Operating commitments not yet recognised involving future outflows of resources

The table below shows the maturities of audiovisual rights acquisition contracts entered into by TF1 for the purpose of securing future programming schedules.

	Falling due				
Intangible assets	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total 2018**	**Total 2017 restated**
Audiovisual rights	44	5		49	30
TOTAL	**44**	**5**		**49**	**30**

3.2.3 Goodwill

	Gross value	Impairment	Carrying amount
31/12/2016 restated	**5,443**	**(76)**	**5,367**
Movements during 2017			
Changes in scope of consolidation	47	3	50
Impairment losses charged during the period			
Other movements (including translation adjustments)	(33)	1	(32)
31/12/2017 restated	**5,457**	**(72)**	**5,385**
Movements during 2018			
Changes in scope of consolidation	902	5	907
Impairment losses			
Other movements (including translation adjustments)	9		9
31/12/2018	**6,368**	**(67)**	**6,301**

The effects of changes in scope of consolidation in 2018 relate mainly to the acquisition of the Alpiq Engineering Services group (€489 million for Bouygues Construction and €74 million for Colas); €90 million of goodwill on the acquisition of the Miller McAsphalt group by Colas; €204 million on the acquisition of the aufeminin group by TF1; and €43 million on the acquisition of AW Edwards by Bouygues Construction.

The provisional goodwill on the acquisitions of aufeminin, the Miller McAsphalt group and Alpiq Engineering Services, measured at the exchange rate prevailing on the date control was obtained, was determined as follows:

	aufeminin	Miller McAsphalt	Alpiq Engineering Services
Acquisition price	**294**	**611**	**443**
Non-current assets	(88)	(417)	(200)
Current assets	(100)	(384)	(532)
Non-current liabilities	64	61	78
Current liabilities	9	219	774
Net assets	(115)	(521)	120
Unacquired portion	25		
Net assets acquired	**(90)**	**(521)**	**120**
Provisional goodwill	**204**	**90**	**563**

For goodwill on joint ventures and associates, see Note 3.2.5 to the consolidated financial statements.

3.2.3.1 Consolidated carrying amount of listed shares as of 31 December 2018

€	Consolidated carrying amount per share	Closing market price per share on 31/12/2018
TF1	13.64	7.08
Colas	104.42	140.00

3.2.3.2 Split of goodwill by Cash Generating Unit (CGU)

	31/12/2018		31/12/2017 restated	
CGU	Total	% Bouygues or subsidiaries	Total	% Bouygues or subsidiaries
Bouygues Construction [a]	975	99.97	457	99.97
Colas [b]	1,292	96.65	1,131	96.60
TF1 [b]	1,386	43.80	1,149	43.81
Bouygues Telecom [b]	2,648	90.53	2,648	90.53
TOTAL	**6,301**		**5,385**	

(a) Only includes goodwill on subsidiaries acquired by the CGU.
(b) Includes goodwill on subsidiaries acquired by the CGU and on acquisitions made at parent company (Bouygues SA) level for the CGU.

INFORMATION ABOUT IMPAIRMENT TESTING OF GOODWILL AS OF 31 DECEMBER 2018

- The recoverable amounts of Bouygues Construction, Bouygues Telecom, TF1 and Colas were determined using the method described in Note 2.7.4.1 to the consolidated financial statements, based on three-year cash flow projections corresponding to the business plans of each of the four subsidiaries as presented to the subsidiary's Board of Directors and the Board of Directors of Bouygues SA.
  - 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 2018 were as follows:

	Discount rate		Perpetual growth rate (%)
	Scenario 1 (%) [a]	Scenario 2 (%) [a]	
Bouygues Construction	4.79	4.61	2
Bouygues Telecom	4.44	4.29	2
TF1	5.96	5.67	2
Colas	4.96	4.76	2

(a) Depending on the capital structure: ⅓ debt – ⅔ equity (scenario 1); ⅔ debt – ⅓ equity (scenario 2).

For both Bouygues Construction and Colas, there is no reasonably possible scenario that would cause the recoverable amount of the assets to fall below their carrying amount. Consequently, the assumptions used for business plans and sensitivity analyses are presented for Bouygues Telecom and TF1 only.

- Assumptions used in the Bouygues Telecom business plan:
  - The normative cash flows used for Bouygues Telecom rely on the following assumptions:
    - ongoing investment in very-high-speed mobile and fixed, translating into:
      - €1.2 billion of capital expenditure in 2018 to secure sustainable leadership in 4G and prepare for the arrival of 5G, and to accelerate roll-out of the FTTH network to meet the growing demand for residential very-high-speed broadband;
      - pragmatic infrastructure management, with self-funded investment in key infrastructure backed by sharing, rental or divestment of less strategic infrastructure;
    - EBITDA/sales from services margin (calculated before first-time application of IFRS 16) in the region of 30%, with sales services growth of over 3%;
    - profitable growth momentum, generating free cash flow (calculated before first-time application of IFRS 16) of €300 million in 2019.
- The business plans used for TF1 were prepared on the basis of sales growth rates and operating margins consistent with actual performances over the previous five years. Those business plans take account of factors including:
  - the impacts on advertising spend of the economic situation and competitive environment, and of trends in how content is consumed;
  - the acceleration of the transformation of TF1, and the organic growth of its activities;
  - average annual cost of programmes including major sporting events of €990 million for the five unencrypted channels for the 2019–2020 period, compared with €1,014 million in 2018;
  - the impact of future major sporting events;
  - for 2019, double-digit current operating margin, and sales from activities other than advertising on the five unencrypted channels accounting for at least one-third of consolidated sales;
  - the ongoing implementation of a resolutely multi-channel, multi-media and multi-line strategy that allies mass audience power with targeting across all platforms, plus the expansion of production activities and the development of new monetisation techniques, involving:
    - securing the stream of Core Business TV content (including news) and advertising;
    - delivering a high-performance digital offering;
    - ongoing build-up of Newen to reinforce the production side;
    - opening up new distribution channels (platformization, OTT) and exploiting data.

SENSITIVITY ANALYSIS

For the Bouygues Telecom and TF1 CGUs, sensitivity analyses were performed to determine the sensitivity of the calculation to key parameters (discount rates, growth rates, normative cash flows), either individually or using combined scenarios for discount rates and normative cash flows (including reasonably possible changes in normative cash flows).

For these CGUs, the recoverable amount would equal the carrying amount of the assets tested if the assumptions shown below (taken individually) were to be applied:

	Change in discount rate		Change in normative cash flows	
	Scenario 1 [a]	**Scenario 2** [a]	**Scenario 1 (%)** [a]	**Scenario 2 (%)** [a]
Bouygues Telecom	+160 bp	+175 bp	(42)%	(46)%
TF1	+367 bp	+396 bp	(53)%	(57)%

(a) Depending on the capital structure: ⅓ debt – ⅔ equity (scenario 1); ⅔ debt – ⅓ equity (scenario 2).

For Bouygues Telecom, in the event of a 20% reduction in normative cash flows combined with an increase of 100 basis points in the discount rate, the recoverable amount would be €322 million lower than the carrying amount under scenario 1, and €10 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 above were unchanged, the recoverable amount would be greater than the carrying amount by €1,511 million under scenario 1 and by €1,932 million under scenario 2.

For TF1, in the event of a 20% reduction in normative cash flows combined with an increase of 100 basis points in the discount rate, the recoverable amount would be greater than the carrying amount by €779 million under scenario 1, and by €1,005 million under scenario 2. If the perpetual growth rate applied to the normative cash flows were to be halved and all other assumptions described above were unchanged, the recoverable amount would be greater than the carrying amount by €1,646 million under scenario 1 and by €1,933 million under scenario 2.

CONCLUSION ON IMPAIRMENT TESTING

For all the CGUs tested, the recoverable amounts determined under both capital structure scenarios remain greater than the carrying amount of the assets. Consequently, we have not performed a more in-depth estimate of the recoverable amounts of the CGUs.

3.2.4 Non-current financial assets

As of 31 December 2018, these comprised:

- investments in joint ventures and associates (accounted for by the equity method): €2,633 million;
- other non-current financial assets (loans, receivables, investments in non-consolidated companies, etc): €536 million;
- deferred tax assets: €317 million.

	Investments in joint ventures and associates	Investments in non-consolidated companies	Other non-current assets	Total	Amortisation and impairment	Carrying amount	Deferred tax assets
31/12/2016 RESTATED	**2,467**	**329**	**433**	**3,229**	**(277)**	**2,952**	**348**
Movements during 2017							
Translation adjustments	(43)	(11)	(13)	(67)	1	(66)	(2)
Changes in scope of consolidation	(41)	(5)	(1)	(47)		(47)	
Acquisitions and other increases		38	5	43		43	
Amortisation and impairment, net					4	4	
Disposals and other reductions		(34)	(2)	(36)		(36)	
Transfers and other movements	159	5	36	200	6	206	(23)
Impact of first-time application of IFRS 9 as of 31/12/2017		(165)	(5)	(170)	184	14	
31/12/2017 RESTATED	**2,542**	**157**	**453**	**3,152**	**(82)**	**3,070**	**323**
AMORTISATION & IMPAIRMENT	**(40)**		**(42)**	**(82)**			
CARRYING AMOUNT 31/12/2017 RESTATED	**2,502**	**157**	**411**	**3,070**			**323**

	Investments in joint ventures and associates [a]	Investments in non-consolidated companies	Other non-current assets	Total	Amortisation and impairment	Carrying amount	Deferred tax assets [b]
31/12/2017 RESTATED	**2,542**	**157**	**453**	**3,152**	**(82)**	**3,070**	**323**
Movements during 2018							
Translation adjustments	(21)		1	(20)		(20)	(1)
Changes in scope of consolidation	11		23	34	6	40	(1)
Acquisitions and other increases		24	7	31		31	
Amortisation, impairment and changes in fair value, net		(1)		(1)	2	1	
Disposals and other reductions		(75)		(75)		(75)	
Transfers and other movements	136	5	(20)	121	1	122	(4)
31/12/2018	**2,668** [c]	**110**	**464**	**3,242**	**(73)**	**3,169**	**317**
AMORTISATION & IMPAIRMENT	**(35)**		**(38)**	**(73)**			
CARRYING AMOUNT 31/12/2018	**2,633**	**110**	**426**	**3,169**			**317**

(a) Includes goodwill on associates of €1,019m as of 31 December 2018.
(b) See Note 7 to the consolidated financial statements.
(c) Includes €2,087m for Alstom.

3.2.5 Joint ventures and associates

	Share of net assets held	Share of profit/(loss) for period [a]	Goodwill on associates	Carrying amount
31/12/2016 RESTATED	**1,165**	**274**	**990**	**2,429**
Movements during 2017				
Translation adjustments	(41)		(2)	(43)
Acquisitions and share issues				
Net profit/(loss) for the period		165		165
Impairment losses charged during the period			(2)	(2)
Appropriation of prior-year profit, disposals, transfers and other movements	257	(274)	(30)	(47)
31/12/2017 RESTATED	**1,381**	**165**	**956**	**2,502**
Movements during 2018				
Translation adjustments	(22)		1	(21)
Acquisitions and share issues				
Net profit/(loss) for the period		305		305
Impairment losses charged during the period			(2)	(2)
Appropriation of prior-year profit, disposals, transfers and other movements	(51)	(165)	65	(151) [b]
31/12/2018	**1,308**	**305**	**1,020**	**2,633**

(a) Excluding impairment losses.
(b) Includes reduction of €152m for the impact of the first-time application by Alstom of IFRS 9 and IFRS 15 as of 1 April 2018.

A list of the joint ventures and associates in which the Bouygues group holds an interest is provided in Note 25 to the consolidated financial statements.

As of 31 December 2018, the total carrying amount of €2,633 million included €361 million for joint ventures (see Note 3.2.5.1 to the consolidated financial statements) and €2,272 million for investments in associates (see Note 3.2.5.2 to the consolidated financial statements).

3.2.5.1 Joint ventures

	31/12/2017 restated	Net movement in 2018	31/12/2018	of which: share of profit/loss and impairment losses
Miscellaneous joint ventures	287	(2)	285	61 [a]
Axione		76	76	
TOTAL	**287**	**74**	**361**	**61**

(a) Relates mainly to the sale of SCI Batignolles by Bouygues Immobilier.

"Miscellaneous joint ventures" mainly comprise industrial entities (quarries, emulsion plants) operated jointly by Colas and partners from outside the Bouygues group.

3.2.5.2 Investments in associates

Principal associates:

	31/12/2017 restated	Net movement in 2018	31/12/2018	of which: share of profit/loss and impairment losses
Alstom	2,028	59	2,087	230
Bouygues Construction				
Concession companies	21	(1)	20	5
Miscellaneous associates	2		2	
Colas				
Tipco Asphalt (Thailand)	111	(2)	109	4
Miscellaneous associates	46		46	3
TF1				
Miscellaneous associates	2	(1)	1	
Other associates	5	2	7	
TOTAL	**2,215**	**57**	**2,272**	**242**

ALSTOM

Given the difference in the annual accounting period-ends of Alstom (31 March) and of Bouygues (31 December), no contribution from Alstom to the net profit of Bouygues was recognised in the fourth quarter of 2018.

Alstom's contribution to the net profit of Bouygues for the 2018 financial year includes €230 million in respect of the results published by Alstom for the second half of its 2017/18 financial year and the first half of its 2018/2019 financial year.

The carrying amount of the interest in Alstom as of 31 December 2018 was €2,087 million, including €865 million of goodwill and €120 million of non-depreciable fair value adjustments relating mainly to the Alstom brand name. This is €59 million more than the carrying amount as of 31 December 2017, and takes account of a reduction in Alstom's shareholders' equity following its first-time application of IFRS 9 and IFRS 15 with effect from 1 April 2018. The Bouygues group's share of that reduction is €152 million, including an impact on profit or loss of €10 million for the first half of Alstom's 2017/18 financial year and of €21 million for the second half of Alstom's 2017/18 financial year. The effect of this reduction in equity (including the immaterial portion impacting the Alstom income statement for the 2017/18 financial year) was recognised in the shareholders' equity of the Bouygues group as of 31 December 2018, within the line item "Other transactions (changes in scope of consolidation and other items)" in the consolidated statement of changes in shareholders' equity.

The consolidated carrying amount per share as of 31 December 2018 was €33.61, below the quoted market price of €35.27 as of 31 December 2018.

Summary information about the assets, liabilities, income and expenses of Alstom:

	Alstom	
Amounts shown are for 100% of Alstom	**30/09/2018 [a]**	**31/03/2018 [a]**
Non-current assets	3,974	3,857
Current assets	7,086	6,918
Held-for-sale assets	2,602	2,390
TOTAL ASSETS	**13,662**	**13,165**
Shareholders' equity	4,021	3,479
Non-current liabilities	1,955	2,184
Current liabilities	7,680	7,495
Liabilities related to held-for-sale assets	6	7
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**13,662**	**13,165**
SALES	**4,010**	**7,951**
CURRENT OPERATING PROFIT/(LOSS)	**219**	**381**
NET PROFIT/(LOSS)	**567**	**485**
NET PROFIT ATTRIBUTABLE TO THE GROUP	**563**	**475**

(a) Financial statements published by Alstom on 30 September 2018: for the year ended 31 March 2018 restated for IFRS 9 and IFRS 15, and the six months ended 30 September 2018.

Reconciliation to the carrying amount of the interest held by the Bouygues group:

	31/12/2018	31/12/2017 restated
ALSTOM: SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP AS PUBLISHED	**3,965**	**3,726**
Share attributable to Bouygues (27.79% as of 31/12/2018)	**1,102**	**1,043**
Fair value remeasurements and goodwill recognised at Bouygues group level	985	985
NET ASSETS RECOGNISED IN THE BOUYGUES CONSOLIDATED FINANCIAL STATEMENTS	**2,087**	**2,028**

Given the time-lag in publication, the amounts reported as of 31 December 2018 are based on the figures published by Alstom as of 30 September 2018.

INFORMATION ABOUT IMPAIRMENT TESTING OF THE INVESTMENT IN ALSTOM AS OF 31 DECEMBER 2018

In principle, the investment in Alstom is tested for impairment using the higher of (i) the quoted market price or (ii) value in use determined using the discounted cash flow (DCF) method. At the end of 2018, the quoted market price (€35.27) was 5% higher than the consolidated carrying amount (€33.61), so the DCF calculation was not performed. This approach is confirmed by the 3-month median consensus forecast for the Alstom share price as of 18 February 2019 (€40.71).

CONCLUSION ON IMPAIRMENT TESTING

The recoverable amount determined on the basis of the quoted market price as of 31 December 2018 is greater than the carrying amount of the Bouygues group's investment in Alstom.

3.2.6 Investments in non-consolidated companies and other non-current financial assets

The table below shows the principal investments in non-consolidated companies as of 31 December:

	31/12/2018		31/12/2017 restated	
Investment	**Fair value**	**% interest**	**Fair value**	**% interest**
French companies				
Colas				
Asphalt, binder and quarry companies [a]	15		15	
TF1				
Studio71	28	6%	35	6%
SUB-TOTAL	**43**		**50**	
Foreign companies				
Bouygues Construction				
Cross Yarra Partnership (Australia)	14	10%		
Lumesa (Switzerland)	3	47%		
Hong Kong IEC Limited (Hong Kong)		Disposal	58	15%
VSL Corporation (United States)		100%		100%
TF1				
Wibbitz (Israel)	4	7.84%	4	7.84%
Colas				
Asphalt, binder and quarry companies [a]	1		1	
SUB-TOTAL	**22**		**63**	
Other investments [a]	45		44	
TOTAL	**110**		**157**	

(a) The information provided for "Asphalt, binder and quarry companies" and "Other investments" relates to a large number of companies, for which individual information is not disclosed on grounds of immateriality.

The net change in investments in non-consolidated companies during 2018 was a decrease of €47 million. The principal movements were the disposal of Hong-Kong IEC Limited and the acquisition of Cross Yarra Partnership (Australia) at Bouygues Construction.

	31/12/2018	31/12/2017 restated
• Advances to non-consolidated companies	**103**	**114**
• Loans receivable	**175**	**159**
▪ Deposits and caution money paid (net)	106	105
▪ Mutual funds	24	17
▪ Other investments with carrying amounts of less than €2 million individually	18	16
• Other long-term investments	**148**	**138**
Other non-current financial assets	**426**	**411**

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Analysis of investments in non-consolidated companies and other non-current financial assets (excluding joint ventures and associates) by category

	Financial assets at fair value through OCI [a&b]	Financial assets at fair value through profit or loss [c]	Financial assets at amortised cost [d]	Total
31/12/2017 RESTATED	**129**	**57**	**382**	**568**
Movements during 2018	(62)	28	2	(32)
31/12/2018	**67**	**85**	**384**	**536**
Due within less than 1 year			13	13
Due within 1 to 5 years			53	53
Due after more than 5 years	67	85	318	470

(a) Mainly relates to investments in non-consolidated companies (€42m at 31 December 2018), the vast majority of which are measured at level 3 in the fair value hierarchy.
(b) Movements recognised in "Other Comprehensive Income" (consolidated statement of recognised income and expense).
(c) Mainly relates to investments in non-consolidated companies (€68m at 31 December 2018), the vast majority of which are measured at level 3 in the fair value hierarchy.
(d) 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 Quoted prices	LEVEL 2 Observable inputs	LEVEL 3 Unobservable inputs	31/12/2018
Financial assets at fair value through OCI [a]			67	67
Financial assets at fair value through profit or loss			85	85
Net cash	2,690			2,690
Financial instruments (net) and other current financial assets and liabilities	(25)			(25)

(a) Movements recognised in "Other Comprehensive Income" (consolidated statement of recognised income and expense).

Note 4 Current assets

4.1 Inventories

	31/12/2018			31/12/2017 restated		
	Gross value	Impairment [a]	Carrying amount	Gross value	Impairment [a]	Carrying amount
Property development inventories	1,624	(116)	1,508 [b]	1,513	(120)	1,393
Raw materials and finished goods	1,206	(66)	1,140	896	(65)	831
Programmes and broadcasting rights	667	(161)	506	748	(150)	598
TOTAL	**3,497**	**(343)**	**3,154**	**3,157**	**(335)**	**2,822**

(a) Includes:

	31/12/2018	31/12/2017 restated
– Impairment losses charged in the period	(95)	(102)
– impairment losses reversed in the period	91	88

(b) Includes Bouygues Immobilier: properties under construction €1,332m; completed properties €107m.

Operating commitments not yet recognised involving future outflows of resources

TF1	Falling due: Less than 1 year	1 to 5 years	More than 5 years	31/12/2018	31/12/2017 restated
Programmes and broadcasting rights	496	902	18	1,416	1,294
Sports transmission rights	45	107	7	159	222
FUTURE PROGRAMMING SCHEDULES [a]	**541**	**1,009**	**25**	**1,575**	
Total 31/12/2017 restated	551	934	31		1,516

(a) Contracts expressed in foreign currencies: €64m in US dollars as of 31 December 2018, €48m in US dollars as of 31 December 2017.

Bouygues Immobilier	Falling due: Less than 1 year	1 to 5 years	More than 5 years	31/12/2018	31/12/2017 restated
ACQUISITIONS OF LAND BANKS [b]	**376**			**376**	**400**
Total 31/12/2017 restated	400				400

(b) Binding commitments signed by Bouygues Immobilier, which is committed to buy the land if the suspensive conditions (usually obtaining a building permit) are met.

Bouygues Telecom	Falling due: Less than 1 year	1 to 5 years	More than 5 years	31/12/2018	31/12/2017 restated
AGREEMENTS TO SECURE HANDSET SUPPLIES [c]	**119**			**119**	**262**
Total 31/12/2017 restated	262				262

(c) Handset supplies are generally secured under triennial contracts with the handset vendor that specify a minimum order quantity. The vendor commits to supplying the handsets, and Bouygues Telecom commits to buying the specified quantity.

4.2 Advances and down-payments made on orders

	31/12/2018			31/12/2017 restated		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Advances and down-payments made on orders	484	(1)	483	433	(1)	432

4.3 Trade receivables, tax assets and other current receivables

	31/12/2018			31/12/2017 restated		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Trade receivables (including unbilled receivables)	6,963	(574)	6,389	6,734	(604)	6,130
Customer contract assets	2,026		2,026	1,570		1,570
Current tax assets (receivable)	262	(2)	260	333	(2)	331
Other current receivables and prepaid expenses:						
• Employees, social security, government and other	1,543	(8)	1,535	1,421	(10)	1,411
• Sundry receivables	1,110	(235)	875	1,051	(198)	853
• Prepaid expenses	274		274	298		298
TOTAL OTHER CURRENT RECEIVABLES AND PREPAID EXPENSES	**2,927**	**(243)**	**2,684**	**2,770**	**(208)**	**2,562**
TOTAL	**12,178**	**(819)**	**11,359**	**11,407**	**(814)**	**10,593**

Split of carrying amount of trade receivables between non past due and past due balances

	Non past due	Past due by:			Total
		0-6 months	6-12 months	> 12 months	
Trade receivables	4,627	1,344	282	710	6,963
Impairment of trade receivables	(20)	(61)	(56)	(437)	(574)
CARRYING AMOUNT OF TRADE RECEIVABLES: 31/12/2018	**4,607**	**1,283**	**226**	**273** [a]	**6,389**
CARRYING AMOUNT OF TRADE RECEIVABLES: 31/12/2017 RESTATED	**4,444**	**1,182**	**241**	**263**	**6,130**

(a) Includes: Bouygues Construction €129m, Colas €107m, Bouygues Telecom €29m.

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 Customer contract assets

	31/12/2017 restated	Movements during 2018			31/12/2018
		Translation adjust-ments	Changes in scope of consolidation and other movements	Movements arising from operating activities	
Customer contract origination costs	190		1	23	214
Customer contract execution costs	186			91	277
Differences relating to percentage of completion on contracts [a]	1,194	4	404 [b]	(67)	1,535
CUSTOMER CONTRACT ASSETS	**1,570**	**4**	**405**	**47**	**2,026**

(a) Comprises unbilled receivables on construction contracts at Bouygues Construction, Bouygues Immobilier and Colas.
(b) The main effects of changes in scope of consolidation relate to the Miller McAsphalt group and Alpiq Engineering Services.

4.5 Cash and cash equivalents

	31/12/2018			31/12/2017 restated		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Cash	2,278		2,278 [a]	4,137		4,137
Cash equivalents	650		650 [b]	683		683
TOTAL	**2,928**		**2,928**	**4,820**		**4,820**

(a) Includes €52m of term deposits with maturities of less than 3 months recorded in the books of Bouygues SA.
(b) €586m of these cash equivalents are held by Bouygues SA.

Surplus cash is invested with high-quality French and foreign banks.

Cash equivalents are measured at fair value and are readily convertible into cash.

All investments of cash and equivalents were accessible as of 31 December 2018.

The net cash position shown in the cash flow statement breaks down by currency as follows:

	Euro	Pound sterling	Swiss franc	Other European currencies	US dollar	Other	Total 31/12/2018	Total 31/12/2017 restated
Cash	1,199	138	37	85	134	685	2,278	4,137
Cash equivalents	649		1				650	683
Overdrafts and short-term bank borrowings	(120)	(3)	(23)	(19)	(8)	(65)	(238)	(209)
TOTAL 31/12/2018	**1,728**	**135**	**15**	**66**	**126**	**620**	**2,690**	
TOTAL 31/12/2017 RESTATED	**3,517**	**113**	**341**	**73**	**99**	**468**		**4,611**

4.6 Analysis of depreciation, amortisation, impairment and provisions in the balance sheet and income statement

				Charges and reversals through current operating profit					
	31/12/2017 restated	Translation adjustments	Changes in scope of consolidation [f]	Depreciation, amortisation	Impairment losses & provisions, net	Reversals (unutilised)	Other impairment losses & provisions [b]	Other movements [a]	31/12/2018
Depreciation, amortisation & impairment of property, plant and equipment and intangible assets	(16,695)	(25)	(201)	(1,703)	(61)	7	(22)	1,767 [d]	(16,933)
Impairment of goodwill	(72)		5						(67)
Impairment of other non-current financial assets	(82)		6		4		3	(4)	(73)
SUB-TOTAL: NON-CURRENT ASSETS	**(16,849)**	**(25)**	**(190)**	**(1,703) [c]**	**(57) [c]**	**7 [c]**	**(19) [c]**	**1,763**	**(17,073)**
Impairment of inventories	(335)		(4)		(25)	21			(343)
Impairment of trade receivables	(604)	(2)	(13)		(44)	85		4	(574)
Impairment of cash equivalents									
Impairment of other current assets (excluding tax receivable)	(208)		(27)		(3)	3	(1)	(7)	(243)
SUB-TOTAL: CURRENT ASSETS	**(1,147)**	**(2)**	**(44)**		**(72)**	**109**	**(1)**	**(3)**	**(1,160)**
TOTAL DEDUCTED FROM ASSETS	**(17,996)**	**(27)**	**(234)**	**(1,703)**	**(129)**	**116 [e]**	**(20)**	**1,760**	**(18,233)**
Non-current provisions	2,058	4	31		105 [c]	(151) [c]	36 [c]	(15)	2,068
Current provisions	885	(2)	91		183	(163)	1		995
TOTAL LIABILITIES	**2,943**	**2**	**122**		**288**	**(314) [e]**	**37**	**(15)**	**3,063**

(a) Mainly reversals on disposals.

(b) Recognised in "Other operating income and expenses" or "Other financial income and expenses".

(c) The net aggregate amount of depreciation, amortisation, provisions and impairment charged against non-current assets is €1,762m (see the cash flow statement).

(d) Mainly a reduction in amortization following disposals of plant and equipment, including €1,274m for Bouygues Telecom (Cellnex, Crozon).

(e) Unutilised reversals (total €430m) are shown in a footnote to the income statement, aggregated with the effects of acquisition/loss of control to make a total of €57m.

(f) The effects of changes in scope of consolidation relate mainly to the acquisitions of Miller McAsphalt, Alpiq Engineering Services and aufeminin; the Smac group, reclassified to "Held-for-sale assets and operations" and "Liabilities related to held-for-sale operations"; and the loss of control over Axione.

Note 5 Consolidated shareholders' equity

5.1 Share capital of Bouygues SA

As of 31 December 2018, the share capital of Bouygues SA consisted of 372,377,939 shares with a €1 par value. Movements during 2018 were as follows:

		Movements during 2018		
	31/12/2017	**Increases**	**Reductions**	**31/12/2018**
Shares	366,125,285	7,410,498	(1,157,844)	372,377,939
NUMBER OF SHARES	**366,125,285**	**7,410,498**	**(1,157,844)**	**372,377,939**
Par value	€1			€1
SHARE CAPITAL (€)	**366,125,285**	**7,410,498**	**(1,157,844)**	**372,377,939**

The capital increase during the year of €169 million (see the consolidated statement of changes in shareholders' equity) comprised:

- 2,293,839 shares issued on exercise of stock options (€66 million);
- 5,116,659 shares issued under the Bouygues Confiance n°10 employee share ownership plan (€150 million, including €16 million due to be collected in January 2019). Bouygues repurchased 869,832 of its own shares for €32 million in connection with this plan on 4 January 2019, and decided on 20 February 2019 to cancel those shares.
- 1,157,844 shares cancelled on 21 February 2018 following share buybacks carried out by Bouygues for €47 million.

5.2 Shareholders' equity attributable to the group and to non-controlling interests at 31 December 2018

	Share capital	Share premium	Reserves related to capital	Retained earnings	Consolidated reserves and profit/(loss) for period	Items recognised directly in equity	31/12/2018
Attributable to the Group	372	2,202	807	1,674	4,783	(112)	9,726
Attributable to non-controlling interests					1,403	(12)	1,391
TOTAL SHAREHOLDERS' EQUITY	**372**	**2,202**	**807**	**1,674**	**6,186**	**(124)**	**11,117**

5.3 Analysis of income and expenses recognised directly in equity

	Ref.	2018	2017 restated
Actuarial gains/(losses)	5.3.1	20	(3)
Fair value remeasurement reserve (equity instruments)	5.3.2	(2)	
Translation reserve of consolidated entities	5.3.3		(173) [b]
Fair value remeasurement reserve (hedging instruments)	5.3.4	(11)	13
Tax on items recognised directly in equity		(2)	(5)
Share of remeasurements of joint ventures and associates		6 [a]	(17)
ATTRIBUTABLE TO THE GROUP		**11**	**(185)**
Other income and expenses attributable to non-controlling interests		(3)	(11)
TOTAL		**8**	**(196)**

(a) Relates mainly to:
- Alstom: €15m fair value remeasurement reserve and €12m actuarial gains (net of deferred taxes), offset by €(27)m translation reserve.
- Colas: translation reserve €6m.

(b) Includes €(79)m reclassified to profit or loss in 2017 following disposals carried out by Bouygues Construction.

5.3.1 Actuarial gains and losses on employee benefits (attributable to the Group)

	31/12/2017 restated	Movements during 2018	31/12/2018
Movement before tax (consolidated entities)	(184)	20 [a]	(164)

(a) Mainly due to changes in France and the United Kingdom. In France, the effects of a rise in the iBoxx A10+ rate from 1.50% at 31 December 2017 to 2.10% at 31 December 2018 were offset by a change in the actuarial assumptions used for the staff turnover rate, which is now restricted solely to voluntary departures.

5.3.2 Fair value remeasurement reserve (equity instruments) attributable to the Group

	31/12/2017 restated	Movements during 2018	31/12/2018
Movement before tax (consolidated entities)	2	(2)	

5.3.3 Translation reserve attributable to the Group

The principal translation adjustments in the year ended 31 December 2018 arising on the consolidated financial statements of foreign subsidiaries, joint ventures and associates reporting in the following currencies are shown in the table below. The movement in the year reflects a decrease of €21 million in the translation reserve (for Alstom and Colas, see Note 5.3 to the consolidated financial statements), partly offset by the €6 million impact of the first-time application of IFRS 9 and IFRS 15 by Alstom.

	31/12/2017 restated	Movements during 2018	31/12/2018
US dollar	12	23	35
Canadian dollar	(12)	(22)	(34)
Pound sterling	9		9
Thai baht	5	5	10
South African rand	(5)	(1)	(6)
Swiss franc	30	5	35
Czech koruna	7		7
Alstom translation reserve	(123)	(21) [a]	(144)
Other currencies	(11)	(4)	(15)
TOTAL	**(88)**	**(15) [b]**	**(103)**

(a) Includes €(27)m for the Alstom translation reserve.

(b) Includes €(15)m for joint ventures and associates.

5.3.4 Fair value remeasurement reserve (hedging instruments) attributable to the Group

This reserve contains movements caused by the remeasurement at fair value of financial instruments used for hedging purposes. Movements for the period are shown below:

	31/12/2017 restated	Movements during 2018	31/12/2018
Movement before tax (consolidated entities) [a]	(47)	(11)	(58)

(a) Mainly relates to cash flow hedges and currency hedges.

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:

	31/12/2018	31/12/2017 restated
Transfer to reserves:		
Expense calculated for plans awarded by TF1 in the last 5 years	2	2
Expense calculated for plans awarded by Bouygues SA in the last 5 years	7	9
Cost of employee benefit: Bouygues Confiance n°9 employee share ownership plan		5
Cost of employee benefit: Bouygues Confiance n°10 employee share ownership plan	3	
TOTAL	**12**	**16**

5.5 Analysis of "Acquisitions/disposals without loss of control" and "Other transactions (changes in scope of consolidation and other items)"

The net reduction of €223 million mainly reflects:

- the recognition of liabilities for commitments to buy out non-controlling shareholders of TF1 subsidiaries, in particular the aufeminin group; and
- the €152 million impact of Alstom's first-time application of IFRS 9 and IFRS 15 as of 1 April 2018 (see Note 3.2.5.2 to the consolidated financial statements).

Note 6 Non-current and current provisions

6.1 Non-current provisions

Non-current provisions amounted to €2,068 million as of 31 December 2018:

	Long-term employee benefits [a]	Litigation and claims [b]	Guarantees given [c]	Other non-current provisions [d]	Total
31/12/2016 restated	**764**	**379**	**394**	**641**	**2,178**
Movements during 2017					
Translation adjustments	(4)	(1)	(4)	(11)	(20)
Changes in scope of consolidation		(2)	(1)	4	1
Charges to provisions	50	73	101	60	284
Reversals of provisions (utilised or unutilised)	(43)	(124)	(106)	(131)	(404) [e]
Actuarial gains and losses	4				4
Transfers and other movements	1	(2)	(1)	17	15
31/12/2017 restated	**772**	**323**	**383**	**580**	**2,058**
Movements during 2018					
Translation adjustments	(1)	1		4	4
Changes in scope of consolidation	57	(10)	(8)	(8)	31
Charges to provisions	57	78	108	103	346
Reversals of provisions (utilised or unutilised)	(51)	(109)	(107)	(97)	(364) [f]
Actuarial gains and losses	(18)				(18)
Transfers and other movements	3	3	1	4	11
31/12/2018	**819**	**286**	**377**	**586**	**2,068**

Provisions are measured on the basis of management's best estimate of the risk.

		Principal segments involved:	
(a) Long-term employee benefits (see Note 19.2 to the consolidated financial statements)	819		
Lump-sum retirement benefits	528	Bouygues Construction	295
Long-service awards	143	Colas	364
Other long-term employee benefits	148	TF1	41
		Bouygues Telecom	78
(b) Litigation and claims	286	Bouygues Construction	121
Provisions for customer disputes	100	Bouygues Immobilier	18
Subcontractor claims	64	Colas	88
Employee-related and other litigation and claims	122	Bouygues Telecom	52
(c) Guarantees given	377	Bouygues Construction	301
Provisions for 10-year construction guarantees	261	Bouygues Immobilier	23
Provisions for additional building/civil engineering/civil works guarantees	116	Colas	53
(d) Other non-current provisions	586	Bouygues Construction	109
Provisions for miscellaneous foreign risks	36	Colas	299
Provisions for subsidiaries and affiliates	43	Bouygues Telecom	148
Dismantling and site rehabilitation	304		
Provisions for social security inspections	131		
Other non-current provisions	72		
(e) Including reversals of unutilised provisions in 2017	(201)		
(f) including reversals of unutilised provisions in 2018	(170)		

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6.2 Current provisions

Provisions relating to the operating cycle amounted to €995 million as of 31 December 2018:

	Provisions for customer warranties	Provisions for project risks and project completion [a]	Provisions for expected losses to completion [a]	Other current provisions [b]	Total
31/12/2016 restated	49	374	285	286	994
Movements during 2017					
Translation adjustments	(1)	(12)	(9)	(10)	(32)
Changes in scope of consolidation		(3)	(1)	(2)	(6)
Charges to provisions	12	139	205	105	461
Reversals of provisions (utilised or unutilised)	(20)	(161)	(206)	(142)	(529) [c]
Transfers and other movements	2	(2)		(3)	(3)
31/12/2017 restated	42	335	274	234	885
Movements during 2018					
Translation adjustments		3	(4)	(1)	(2)
Changes in scope of consolidation	1	10	75	5	91
Charges to provisions	17	169	184	117	487
Reversals of provisions (utilised or unutilised)	(21)	(157)	(173)	(115)	(466) [d]
Transfers and other movements	1	10	(13)	2	
31/12/2018	40	370	343	242	995

(a) Mainly Bouygues Construction and Colas.
(Individual project provisions are not disclosed for confidentiality reasons).

(b) Other current provisions:	242	Principal segments involved:	
Reinsurance provisions	3	Bouygues Construction	100
Restructuring provisions	3	Bouygues Immobilier	30
Site rehabilitation (current portion)	11	Colas	68
Miscellaneous current provisions	225	TF1	20

(c) Including reversals of unutilised provisions in 2017 (175)

(d) Including reversals of unutilised provisions in 2018 (164)

Note 7 Deferred tax assets and liabilities

7.1 Deferred tax assets

Deferred tax assets	31/12/2017 restated	Movements during 2018	31/12/2018
Bouygues Construction	72		72
Bouygues Immobilier	3	9	12
Colas	146	6	152
TF1			
Bouygues Telecom			
Bouygues SA & other	102	(21)	81
TOTAL	**323**	**(6)**	**317**

Deferred tax assets mainly arise from temporary differences (such as provisions temporarily non-deductible for tax purposes), and from tax losses with a genuine probability of recovery.

7.2 Deferred tax liabilities

Deferred tax liabilities	31/12/2017 restated	Movements during 2018	31/12/2018
Bouygues Construction	4	6	10
Bouygues Immobilier	29	(20)	9
Colas	60	64	124
TF1	40	5	45
Bouygues Telecom	144	12	156
Bouygues SA & other	2	2	4
TOTAL	**279**	**69**	**348**

The increase in deferred tax liabilities is mainly due to the impact of acquisitions made during the period, and in particular the impact of tax effects recognised on adjustments made as part of the purchase price allocation.

The reduction at Bouygues Immobilier reflects a €34 million gain from the cancellation of the net deferred tax liability recognised in 2017 on first-time application of IFRS 15, which neutralises the current tax expense recognised in 2018 following the first-time application of IFRS 15 in the annual financial statements.

The deferred tax position as of 31 December 2018 represented a net liability of €31 million; see Note 7.3 below for a detailed analysis.

7.3 Net deferred tax asset/liability by business segment

Net deferred tax asset/ liability by segment/type	Net deferred tax asset/ (liability) at 31/12/2017 restated	Translation adjustments	Changes in scope of consolidation	Movements during 2018		Other movements [b]	Net deferred tax asset/ (liability) at 31/12/2018
				Gain	Expense		
A – Tax losses							
Bouygues Construction	6		(2)	5	(7)	(2)	
Bouygues Immobilier	3				(1)		2
Colas	11						11
TF1				4			4
Bouygues Telecom							
Bouygues SA & other	113				(23)		90 [b]
SUB-TOTAL	**133**		**(2)**	**9**	**(31)**	**(2)**	**107**
B – Temporary differences							
Bouygues Construction	62		(7)	10	(10)	7	62
Bouygues Immobilier	(29)		(2)	31		1	1
Colas	75		(53) [c]	18	(10)	(13)	17
TF1	(40)		(20) [d]	11			(49)
Bouygues Telecom	(144)			14	(29)	3	(156)
Bouygues SA & other	(13)				(2)	2	(13)
SUB-TOTAL	**(89)**		**(82)**	**84**	**(51)**		**(138)**
TOTAL	**44**		**(84)**	**93**	**(82)**	**(2)**	**(31)**

(a) Mainly deferred taxes recognised in equity (fair value remeasurements of financial instruments, actuarial gains/losses on employee benefits, etc.).
(b) Overall tax loss arising on group tax election.
(c) Relates mainly to the Miller McAsphalt group.
(d) Relates mainly to aufeminin.

Principal sources of deferred taxation	31/12/2018	31/12/2017 restated
• Deferred tax assets on employee benefits (mainly lump-sum retirement benefits)	142	152
• Deferred tax assets on provisions temporarily non-deductible for tax purposes	4	35
• Restricted provisions booked solely for tax purposes	(125)	(102)
• Tax losses	107	133
• Other items	(159)	(174)
TOTAL	**(31)**	**44**

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7.4 Period to recovery of deferred tax assets

31/12/2018	Less than 2 years	2 to 5 years	More than 5 years	Total
Estimated period to recovery of deferred tax assets	151	69	97 [a]	317

(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 2018 due to the low probability of recovery (mainly tax losses generated abroad or in France by companies not included in the Bouygues SA group tax election).

	31/12/2017 restated	Movements during 2018	31/12/2018
Bouygues Construction	154	2	156
Bouygues Immobilier	31	(1)	30
Colas	78	9	87
TF1	9	4	13
TOTAL	**272**	**14**	**286**

Note 8 Non-current and current debt

8.1 Interest-bearing debt by maturity

	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 maturing in more than 1 year 31/12/2018	Total maturing in more than 1 year 31/12/2017 restated
Bond issues	103	60	935	1,098	998		796	696		1,329	3,819	4,806
Bank borrowings		33	69	102	502	534	34	22	20	40	1,152	811
Finance lease obligations		3	10	13	10	8	7	5	1	1	32	9
Other borrowings		24	16	40	26	20	20	5	3	3	77	165
TOTAL DEBT	**103**	**120** [a]	**1,030** [b]	**1,253**	**1,536**	**562**	**857**	**728**	**24**	**1,373**	**5,080**	
Total 31/12/2017 restated	118	541 [a]	77 [b]	736	1,184	1,490	173	847	724	1,373		5,791

(a) Includes the redemption on 12 February 2018 of the Bouygues SA €500m bond issue dating from 12 February 2010.
(b) Includes the reclassification of the €1,000m bond issue maturing October 2019 from non-current debt to current debt.

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 31/12/2018, as% of nominal on full price basis [a]
FR0010853226	12/02/2010	12/02/2018	500	4.000%	
FR0010957662	29/10/2010	29/10/2019	1,000	3.641%	103.0480
FR0010212852	22/07/2005	22/07/2020	1,000	4.250%	106.5390
FR0011193515	09/02/2012	09/02/2022	800	4.500%	112.8660
FR0011332196	02/10/2012	16/01/2023	700	3.625%	112.4030
FR0010379255	06/10/2006	06/10/2026	595 [b]	5.500%	118.7800
FR0013222494	07/12/2016	07/06/2027	750	1.375%	99.1960
TOTAL			**5,395**		

(a) Source: Bloomberg.
(b) Nominal expressed in pounds sterling; the amount shown is the equivalent value in millions of euros.

Finance lease obligations (included in debt) by business segment	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total
Non-current: 31/12/2018			**30**		**2**		**32**
Current: 31/12/2018			**12**		**1**		**13**
Non-current: 31/12/2017 restated			9				9
Current: 31/12/2017 restated			5		1		6

8.2 Confirmed credit facilities and drawdowns

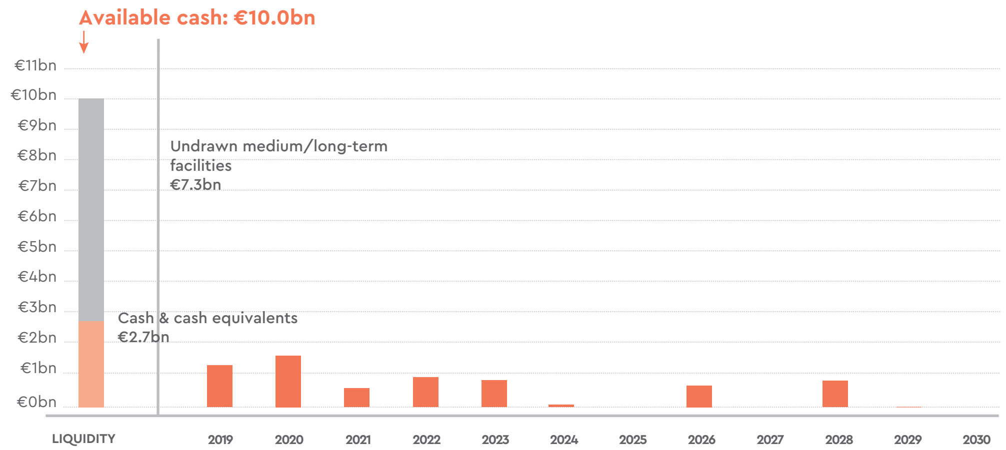
	Confirmed facilities – Maturity				Drawdowns – Maturity			
Description	Less than 1 year	1 to 5 years	More than 5 years	Total	Less than 1 year	1 to 5 years	More than 5 years	Total
Bond issues (mainly Bouygues SA)	1,098	2,490	1,329	4,917	1,098	2,490	1,329	4,917
Bank borrowings [a]	605	7,394	599	8,598	102	1,092	60	1,254
Finance lease obligations	13	30	2	45	13	30	2	45
Other borrowings	40	71	6	117	40	71	6	117
TOTAL CREDIT FACILITIES	**1,756**	**9,985**	**1,936**	**13,677**	**1,253**	**3,683**	**1,397**	**6,333**

(a) Confirmed undrawn credit facilities: €7,344m.

8.3 Liquidity at 31 December 2018

As at 31 December 2018, available cash stood at €2,676 million, net of a €14 million liability in respect of financial instruments contracted to hedge net debt. The Group also had €7,344 million of undrawn confirmed credit facilities as at the same date.

Debt maturity schedule at 31 December 2018



All bond issues other than that maturing in 2020 contain a change of control clause relating to Bouygues SA.

The bank credit facilities contracted by Bouygues SA contain no financial covenants or trigger event clauses. The same applies to Bouygues SA subsidiaries, except for the €376 million financing of the acquisition of the Miller McAsphalt group by Colas in Canada which temporarily includes a leveraged covenant clause based on the debt to EBITDA ratio.

8.4 Split of current and non-current debt by interest rate type

Split of current and non-current debt, including the effect of all open interest rate hedges at the end of the reporting period:

(%)	31/12/2018	31/12/2017 restated
Fixed rate debt [a]	86	97
Floating rate debt	14	3

(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 2018 is shown below:

	Floating rate	Fixed rate	Total
Financial liabilities (debt) [a]	(1,481)	(4,852)	(6,333)
Financial assets (net cash) [b]	2,676		2,676
Net pre-hedging position	**1,195**	**(4,852)**	**(3,657)**
Interest rate hedges	558	(558)	
Net post-hedging position	**1,753**	**(5,410)**	**(3,657)**
Adjustment for seasonal nature of some activities [c]	(436)		
Net post-hedging position after adjustment	**1,317**		

(a) Call options and contingent consideration recognised as financial liabilities under IFRS 9 are treated as fixed rate.
(b) Net of a €14m liability in respect of the fair value of financial instruments contracted to hedge net debt.
(c) 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 €13 million over a full year.

8.6 Split of current and non-current debt by currency

	Europe						
	Euro	Pound sterling	Other currencies	US dollar	Hong Kong dollar	Other currencies	Total
Non-current: 31/12/2018	**3,969**	**648**	**10**	**39**		**414**	**5,080**
Current: 31/12/2018	**1,195**	**12**	**2**	**4**		**40**	**1,253**
Non-current: 31/12/2017 restated	5,098	640	14	19	3	14	5,788
Current: 31/12/2017 restated	698	6			2	30	736

An analysis of debt by business segment is provided in Note 16 to the consolidated financial statements.

Details by segment of collateral and pledges given by the Bouygues group are provided in Note 18.1. to the consolidated financial statements.

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Note 9 Main components of change in net debt

9.1 Change in net debt

	31/12/2017 restated	Translation adjustments	Changes in scope of consolidation	Cash flows	Fair value adjustments	Other movements [c]	31/12/2018
Cash and cash equivalents	4,820	10	109	(2,031)		20	2,928
Overdrafts and short-term bank borrowings	(209)	44	(120)	66		(19)	(238)
NET CASH POSITION (A)	**4,611**	**54** [a]	**(11)** [a]	**(1,965)** [a]		**1** [a]	**2,690**
Non-current debt	5,791	(3)	28	352 [b]	(4)	(1,084)	5,080
Current debt	736	(1)	6	(513) [b]		1,025	1,253
Financial instruments, net	1			1	12		14
TOTAL DEBT (B)	**6,528**	**(4)**	**34**	**(160)**	**8**	**(59)**	**6,347**
NET DEBT (A)-(B)	**(1,917)**	**58**	**(45)**	**(1,805)**	**(8)**	**60**	**(3,657)**

(a) Net cash outflow of €1,921m for 2018, as reported in the cash flow statement.
(b) Net cash outflow from financing activities of €161m for 2018, as reported in the cash flow statement.
(c) "Other movements" mainly comprise:
- reclassification of the €1,000m Bouygues SA bond issue maturing October 2019 from non-current to current;
- settlement of the €103m financial liability for the commitment by TF1 to buy out the remaining 30% equity interest in Newen Studios;
- new finance leases assumed with the Miller McAsphalt group (€34m).

9.2 Principal changes in net debt during 2018

NET DEBT AT 31 DECEMBER 2017 RESTATED	**(1,917)**
Acquisitions/disposals of consolidated activities, non-consolidated companies and other investments, including changes in scope of consolidation and commitments to buy out non-controlling interests	(1,513)
Transactions involving the share capital of Bouygues SA	160 [a]
Bouygues Confiance n°9 2017 employee share ownership plan – amounts collected in 2018	18
Bouygues Confiance n°10 2018 employee share ownership plan – amounts to be collected in 2019	(16)
Dividends paid	(712)
Payment for frequencies in 700 MHz band (final tranche)	(117)
Operating items	440
NET DEBT AT 31 DECEMBER 2018	**(3,657)**

(a) Relates mainly to (i) increases in the share capital of Bouygues SA to reflect the exercise of stock options (€66m) and the Bouygues Confiance n° 10 employee share ownership plan (€150m), and (ii) the cancellation of treasury shares acquired by Bouygues SA on 8 January 2018 which reduced share capital and share premium by €47m.

Note 10 Current liabilities

10.1 Current liabilities

	31/12/2018	31/12/2017 restated
Current debt [a]	1,253	736
Current taxes payable	126	115
Trade payables	7,423	7,489
Customer contract liabilities [b]	3,665	3,184
Current provisions [c]	995	885
Other current liabilities:		
• Other operating liabilities (employees, social security, government)	2,914	2,922
• Deferred income	259	12
• Other non-financial liabilities	1,837	2,167
Overdrafts and short-term bank borrowings	238	209
Financial instruments – liabilities	25	16
Other current financial liabilities	21	24
TOTAL	**18,756**	**17,759**

(a) See analysis in Note 8 to the consolidated financial statements.
(b) See analysis below.
(c) See analysis in Note 6.2 to the consolidated financial statements.

10.2 Customer contract liabilities

	31/12/2017 restated	Movements during 2018: Translation adjustments	Movements during 2018: Changes in scope of consolidation and other movements	Movements during 2018: Movements arising from operating activities	31/12/2018
Advances and down-payments received on orders [a]	959	1	(27)	418	1,351
Differences relating to percentage of completion on contracts [b]	2,225	11	(195)	273	2,314
CUSTOMER CONTRACT LIABILITIES	**3,184**	**12**	**(222)**	**691**	**3,665**

(a) As of 31 December 2018, "Advances and down-payments received on orders" included €40m (€42m as of 31 December 2017) 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 2018.
(b) Mainly comprises deferred income on construction contracts at Bouygues Construction and Colas.

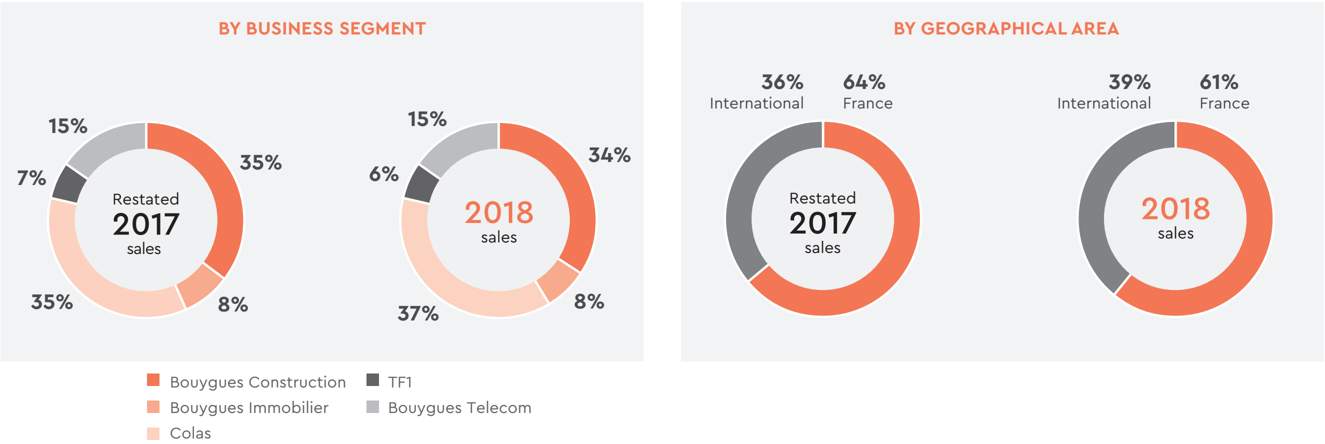
Note 11 Sales

11.1 Analysis by business segment

Sales by geographical area are allocated to the territory in which the sale is generated.

	2018 sales			Restated 2017 sales		
	France	International	Total	France	International	Total
Bouygues Construction	5,455	6,750	12,205	5,408	6,065	11,473
Bouygues Immobilier	2,495	132	2,627	2,576	161	2,737
Colas	6,408	6,726	13,134	5,980	5,600	11,580
TF1	2,111	131	2,242	2,002	82	2,084
Bouygues Telecom	5,314		5,314	5,035		5,035
Bouygues SA & other	5	28	33	7	7	14
CONSOLIDATED SALES	**21,788**	**13,767**	**35,555**	**21,008**	**11,915**	**32,923**

Split of total sales



An analysis of sales by accounting classification and business segment is provided in Note 16 to the consolidated financial statements.

There were no material exchanges of goods or services in the years ended 31 December 2018 and 2017.

11.2 Analysis by geographical area

	2018 sales		Restated 2017 sales	
	Total	%	Total	%
France	21,788	61	21,008	64
European Union (28 members)	3,851	11	3,522	11
Rest of Europe	1,874	5	1,469	5
Africa	1,057	3	1,136	3
Middle East	113	0	161	0
North America	3,860	11	2,982	9
Central and South America	314	1	217	1
Asia-Pacific	1,628	5	1,620	5
Oceania	1,070	3	808	2
TOTAL	**35,555**	**100**	**32,923**	**100**

The United Kingdom accounts for 47% of sales in the European Union excluding France, primarily in construction. These operations are carried out locally within the United Kingdom, and have no material exposure to uncertainties relating to imports and exports.

11.3 Split by type of contract, France/International

	2018			2017 restated		
%	France	International	Total	France	International	Total
Public-sector contracts [a]	26	47	34	27	49	35
Private-sector contracts	74	53	66	73	51	65

(a) Sales billed directly to government departments, local authorities or public enterprises (mainly works and maintenance contracts) in France and abroad.

11.4 Order backlog

The Group's order backlog stood at €34,852 million as of 31 December 2018.

		Movements during 2018				
	31/12/2017 restated	Translation adjustments	Changes in scope of consolidation	Increases	Reductions	31/12/2018
Construction businesses	**31,470**	**(484)**	**1,338**	**30,001**	**(29,179)**	**33,146**
Bouygues Construction	21,177	(410)	500 [a]	13,550	(12,634)	22,183
Bouygues Immobilier	2,709			2,393	(2,624)	2,478
Colas	7,584	(74)	838	14,058	(13,921)	8,485
TF1	**50**			**56**	**(50)**	**56**
Bouygues Telecom	**1,482**			**1,763**	**(1,414)**	**1,831**
Inter-segment adjustments	**(241)**		**(12)**	**(20)**	**92**	**(181)**
TOTAL ORDER BACKLOG	**32,761**	**(484)**	**1,326**	**31,800**	**(30,551)**	**34,852**
maturing within less than 1 year	17,212					18,575
maturing within 1 to 5 years	13,160					12,239
maturing after more than 5 years	2,389					4,038

(a) Includes newly-consolidated entities (€780m for Alpiq Engineering Services and €210m for AW Edwards), and the deconsolidation of Axione (€490m).

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For Bouygues Construction and Colas, the order backlog represents the amount of work still to be done on projects for which a firm order has been taken, i.e. the contract has been signed and has taken effect (after notice to proceed has been issued and suspensive conditions lifted).

For Bouygues Immobilier, the order backlog represents notarized sales not yet completed, and total revenue from all reservations signed but not yet notarized.

In accordance with IFRS 11, Bouygues Immobilier excludes from the order backlog revenue from reservations taken through equity-accounted joint ventures (jointly-controlled co-promotion entities).

The TF1 order backlog represents the amount of work still to be done on projects for which a firm order has been taken, i.e. the contract has been signed and has taken effect.

The Bouygues Telecom order backlog mainly comprises subscription revenue chargeable to customers up to the end of their contractually agreed term.

Note 12 Operating profit/(loss)

	2018	2017 restated
CURRENT OPERATING PROFIT/(LOSS)	**1,511**	**1,406**
Other operating income	371	233
Other operating expenses	(106)	(120)
OPERATING PROFIT/(LOSS)	**1,776**	**1,519**

See Note 16 to the consolidated financial statements for an analysis by business segment.

The main components of "Other operating income" and "Other operating expenses" are:

2018

Bouygues Telecom: net income of €322 million, comprising a €250 million gain on the sale of assets (sites and towers to Cellnex, fibre optic infrastructure to CityFast); the €110 million reversal of the accrued expense previously recognised for Arcep licence fees; and €11 million of other operating income. Those amounts were partly offset by a €47 million expense on the roll-out of network sharing and €2 million of one-off year-end employee bonuses.

Colas: Expenses of €31 million, comprising €16 million for the costs of preliminary works on the dismantling of the Dunkirk refinery site; €10 million of one-off year-end employee bonuses; and €5 million of other miscellaneous operating expenses.

TF1: Amortisation of €22 million charged against the fair value of rights remeasured as part of the Newen Studios purchase price allocation.

Bouygues Construction: Expense of €4 million for one-off year-end employee bonuses.

2017

Bouygues Telecom: Net income of €141 million, mainly comprising a €223 million gain on the transfer of 1,085 sites to Cellnex plus €10 million of net reversals of provisions, partly offset by a €79 million expense on the roll-out of network sharing.

TF1: Amortisation of €23 million charged against the fair value of rights remeasured as part of the Newen Studios purchase price allocation.

Colas: Expense of €5 million on the discontinuation of the Société de la Raffinerie de Dunkerque (SRD) refinery at Dunkirk.

Current operating profit includes lease expense of €1,667 million, including short-term leases and leases for low-value assets. The service component of leases is recognised in "Other external charges".

Note 13 Cost of net debt and other financial income and expenses

13.1 Analysis of cost of net debt

	2018	2017 restated
Financial expenses, comprising:	**(245)**	**(251)**
Interest expense on debt	(225)	(230)
Interest expense related to treasury management	(18)	(20)
Interest expense on finance leases	(1)	
Negative impact of financial instruments	(1)	(1)
Financial income, comprising:	**29**	**25**
Interest income from cash and cash equivalents	27	22
Income and gains on disposal from cash and cash equivalents	2	3
COST OF NET DEBT	**(216)**	**(226)**

13.2 Other financial income and expenses

	2018	2017 restated
Other financial income	81	113
Other financial expenses	(64)	(75)
OTHER FINANCIAL INCOME/(EXPENSES), NET	**17**	**38**

"Other financial income and expenses" include financial income from equity holdings, 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", dividends received from non-consolidated companies, and other items.

The reduction in net financial income in 2018 reflects a decrease in gains on disposals of investments in non-consolidated companies at Bouygues Construction, and the non-recurrence in 2018 of late payment interest on the 3% tax on dividends.

Note 14 Income tax expense

14.1 Analysis of income tax expense

	2018			2017 restated		
	France	Other countries	Total	France	Other countries	Total
Tax payable to the tax authorities	(313)	(125)	(438)	(188)	(93)	(281)
Change in deferred tax liabilities	11	(1)	10	26		26
Change in deferred tax assets		1	1	(42)	(2)	(44)
TOTAL	**(302)**	**(125)**	**(427)**	**(204)**	**(95)**	**(299)**

See Note 16 to the consolidated financial statements for an analysis of income tax expense by business segment.

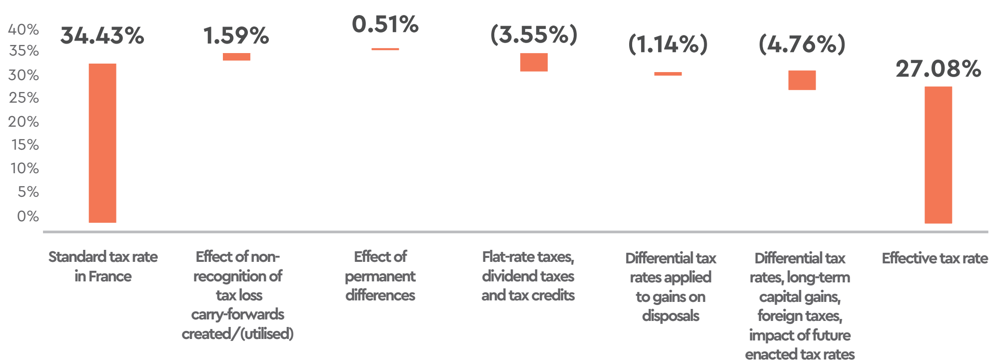
14.2 Tax proof (reconciliation between standard tax rate and effective tax rate)

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:

	2018	2017 restated
NET PROFIT/(LOSS) FOR THE PERIOD (100%)	**1,453**	**1,201**
Eliminations:		
Income tax	427	299
Net (profit)/loss of discontinued and held-for-sale operations	None	None
Share of net (profits)/losses of joint ventures and associates	(303)	(169)
NET PRE-TAX PROFIT FROM CONTINUING OPERATIONS EXCLUDING JOINT VENTURES AND ASSOCIATES	**1,577**	**1,331**
Standard tax rate in France	34.43%	34.43%
Effect of non-recognition of tax loss carry-forwards created/(utilised)	1.59%	(4.06%)
Effect of permanent differences	0.51%	2.61%
Flat-rate taxes, dividend taxes and tax credits	(3.55%)	(2.48%)
Differential tax rates applied to gains on disposals [a]	(1.14%)	(0.97%)
Differential tax rates, long-term capital gains, foreign taxes, impact of future enacted tax rates	(4.76%)	(3.76%)
2017 exceptional tax contribution in France		3.68%
Reimbursement of 3% tax on dividends		(6.99%)
EFFECTIVE TAX RATE	**27.08%**	**22.46%**

(a) Includes the impacts of the disposals of 49% of Axione in 2018, and of Ossabois and 50% of Nextdoor in 2017.

After stripping out the Axione disposal, the 2018 effective tax rate is 29%. After stripping out (i) the tax gain arising from reimbursement of the 3% dividend tax and the non-taxable late payment interest on that reimbursement and (ii) the Nextdoor disposal, the 2017 effective tax rate is 28%.



Note 15 Net profit from continuing operations attributable to the Group and basic/diluted earnings per share

Basic earnings per share from continuing operations attributable to the Group 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.

	2018	2017 restated
Net profit from continuing operations attributable to the Group (€m)	1,311	1,082
Weighted average number of shares outstanding	367,355,503	357,914,334
BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS ATTRIBUTABLE TO THE GROUP (€)	**3.57**	**3.02**

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).

	2018	2017 restated
Net profit from continuing operations attributable to the Group (€m)	1,311	1,082
Weighted average number of shares outstanding	367,355,503	357,914,334
Adjustment for potentially dilutive effect of stock options	1,998,064	2,571,741
DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS (€)	**3.55**	**3.00**

Note 16 Segment information

Segment information is provided in two forms:

1. **Analysis by business segment (CGU):** Bouygues Construction (Construction), Bouygues Immobilier (Property), Colas (Roads), TF1 (Media), Bouygues Telecom (Telecoms), and Bouygues SA & other.
2. **Analysis by geographical area:** France (including overseas departments), European Union, Rest of Europe, Africa, Asia-Pacific-Oceania, Americas and Middle East.

Inter-segment sales are generally conducted on an arm's length basis.

An analysis of sales by geographical area is provided in Note 11.2. to the consolidated financial statements.

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 are 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 holding companies, and from entities dedicated to the centralised financing of the Group.

16.1 Analysis by business segment

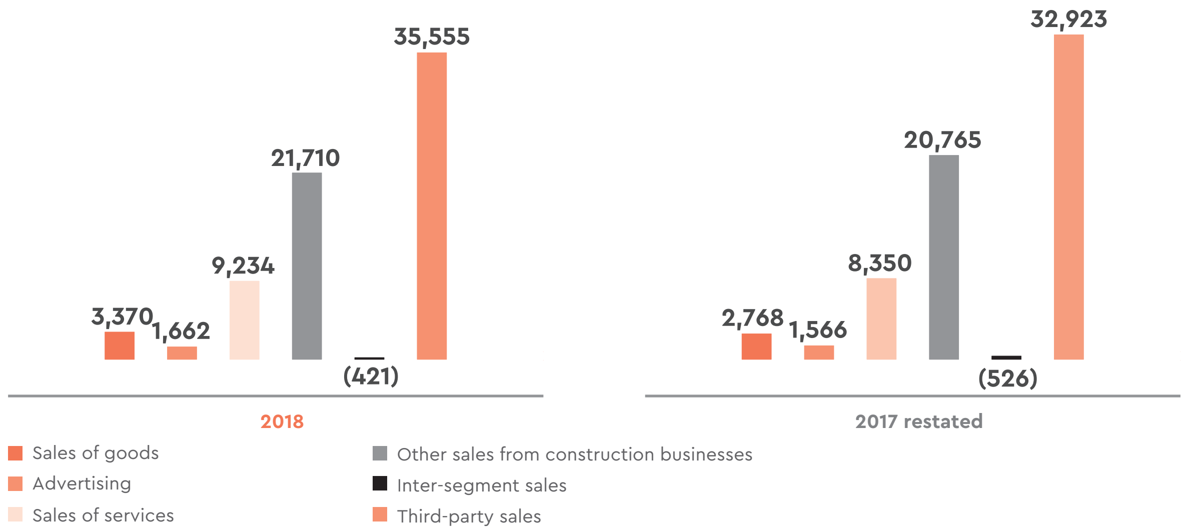
	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total
2018 INCOME STATEMENT							
Sales of goods	101		2,353	144	772		3,370
Advertising				1,662			1,662
Sales of services	3,556	53	403	482	4,572	168	9,234
Other sales from construction businesses	8,701	2,575	10,434				21,710
Total sales	12,358	2,628	13,190	2,288	5,344	168	35,976
Inter-segment sales	(153)	(1)	(56)	(46)	(30)	(135)	(421)
THIRD-PARTY SALES	**12,205**	**2,627**	**13,134**	**2,242**	**5,314**	**33**	**35,555**
CURRENT OPERATING PROFIT/(LOSS)	**368**	**188**	**359**	**196**	**431**	**(31)**	**1,511**
Other operating income					371		371
Other operating expenses	(4)		(31)	(22)	(49)		(106)
OPERATING PROFIT/(LOSS)	**364**	**188**	**328**	**174**	**753**	**(31)**	**1,776**
Income from net surplus cash/(cost of net debt)	17	(2)	(31)	(2)	(7)	(191)	(216)
Income tax	(109)	(79)	(96)	(49)	(243)	149	(427)
Share of profits/(losses) of joint ventures and associates	(2)	47	28			230	303
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**308**	**141**	**227**	**128**	**494**	**155**	**1,453**
Net profit of discontinued and held-for-sale operations							
NET PROFIT/(LOSS)	308	141	227	128	494	155	1,453
NET PROFIT ATTRIBUTABLE TO THE GROUP	**296**	**138**	**219**	**56**	**447**	**155**	**1,311** [a]
2017 RESTATED INCOME STATEMENT							
Sales of goods	118		1,780	128	742		2,768
Advertising				1,566			1,566
Sales of services	3,015	43	393	438	4,318	143	8,350
Other sales from construction businesses	8,527	2,706	9,532				20,765
Total sales	11,660	2,749	11,705	2,132	5,060	143	33,449
Inter-segment sales	(187)	(12)	(125)	(48)	(25)	(129)	(526)
THIRD-PARTY SALES	**11,473**	**2,737**	**11,580**	**2,084**	**5,035**	**14**	**32,923**
CURRENT OPERATING PROFIT/(LOSS)	**363**	**218**	**362**	**185**	**320**	**(42)**	**1,406**
Other operating income					233		233
Other operating expenses			(5)	(23)	(92)		(120)
OPERATING PROFIT/(LOSS)	**363**	**218**	**357**	**162**	**461**	**(42)**	**1,519**
Income from net surplus cash/(cost of net debt)	12	(2)	(14)	(2)	(8)	(212)	(226)
Income tax	(103)	(65)	(75)	(45)	(189)	178	(299)
Share of profits/(losses) of joint ventures and associates	2	(6)	61	14		98	169
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**323**	**128**	**330**	**136**	**255**	**29**	**1,201**
Net profit of discontinued and held-for-sale operations							
NET PROFIT/(LOSS)	323	128	330	136	255	29	1,201
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	**319**	**126**	**317**	**60**	**231**	**29**	**1,082** [b]

(a) Net profit attributable to the Group excluding exceptional items for 2018 amounts to €1,047m, and corresponds to net profit attributable to the Group minus (i) €163m for non-current items net of taxes and (ii) €101m for the impact of the disposal of 49% of Axione (a Bouygues Construction subsidiary) and the remeasurement of the retained equity interest.

(b) Net profit attributable to the Group excluding exceptional items for 2017 amounts to €908m, and corresponds to net profit attributable to the Group minus (i) €62m for non-current items net of taxes, (ii) €87m for the reimbursement of the portion of the 3% dividend surtax attributable to the Group, and (iii) €25m for the for the impact of the disposal of 50% of Nextdoor (a Bouygues Immobilier subsidiary) and the remeasurement of the retained equity interest.

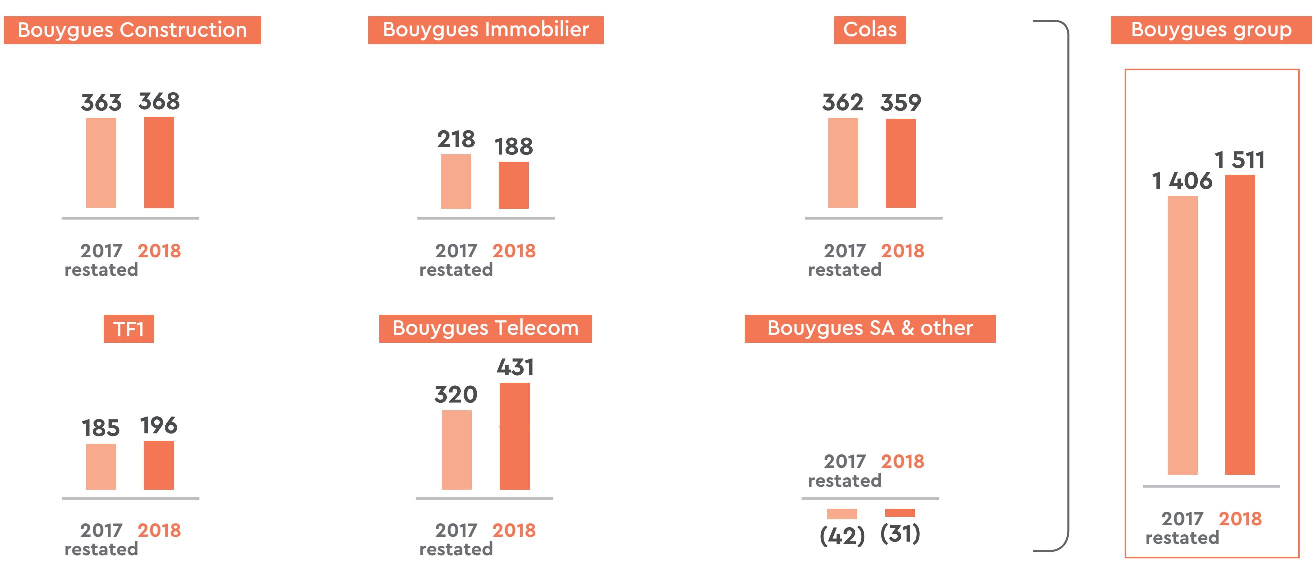
Consolidated sales

(€ million)



Current operating profit

(€ million)



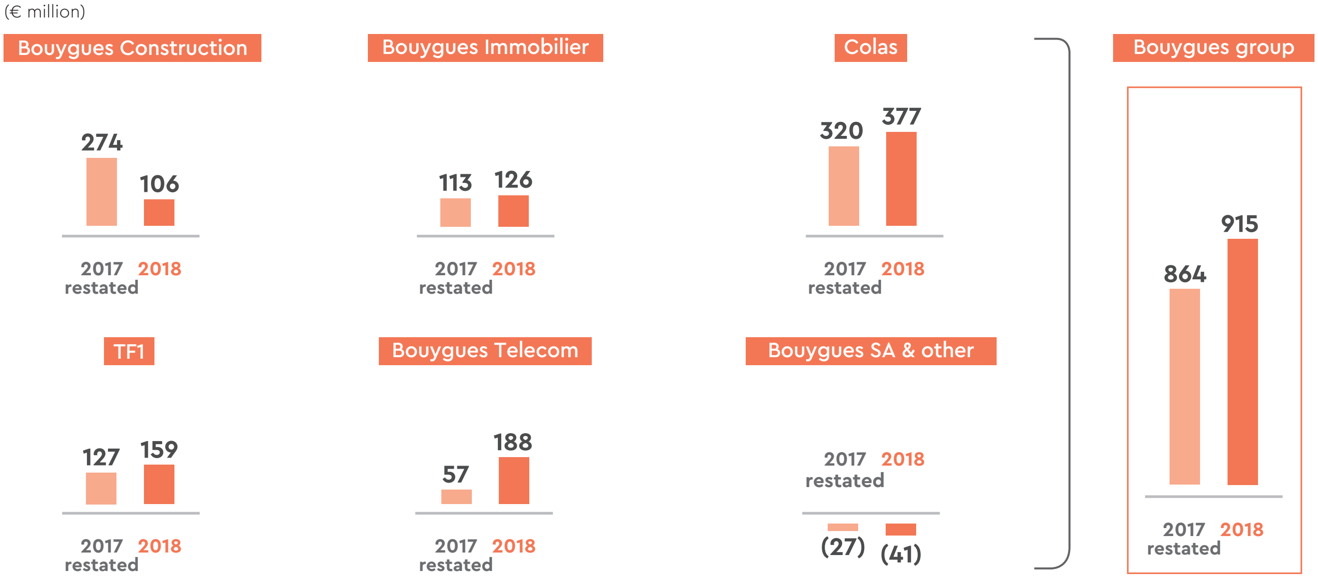
	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total
Current operating profit/(loss)	**368**	**188**	**359**	**196**	**431**	**(31)**	**1,511**
Elimination of net depreciation and amortisation expense and net charges to provisions and impairment losses:							
• Net depreciation and amortisation expense	189	10	461	213	821	9	1,703
• Net charges to provisions & impairment losses	214	(2)	100	70	34	1	417
Elimination of items included in "Other income from operations":							
• Reversals of unutilised provisions and impairment and other items	(280)	(35)	(145)	(9)	(18)		(487)
2018 EBITDA	**491**	**161**	**775**	**470**	**1,268**	**(21)**	**3,144**
Current operating profit/(loss)	**363**	**218**	**362**	**185**	**320**	**(42)**	**1,406**
Elimination of net depreciation and amortisation expense and net charges to provisions and impairment losses:							
• Net depreciation and amortisation expense	214	12	407	173	782	8	1,596
• Net charges to provisions & impairment losses	146	19	88	54	13	10	330
Elimination of items included in "Other income from operations":							
• Reversals of unutilised provisions and impairment and other items	(251)	(23)	(121)	(20)	(18)	(1)	(434)
2017 RESTATED EBITDA	**472**	**226**	**736**	**392**	**1,097**	**(25)**	**2,898**
BALANCE SHEET AT 31 DECEMBER 2018							
Goodwill	975		1,292	1,386	2,648		6,301
Investments in joint ventures and associates	**104**	**27**	**394**	**20**	**1**	**2,087 [a]**	**2,633**
Non-current provisions	**(826)**	**(86)**	**(804)**	**(41)**	**(278)**	**(33)**	**(2,068)**
Current provisions	**(647)**	**(31)**	**(271)**	**(20)**	**(2)**	**(24)**	**(995)**
Net debt at 31 December 2018:							
Cash and cash equivalents	4,652	70	563	117	44	(2,518)	2,928
Non-current debt	(1,028)	(17)	(533)	(127)	(1,255)	(2,120)	(5,080)
Current debt	(11)	(6)	(58)	(12)	(62)	(1,104)	(1,253)
Overdrafts and short-term bank borrowings	(493)	(285)	(488)	(6)	(4)	1,038	(238)
Financial instruments – Hedging of debt (assets/liabilities)	(1)		(1)		(1)	(11)	(14)
NET SURPLUS CASH/(NET DEBT) [b]	**3,119**	**(238)**	**(517)**	**(28)**	**(1,278)**	**(4,715)**	**(3,657)**
RESTATED BALANCE SHEET AT 31 DECEMBER 2017							
Goodwill	**457**		**1,131**	**1,149**	**2,648**		**5,385**
Investments in joint ventures and associates	**30**	**26**	**396**	**22**		**2,028 [a]**	**2,502**
Non-current provisions	**(729)**	**(95)**	**(884)**	**(39)**	**(272)**	**(39)**	**(2,058)**
Current provisions	**(529)**	**(44)**	**(278)**	**(16)**		**(18)**	**(885)**
Restated net debt at 31 December 2017:							
Cash and cash equivalents	4,310	88	680	495	58	(811)	4,820
Non-current debt	(511)	(19)	(126)	(232)	(993)	(3,910)	(5,791)
Current debt	(5)	(18)	(40)	(6)	(40)	(627)	(736)
Overdrafts and short-term bank borrowings	(385)	(137)	(80)			393	(209)
Financial instruments – Hedging of debt (assets/liabilities)			(1)		(1)	1	(1)
NET SURPLUS CASH/(NET DEBT) [b]	**3,409**	**(86)**	**433**	**257**	**(976)**	**(4,954)**	**(1,917)**

	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total
Other financial indicators: 2018							
Cash flow	399	215	792	414	1,303	8	3,131
Cash flow after cost of net debt and income tax (I)	307	134	665	363	1,053	(34)	2,488
Acquisitions of property, plant & equipment and intangible assets, net of disposals (II)	(201)	(8)	(288)	(204)	(865)	(7)	(1,573)
FREE CASH FLOW (I) + (II)	**106**	**126**	**377**	**159**	**188**	**(41)**	**915**
Other financial indicators: 2017 restated							
Cash flow	484	194	764	372	980	17	2,811
Cash flow after cost of net debt and income tax (I)	393	127	675	325	783	(17)	2,286
Acquisitions of property, plant & equipment and intangible assets, net of disposals (II)	(119)	(14)	(355)	(198)	(726)	(10)	(1,422)
FREE CASH FLOW (I) + (II)	**274**	**113**	**320**	**127**	**57**	**(27)**	**864**

(a) Includes Alstom: €2,087m at 31 December 2018 and €2,028m at 31 December 2017.
(b) 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).

Free cash flow

(€ million)



16.2 Analysis by geographical area

Non-current assets are allocated by the location of assets as of 31 December.

	France [a]	European Union	Rest of Europe	Africa	Asia-Pacific-Oceania	Americas	Middle East	Total
Balance sheet at 31 December 2018								
Property, plant and equipment	5,600	363	165	126	158	1,016	4	7,432
Intangible assets	2,057	17	3		2	119		2,198
2018 cash flow statement								
Purchase price of property, plant & equipment and intangible assets	1,778	74	35	62	68	160	1	2,178

(a) Including French overseas departments.

	France [a]	European Union	Rest of Europe	Africa	Asia-Pacific-Oceania	Americas	Middle East	Total
Restated balance sheet at 31 December 2017								
Property, plant and equipment	5,243	371	59	107	176	693	9	6,658
Intangible assets	2,089	23	1	1	2	16		2,132
2017 restated cash flow statement								
Purchase price of property, plant & equipment and intangible assets	1,619	88	28	34	43	116	3	1,931

(a) Including French overseas departments.

Note 17 Financial instruments

The tables below show aggregate notional amounts for each type of financial instrument used, split by residual maturity and by currency.

17.1 Hedging of interest rate risk, foreign exchange risk and commodities risk

17.1.1 Analysis by business segment

	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total 31/12/2018	Total 31/12/2017 restated
Forward purchases	419		306	38		2	765	847
Forward sales	421		110	9		1	541	437
Currency swaps	46			8		1,159	1,213	781
Interest rate swaps [a]	11		57		800	503	1,371	1,168
Commodities derivatives			1				1	4

(a) The entire amount of €1,371m is pay fixed rate.

17.1.2 Analysis by maturity and original currency

	Maturity				Original currency				
	< 1 year	1 to 5 years	> 5 years	Total	EUR	USD	HKD	CHF	Other
Forward purchases	721	44		765	245	140	4	12	364
Forward sales	509	32		541	15	174	46	89	217
Currency swaps	1,213			1,213	16	223	536	128	310
Interest rate swaps	813	13	545	1,371	1,311		3		57
Commodities derivatives	1			1	1				

17.2 Market value of hedging instruments

Derivatives recognised as assets	Original currency					Total	Fair value hedge	Cash flow hedge	Hedge of net investment in a foreign operation
	EUR	USD	HKD	CHF	Other				
Forward purchases	1	4				5		5	
Forward sales		1			2	3		3	
Currency swaps	1				3	4	1	3	
Interest rate swaps									
Commodities derivatives									
TOTAL ASSETS	**2**	**5**			**5**	**12**	**1**	**11**	

Derivatives recognised as liabilities	Original currency					Total	Fair value hedge	Cash flow hedge	Hedge of net investment in a foreign operation
	EUR	USD	HKD	CHF	Other				
Forward purchases	(6)				(3)	(9)		(9)	
Forward sales		(4)		(2)	(2)	(8)		(8)	
Currency swaps		(1)	(2)	(1)		(4)		(4)	
Interest rate swaps	(14)				(12) [a]	(26)		(26)	
Interest rate options (caps, floors)									
Commodities derivatives									
TOTAL LIABILITIES	**(20)**	**(5)**	**(2)**	**(3)**	**(17)**	**(47)**		**(47)**	
TOTAL, NET	**(18)**		**(2)**	**(3)**	**(12)**	**(35)** [b]	**1**	**(36)**	

(a) Primarily GBP.
(b) The difference from the value shown in the balance sheet is mainly due to the €11m negative market value of the interest rate swap contracted by Colas for the City of Portsmouth contract, which is entirely offset by the €11m positive market value of the derivative embedded in the fixed contractual fee paid by the customer.

In the event of a +1.00% movement in the yield curve, the hedging instruments portfolio would have a positive market value of €9 million; in the event of a -1.00% movement, it would have a negative market value of €83 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 €36 million; in the event of a -1.00% movement, it would have a negative market value of €34 million.

These calculations were prepared by the Bouygues group, or obtained from the banks with which the instruments were contracted.

Note 18 Off balance sheet commitments

This note supplements the disclosures provided in Notes 3, 4 and 8 to the consolidated financial statements.

No material off balance sheet commitments have been omitted from this disclosure, in accordance with applicable accounting standards.

18.1 Guarantee commitments

	31/12/2018	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Falling due: Less than 1 year	Falling due: 1 to 5 years	Falling due: More than 5 years	31/12/2017 restated
Pledges, mortgages and collateral	89	4		85				6	73	10	67
Guarantees and endorsements given	98	21		63	14			22	58	18	114
TOTAL GUARANTEE COMMITMENTS GIVEN	**187**	**25**		**148**	**14**			**28**	**131**	**28**	**181**
Guarantees and endorsements received	2		1				1	2			1
TOTAL GUARANTEE COMMITMENTS RECEIVED	**2**		**1**				**1**	**2**			**1**
NET BALANCE	**185**	**25**	**(1)**	**148**	**14**		**(1)**	**26**	**131**	**28**	**180**

In connection with its ordinary activities, the Bouygues group grants multi-year guarantees (such as ten-year building guarantees), which are usually covered by statistically-based provisions on the liabilities side of the balance sheet. Contract guarantees provided by banks to Group customers represent off balance sheet commitments for those banks; where such guarantees are liable to result in payments being made, a provision is recognised by Bouygues in the consolidated balance sheet.

18.2 Miscellaneous contractual commitments

	31/12/2018	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Falling due: Less than 1 year	Falling due: 1 to 5 years	Falling due: More than 5 years	31/12/2017 restated
Image transmission	67				67			24	43		82
Network	2,630					2,630		192	757	1,681	1,687
Other items	197		3	124	70			73	31	93	655
TOTAL SUNDRY CONTRACTUAL COMMITMENTS GIVEN	**2,894**		**3**	**124**	**137**	**2,630**		**289**	**831**	**1,774**	**2,424**
Image transmission	67				67			24	43		82
Network	2,630					2,630		192	757	1,681	1,687
Other items	197		3	124	70			73	31	93	655
TOTAL SUNDRY CONTRACTUAL COMMITMENTS RECEIVED	**2,894**		**3**	**124**	**137**	**2,630**		**289**	**831**	**1,774**	**2,424**
NET BALANCE											

"Sundry contractual commitments given" relates mainly to (i) service agreements entered into by Bouygues Telecom with owners of towers (TDF, FPS and Cellnex) and with FTTH fibre optic suppliers, and (ii) quarry operating licence contracts entered into by Colas. These commitments increased by €470 million during 2018.

Contractual commitments given by Bouygues Telecom amounted to €2,630 million, a net increase of €765 million, mostly relating to service agreements entered into with Cellnex during 2018. Contractual commitments given by TF1 decreased by €422 million, mainly due to the completion during 2018 of the acquisition of the aufeminin group (presented as a sundry contractual commitment at 31 December 2017).

18.3 Operating leases

Operating lease commitments represent the future lease payments due during the period in which the lease is reasonably certain to apply. That period may include lease extension periods where the Group expects to exercise the extension option. The leases involved are contracted in connection with the Group's ordinary activities and relate to assets such as land, buildings and equipment.

The commitments disclosed do not include leases where the as-new value of the leased asset is less than €5,000, or leases for which it is reasonably certain that the lease term is less than twelve months.

Future lease payments are discounted using either (i) the interest rate implicit in the lease or (ii) an incremental borrowing rate, and exclude variable lease payments that do not depend on an index or a rate.

Operating lease commitments as of 31 December 2017 have been restated in line with the policies described above.

								Falling due		
	31/12/2018	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Less than 1 year	1 to 5 years	More than 5 years
Operating lease commitments										
Operating lease commitments given	1,591	299	43	349	104	794	2	316	936	339
Operating lease commitments received	1,591	299	43	349	104	794	2	316	936	339
Operating lease commitments, net										

	31/12/2017 restated	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other
Operating lease commitments given	**1,484**	**241**	**49**	**251**	**107**	**835**	**1**

Bouygues Telecom's operating lease commitments of €794 million mainly relate to commercial leases of property and land intended to house technical installations for the network (network site rentals of €395 million, property and other rentals of €213 million, and fibre optic and other sundry commitments of €186 million).

Operating lease commitments rose by €107 million in 2018, mainly due to changes in scope of consolidation at Bouygues Construction and Colas (acquisitions of Alpiq Engineering Services, the Miller McAsphalt group and AW Edwards) and new leases contracted by Colas following the sale of locomotives in France and the United Kingdom, as well as the lease commitment for Colas' new headquarters.

18.4 Finance leases

								Falling due			
	31/12/2018	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Less than 1 year	1 to 5 years	More than 5 years	31/12/2017 restated
Finance leases	45			42		3		13	29	3	15

Finance lease obligations in the balance sheet increased by a net amount of €30 million in 2018, of which €28 million was due to new obligations assumed by Colas, largely as a result of the acquisition of the Miller McAsphalt group.

18.5 Other commitments

Bouygues Telecom

Licences to use frequencies in the 800 MHz and 700 MHz bands

The 20-year licences to use frequencies in the 800 MHz and 700 MHz bands awarded to Bouygues Telecom in 2012 (800 MHz) and 2015 (700 MHz) are subject to an obligation to open the frequencies to Mobile Virtual Network Operators (MVNOs), and to roll out coverage of the population in mainland France progressively (98% within 12 years, 99.6% within 15 years).

These coverage obligations include a priority roll-out zone defined by Arcep (the French telecoms regulator) to be covered simultaneously by the 700 MHz and 800 MHz frequencies (97.7% within 15 years), and an obligation to provide coverage in each French department (90% within 12 years, 95% within 15 years).

The 700 MHz licence includes a new obligation to provide day-to-day coverage of 90% of trains on the railway network in mainland France 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 in 2011 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 refarmed to 4G.

Authorisation to refarm technologically equivalent frequencies in the 900, 1800 MHz and 2100 MHz bands

On 12 January 2018, the French government and Arcep (the French telecoms regulator) signed the "New Deal Mobile" agreement with the four mobile operators, aimed at extending quality mobile coverage to all French people. The desired objective of digital roll-out across France led to stringent coverage obligations being imposed on the operators, in return for a ten-year renewal of their licences to use frequencies in the 900 MHz, 1800 MHz and 2100 MHz bands.

Given that Bouygues Telecom's current licences expire in 2022 (2100 MHz band) and in 2024 (900 MHz and 1800 MHz bands), Arcep (in decision 2018-0680 of 3 July 2018) amended the existing frequency licences to incorporate the new roll-out requirements. Subsequently (in decision 2018–1390 of 15 November 2018), Arcep formally renewed the 900 MHz, 1800 MHz and 2100 MHz licences for a further ten years. Consequently, Bouygues Telecom now holds licences to use the 900 MHz and 1800 MHz bands until 8 December 2034, and the 2100 MHz band until 11 December 2032. All frequency bands are now technologically equivalent, and hence can be used independently for 2G/3G/4G.

Obligations imposed in return for licences to use frequencies in the 900, 1800 and 2100 MHz bands

The coverage obligations imposed on Bouygues Telecom by the decisions renewing the 900 MHz, 1800 MHz and 2100 MHz licences are as follows:

- participating in the targeted coverage scheme intended to increase coverage in mainland France: 5,000 new zones to be covered, with a maximum of 600 in 2018; 700 in 2019; 800 in 2020, 2021 and 2022; then 600 a year until the 5,000 target is met. Some of the 5,000 zones will be covered by active network-sharing between the four operators, and some by passive network-sharing between two or three operators;
- installing 4G capability across all network sites: 100% of existing sites by 31 December 2020, except for sites in the "Town Centre Blind Spots" programme, of which 75% must be upgraded to 4G by 31 December 2020 and 100% by 31 December 2022;
- achieving good coverage for 99.6% of the population in mainland France (excluding non-European territories and dependencies) by 9 December 2027, rising to 99.8% by 9 December 2031;
- covering the strategic road network (other than inside vehicles) by 31 December 2020;
- covering the strategic road network (from inside vehicles) by 9 October 2025;
- covering 90% of the regional rail network by 31 December 2025;
- implementing WiFi voice and text messaging in the core network by 31 December 2018, and enabling customers with a compatible handset and plan to activate WiFi voice services by 31 December 2018 and WiFi text messaging by 1 October 2019;
- by 31 December 2018, have a commercially available offer that allows public-sector enterprises or employees to access indoor coverage provided by the network of any other operator bound by the same obligation (Free, Orange, SFR);
- provide a very-high-speed fixed service across some or all of the network by 1 July 2018.

Blind spots

The law of 6 August 2015 on growth, business and equality of economic opportunity required the blind spots programme (initially launched in 2004) to be extended to additional municipalities that currently have no coverage in the town or village centre, as well as retaining the requirement to provide coverage in the residual blind spots identified in previous laws passed in 2004 and 2008. The law also introduced a new programme aimed at providing coverage in areas with concentrations of businesses, tourist sites and public facilities that currently have no network access. For both these programmes, municipalities will make high ground available to the operators for mast sites.

The four mobile operators signed an agreement in February 2016 under which each will contribute its fair share in providing coverage in residual blind spots and extending the original programme. At the third Inter-Ministerial Rural Affairs Committee session of 2016, the mobile operators undertook to expand the existing priority zones programme to 1,300 sites. A new agreement was signed in February 2017.

As of 31 December 2018, the progress made by Bouygues Telecom on its commitments was in compliance with the deadlines stipulated in the law and with the timetable issued by Arcep.

Under the New Deal, all municipalities not covered by one or more operators will now be dealt with in the targeted coverage scheme. As regards existing sites covered by the "Town Centre Blind Spots" programme, the New Deal requires Bouygues Telecom to extend 4G to 75% of those sites by the end of 2020 and 100% by the end of 2022.

18.6 Contingent assets and liabilities

None.

Note 19 Employee benefit obligations and employee share ownership

19.1 Average headcount

	2018	2017
Managerial staff	23,358	22,335
Technical, supervisory & clerical staff	19,479	19,417
Site workers	24,757	24,987
SUB-TOTAL: HEADCOUNT FRANCE	**67,863**	**66,739**
Expatriate staff and local employment contracts	58,552	53,097
TOTAL AVERAGE HEADCOUNT	**126,416**	**119,836**

The main reason for the increase in headcount is the acquisitions carried out during the year.

19.2 Employee benefit obligations

	31/12/2017 restated	Movements during 2018	31/12/2018
Lump-sum retirement benefits	517	11	528
Long service awards and other benefits	153	(10)	143
Other post-employment benefits (pensions)	102	46	148
TOTAL	**772**	**47**	**819**

These obligations are covered by non-current provisions.

19.3 Employee benefit obligations and pension obligations (post-employment benefits) excluding long-service awards

19.3.1 Defined-contribution plans

	2018	2017 restated
Amount recognised as an expense	(1,890)	(1,774)

This defined-contribution expense consists of contributions to:

- the public health insurance scheme and the supplementary health insurance scheme;
- pension funds (compulsory and supplementary schemes);
- unemployment insurance funds.

19.3.2 Defined-benefit plans

19.3.2.1 Provisions for retirement benefit and pension obligations

	Lump-sum retirement benefits		Pensions		Total	
	31/12/2018	31/12/2017 restated	31/12/2018	31/12/2017 restated	31/12/2018	31/12/2017 restated
Present value of obligation	534	524	536	498	1,070	1,022
Fair value of plan assets (dedicated funds)	(6)	(7)	(388)	(396)	(394)	(403)
NET OBLIGATION RECOGNISED AS A PROVISION	**528**	**517**	**148**	**102**	**676**	**619**
Ratio of plan assets to present value of obligation			72%	80%		

	Lump-sum retirement benefits		Pensions	
	2018	2017 restated	2018	2017 restated
START OF PERIOD	**517**	**501**	**102**	**113**
Service cost	24	23	11	3
Interest cost on the obligation	7	8	1	1
NET EXPENSE/(GAIN) RECOGNISED IN PROFIT OR LOSS	**31**	**31**	**12**	**4**
Reversals of provisions (utilised)	(26)	(27)	(5)	(2)
Translation adjustments and changes in scope of consolidation	(15)	(1)	76 [a]	(4)
Actuarial gains and losses recognised in equity	21	14	(39)	(10)
Transfers and other movements		(1)	2	1
END OF PERIOD	**528**	**517**	**148**	**102**

(a) Mainly relates to the commitments of Alpiq Engineering Services.

19.3.2.2 Analysis by business segment: year ended 31 December 2018

	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total
Expense/(income) recognised in income statement for change in provision for lump-sum retirement benefits, net of reversals	(2)		2		4	1	5
Expense/(income) recognised in income statement for change in provision for pensions, net of reversals	(5)		12				7
Non-current provisions (balance sheet):							
• lump-sum retirement benefits	186	19	198	41	64	20	528
• pensions	78 [a]		70				148

(a) Mainly relates to the commitments of Alpiq Engineering Services.

19.3.2.3 Analysis by geographical area: 31 December 2018

	France [a]	European Union	Rest of Europe	Africa	Americas	Asia-Pacific	Middle East	Total
Expense/(income) recognised in income statement for change in provision for lump-sum retirement benefits, net of reversals	6			(1)				5
Expense/(income) recognised in income statement for change in provision for pensions, net of reversals	10	(2)			(1)			7
Non-current provisions (balance sheet):								
• lump-sum retirement benefits	519	1		5	2	1		528
• pensions	3	133			12			148

(a) Including French overseas departments.

19.3.2.4 Main actuarial assumptions used to measure lump-sum retirement benefit obligations

	2018	2017
Discount rate [a]	2.10% (iBoxx A10+)	1.50% (iBoxx A10+)
Life 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% to 2.8%	1% to 2.8%

(a) An increase of 70 basis points in the discount rate would reduce the obligation by €45m as of 31 December 2018. Under Group accounting policies, any such actuarial losses would have been recognised directly in equity.
(b) Includes general inflation.

19.4 Employee share ownership

Stock options

The total number of effectively exercisable options is 6,514,483.

Quoted market price 31 December 2018: €31.34

Plan grant date	Outstanding options at 31/12/2018	Earliest normal exercise date	Earliest company savings scheme exercise date	Exercise price (€)	Number of effectively exercisable options
13/06/2012	821,858	14/06/2016	14/06/2013	20.11	821,858
28/03/2013	1,243,399	29/03/2017	29/03/2014	22.28	1,243,399
27/03/2014	2,152,109	28/03/2018	28/03/2015	30.32	2,152,109
28/05/2015	2,162,491	29/05/2017	29/05/2016	37.11	
30/05/2016	2,297,117	31/05/2018	31/05/2017	29.00	2,297,117
01/06/2017	2,501,350	02/06/2019	02/06/2018	37.99	
01/06/2018	2,570,700	02/06/2020	02/06/2019	41.57	
TOTAL	**13,749,024**				**6,514,483**

Stock options are effectively exercisable if they meet both of the following conditions:

- they must be legally exercisable as of 31 December 2018, either by normal exercise (2 or 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 2018, in other words the exercise price must be less than the closing share price on that date (the last quoted price of the year), i.e. €31.34.

Note 20 Disclosures on related parties and remuneration of directors and senior executives

20.1 Related party information

	Expenses		Income		Receivables		Payables	
	2018	2017 restated	2018	2017 restated	31/12/2018	31/12/2017 restated	31/12/2018	31/12/2017 restated
Parties with an ownership interest	6	5						
Joint operations	131	117	289	334	265	260	301	268
Joint ventures and associates	35	31	151	130	243	145	69	29
Other related parties	34	48	124	88	63	91	42	51
TOTAL	**206**	**201**	**564**	**552**	**571**	**496**	**412**	**348**
Maturity								
• less than 1 year					518	457	408	345
• 1 to 5 years					27	22	4	3
• more than 5 years					26	17		
of which impairment of doubtful receivables (mainly non-consolidated companies)					72	71		

Identity of related parties:

- parties with an ownership interest: SCDM (a company controlled by Martin and Olivier Bouygues);
- joint operations: primarily construction project companies;
- 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)

Direct remuneration in respect of the 2018 financial year for key executives (members of the Group Management Committee in post on 31 December 2018) amounted to €17,628,472, comprising basic remuneration of €7,024,072 plus variable remuneration of €10,604,400 paid in 2019 on the basis of 2018 performance. Directors' fees paid to key executives in respect of directorships held at Bouygues SA and various subsidiaries amounted to €352,456.

Directors' fees paid to non-executive directors in respect of directorships held at Bouygues SA and various subsidiaries amounted to €683,977.

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 supplementary pension is capped at eight times the annual French social security ceiling, and management of the scheme is contracted out to an insurance company. Contributions paid into the fund managed by the insurance company amounted to €4,000,000 in 2018.

Long-term benefits: none.

Termination benefits: The provision for lump-sum retirement benefits payable to members of the Group Management Committee in post as of 31 December 2018 was increased by €765,867.

Share-based payment: 320,000 stock options were awarded to members of the Group Management Committee on 1 June 2018, at an exercise price of €41.567 each. The earliest exercise date is 2 June 2020, and the expense recognised in the year ended 31 December 2018 was €172,837.

Note 21 Additional cash flow statement information and changes in working capital related to operating activities

21.1 Cash flows of acquired and divested subsidiaries

	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues SA & other	Total 31/12/2018
Cash	155	(1)	(78)	(64)	(1)	11
Inventories	8	(39)	(64)	(4)		(99)
Trade receivables	(111)	(50)	20	(34)		(175)
Customer contract assets	(111)		(26)			(137)
Other current receivables	(190)	35	(114)	(16)		(285)
Non-current assets (other than goodwill)	(161)	56	(465)	(51)	7	(614)
Goodwill	(508)		(162)	(237)		(907)
Trade payables	16	(5)	48	21		80
Customer contract liabilities	36		(21)			15
Other current liabilities	455	(29)	63	24	(6)	507
Non-current and current debt	(17)	29	6	16		34
Non-current provisions	89		(58)			31
Non-current taxes	9	2	53	20		84
PURCHASE PRICE OF CONSOLIDATED ACTIVITIES NET OF DISPOSALS	**(330)**	**(2)**	**(798)**	**(325)**		**(1,455)**
Cash of acquired or divested companies	(155)	1	78	64	1	(11)
Net liabilities related to consolidated activities	(1)	(2)	3		(1)	(1)
NET CASH INFLOW/(OUTFLOW) FROM ACQUISITIONS AND DIVESTMENTS OF SUBSIDIARIES	**(486)**	**(3)**	**(717)**	**(261)**		**(1,467)**

The principal acquisitions and divestments in the period were as follows:

- Bouygues Construction: acquisitions of the Alpiq Engineering Services group (Switzerland) and AW Edwards (Australia), and divestments of Asia World Expo (Hong Kong), Axione and IEC Hong Kong Ltd;
- Colas: acquisitions of the Miller McAsphalt group (Canada), Alpiq Engineering Services group (Switzerland) and Top Coat Asphalt (Australia), and of the operations of SERB, ASA (USA) and CMGO (France);
- TF1: acquisitions of the aufeminin group, Doctissimo and Gamned!.

21.2 Held-for-sale assets and operations and liabilities related to held-for-sale operations

As of 31 December 2018, Smac (the waterproofing business of Colas) is classified in "Held-for-sale assets and operations" and "Liabilities related to held-for-sale operations" (see Note 1.2 to the consolidated financial statements).

	Total 31/12/2018
Cash	4 [a]
Inventories	43
Trade and other receivables	216
Non-current assets (other than goodwill)	59
Goodwill	10
TOTAL ASSETS	**332**
Overdrafts and short-term bank borrowings	5 [a]
Trade payables & other current liabilities	247
Non-current and current debt	7
Non-current provisions	66
Non-current taxes	
TOTAL LIABILITIES	**325**
Shareholders' equity	**7**

(a) Cash flow statement:

Opening cash position on 1 January 2018	**9**
– net cash generated by/(used in) operating activities	(5)
– net cash generated by/(used in) investing activities	(3)
– net cash generated by/(used in) financing activities	(2)
Closing cash position at 31 December 2018	**(1)**

21.3 Changes in working capital related to operating activities

Changes in working capital include changes in current provisions recognised in the balance sheet.

	2018	2017 restated
Assets		
Inventories/Programmes/Broadcasting rights	(232)	(40)
Advances and down-payments made on orders	(58)	(46)
Trade receivables	(314)	(456)
Customer contract assets	(47)	(214)
Other current receivables and current financial assets	263	(165)
SUB-TOTAL	**(388)**	**(921)**
Liabilities		
Trade payables	(161)	386
Customer contract liabilities	691	(90)
Current provisions	21	(64)
Other current liabilities and current financial liabilities	(558)	173
SUB-TOTAL	**(7)**	**405**
CHANGES IN WORKING CAPITAL RELATED TO OPERATING ACTIVITIES [a]	**(395)**	**(516)**

(a) Assets/Liabilities: decrease/(increase) in working capital related to operating activities

21.4 Income taxes paid

The net cash outflow for "Income taxes paid" in the cash flow statement has been restated for 2017 to exclude movements related to tax credits, which are now presented within "Changes in working capital related to operating activities".

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 consolidated companies, as expensed through the income statement in 2018 (in thousands of euros).

	Mazars network				EY network				Other firms [a]				Total	
	Amount (excl. VAT)		%	%	Amount (excl. VAT)		%	%	Amount (excl. VAT)		%	%		
	2018	2017 restated	2018	2017 restated	2018	2017 restated	2018	2017 restated	2018	2017 restated	2018	2017 restated	2018	2017 restated
A – Audit														
Audit of consolidated and individual company financial statements	(8,525)	(6,962)	96%	95%	(5,876)	(5,110)	87%	89%	(4,957)	(5,418)	44%	80%	(19,358)	(17,490)
• Bouygues SA	(252)	(262)			(252)	(263)							(504)	(525)
• Consolidated subsidiaries	(8,273)	(6,700)			(5,624)	(4,847)			(4,957)	(5,418)			(18,854)	(16,965)
Related engagements	(271)	(390)	4%	5%	(681)	(524)	10%	9%	(1,844)	(323)	16%	5%	(2,796)	(1,237)
• Bouygues SA	(23)	(22)			(242)	(91)							(265)	(113)
• Consolidated subsidiaries	(248)	(368)			(439)	(433)			(1,844)	(323)			(2,531)	(1,124)
SUB-TOTAL	**(8,796)**	**(7,352)**	**100%**	**100%**	**(6,557)**	**(5,634)**	**97%**	**98%**	**(6,801)**	**(5,741)**	**60%**	**85%**	**(22,154)**	**(18,727)**
B – Other services														
Legal, tax, employment law	(15)	(1)	0%	0%	(191)	(95)	3%	2%	(4,429)	(929)	38%	13%	(4,635)	(1,025)
Other items	(29)		0%						(161)	(88)	2%	2%	(190)	(88)
SUB-TOTAL	**(44)**	**(1)**	**0%**	**0%**	**(191)**	**(95)**	**3%**	**2%**	**(4,590)**	**(1,017)**	**41%**	**15%**	**(4,825)**	**(1,113)**
TOTAL FEE EXPENSE	**(8,840)**	**(7,353)**	**100%**	**100%**	**(6,748)**	**(5,729)**	**100%**	**100%**	**(11,391)**	**(6,758)**	**100%**	**100%**	**(26,979)**	**(19,840)**

(a) In the interests of completeness, this table includes fees paid to other firms (mainly KPMG for Colas).

"Related engagements" and "Other services" as shown in the table above for the Mazars and EY networks include all services other than statutory audit and mainly comprise assurance or agreed-upon procedure engagements relating to financial data; procedures performed in connection with the declaration of extra-financial performance and acquisition audits; and reviews of the first-time application of new accounting standards.

Related engagements and other services performed by other firms mainly relate to procedures carried out by KPMG for Colas in connection with the acquisition of the Miller McAsphalt group and the divestment of Smac, and for Bouygues Construction in connection with the acquisitions of Alpiq Engineering Services and AW Edwards.

Note 23 Impacts of first-time application of IFRS 15, “Revenue from Contracts with Customers” and IFRS 9, “Financial Instruments”

This note presents the effect of first-time application of IFRS 15 and IFRS 9 on the consolidated financial statements and key performance indicators of the Bouygues group.

The Bouygues group has applied IFRS 15 with effect from 1 January 2018, with retrospective application and presentation of a comparative period. The first-time application of IFRS 15 has the effect of increasing shareholders' equity as of 31 December 2016 by €228 million, net of deferred taxes. The impacts on the balance sheet as of 31 December 2016, and on the financial statements for the year ended 31 December 2017, are presented below.

The principal restatements arising from the first-time application of IFRS 15 relate to:

- Construction businesses (Bouygues Construction, Bouygues Immobilier and Colas), and especially at Bouygues Immobilier, in particular off-plan sales under "VEFA" *(Ventes en l'État Futur d'Achèvement)* contracts in France. The principle of recognising revenue and margin over time is not called into question by IFRS 15. However, the calculation of the percentage of completion on residential and commercial property development projects now incorporates land-related costs. This means that more revenue and margin are recognised at the start of the project as compared with previous practice. The resulting restatement increases shareholders' equity as of 31 December 2016 by €64 million, net of deferred taxes.

For Bouygues Construction and Colas, the method used to recognise revenue over time is consistent with IFRS 15.

- Bouygues Telecom, as a result of the identification of two performance obligations on business and consumer contracts that combine a subscription with a subsidised handset; such contracts have to be split into separate components. Under IFRS 15, there are changes to (i) the split between the sale of the handset and the supply of the service and (ii) the revenue recognition pattern. This leads to accelerated revenue recognition on sales of handsets, resulting in a trade receivable being reported in the balance sheet for the difference between (i) the price paid by the customer on initial subscription and (ii) the transaction price. This asset is charged to profit or loss over the average life of the contract. Further impacts relate to certain contract origination and execution costs previously recognised as an expense in the period or capitalised, which under IFRS 15 are recognised in "Customer contract assets" and "Customer contract liabilities" in the balance sheet on signature of the contract and then charged as an operating expense over the average life of the contract. The resulting restatement increases shareholders' equity as of 31 December 2016 by €165 million, net of deferred taxes.
- TF1, where IFRS 15 changes the accounting treatment of distribution contracts, and the date of recognition of revenue generated by rights sales especially TV and SVoD [a], but with no material impact.

The Bouygues group is applying the classification, measurement and impairment principles of IFRS 9 retrospectively with effect from 1 January 2018, with no restatement of prior period comparatives on first-time application. The hedge accounting principles of IFRS 9 are also being applied with effect from 1 January 2018, using a prospective approach in accordance with the standard. The first-time application of IFRS 9 has the effect of reducing shareholders' equity as of 31 December 2017 by €19 million, net of deferred taxes. Most of this arises at Colas, due to the adoption of the expected loss method to account for impairment of trade receivables.

The principal restatements arising from the first-time application of IFRS 9 as of 31 December 2017 relate to:

- Investments in non-consolidated companies measured at fair value, for which the Group may elect, for each investment, to recognise changes in fair value either in shareholders' equity or in profit or loss.
- Impairments charged against trade receivables, which are based on expected losses.

The finalisation of the transition project confirmed the income statement impacts as presented in Note 23 to the consolidated financial statements for the year ended 31 December 2017, and led to a few reclassifications in the interim balance sheets within line items that impact on working capital related to operating activities. Finally, shareholders' equity as of 31 December 2017 after application of IFRS 9 and IFRS 15 amounts to €10,416 million, compared with €10,409 million as presented in Note 23 to the consolidated financial statements for the year ended 31 December 2017. The difference is due to the finalisation of the IFRS 9 transition project.

Impairment tests have been conducted on the Bouygues Telecom CGU to take account of the application of IFRS 15 as of 31 December 2016, and of IFRS 15 and IFRS 9 as of 31 December 2017. The results of those tests do not call into question the conclusions set out in Note 2.7.4.1 to the Bouygues group consolidated financial statements for the years ended 31 December 2016 and 31 December 2017.

(a) Subscription video on demand, which gives unlimited access to content in return for a monthly subscription.

Consolidated financial statements as of 31 December 2016, restated for IFRS 15

Balance sheet

Assets	31/12/2016 published	Construction businesses [a]	Bouygues Telecom	TF1 & other	Total impacts of IFRS 15	31/12/2016 restated
Property, plant and equipment	6,566		(154)		(154)	6,412
Intangible assets	2,180					2,180
Goodwill	5,367					5,367
Investments in joint ventures and associates	2,429					2,429
Other non-current financial assets	523					523
Deferred tax assets and non-current tax receivable	367	(19)			(19)	348
NON-CURRENT ASSETS	**17,432**	**(19)**	**(154)**		**(173)**	**17,259**
Inventories	2,955	(191)			(191)	2,764
Advances and down-payments made on orders	395					395
Trade receivables	6,367	(777)	229		(548)	5,819
Customer contract assets		1,128	311		1,439	1,439
Tax asset (receivable)	285					285
Other current receivables and prepaid expenses	2,509	(19)			(19)	2,490
Cash and cash equivalents	4,749					4,749
Financial instruments – Hedging of debt	17					17
Other current financial assets	24					24
CURRENT ASSETS	**17,301**	**141**	**540**		**681**	**17,982**
Held-for-sale assets and operations	121					121
TOTAL ASSETS	**34,854**	**122**	**386**		**508**	**35,362**

(a) Comprises Bouygues Construction, Bouygues Immobilier and Colas.

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Liabilities and shareholders' equity	31/12/2016 published	Construction businesses [a]	Bouygues Telecom	TF1 & other	Total impacts of IFRS 15	31/12/2016 restated
Share capital	355					355
Share premium and reserves	6,925	64	149		213	7,138
Translation reserve	128					128
Treasury shares						
Consolidated net profit/(loss)	732					732
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP	**8,140**	**64**	**149**		**213**	**8,353**
Non-controlling interests	1,280		16	(1)	15	1,295
SHAREHOLDERS' EQUITY	**9,420**	**64**	**165**	**(1)**	**228**	**9,648**
Non-current debt	6,180					6,180
Non-current provisions	2,199	(21)			(21)	2,178
Deferred tax liabilities and non-current tax liabilities	159	15	118		133	292
NON-CURRENT LIABILITIES	**8,538**	**(6)**	**118**		**112**	**8,650**
Advances and down-payments received on orders	1,010	(1,002)	(5)	(3)	(1,010)	
Current debt	265					265
Current taxes payable	109					109
Trade payables	7,140	124			124	7,264
Customer contract liabilities		3,221	210	17	3,448	3,448
Current provisions	1,002		(8)		(8)	994
Other current liabilities	7,159	(2,279)	(94)	(13)	(2,386)	4,773
Overdrafts and short-term bank borrowings	168					168
Financial instruments – Hedging of debt	19					19
Other current financial liabilities	24					24
CURRENT LIABILITIES	**16,896**	**64**	**103**	**1**	**168**	**17,064**
Liabilities related to held-for-sale operations						
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**34,854**	**122**	**386**		**508**	**35,362**
NET SURPLUS CASH/(NET DEBT)	**(1,866)**					**(1,866)**

(a) Comprises Bouygues Construction, Bouygues Immobilier and Colas.

Consolidated financial statements as of 31 December 2017, restated for IFRS 15 and IFRS 9

Balance sheet

Assets	31/12/2017 published	Construction businesses [a]	Bouygues Telecom	TF1 & other	Total impacts of IFRS 15	Impacts of IFRS 9	31/12/2017 restated
Property, plant and equipment	6,858		(199)	(1)	(200)		6,658
Intangible assets	2,132						2,132
Goodwill	5,385						5,385
Investments in joint ventures and associates	2,502						2,502
Other non-current financial assets	563			(1)	(1)	6	568
Deferred tax assets and non-current tax receivable	337	(14)			(14)		323
NON-CURRENT ASSETS	**17,777**	**(14)**	**(199)**	**(2)**	**(215)**	**6**	**17,568**
Inventories	3,037	(215)			(215)		2,822
Advances and down-payments made on orders	432						432
Trade receivables	6,732	(812)	233		(579)	(23)	6,130
Customer contract assets		1,194	376		1,570		1,570
Tax asset (receivable)	331						331
Other current receivables and prepaid expenses	2,581	(21)		2	(19)		2,562
Cash and cash equivalents	4,820						4,820
Financial instruments – Hedging of debt	15						15
Other current financial assets	15						15
CURRENT ASSETS	**17,963**	**146**	**609**	**2**	**757**	**(23)**	**18,697**
Held-for-sale assets and operations	38						38
TOTAL ASSETS	**35,778**	**132**	**410**		**542**	**(17)**	**36,303**

(a) Comprises Bouygues Construction, Bouygues Immobilier and Colas.

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Liabilities and shareholders' equity	31/12/2017 published	Construction businesses[a]	Bouygues Telecom	TF1 & other	Total impacts of IFRS 15	Impacts of IFRS 9	31/12/2017 restated
Share capital	366						366
Share premium and reserves	7,488	64	149		213	(23)	7,678
Translation reserve	(88)						(88)
Treasury shares							
Consolidated net profit/(loss)	1,085	1	(4)		(3)		1,082
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP	**8,851**	**65**	**145**		**210**	**(23)**	**9,038**
Non-controlling interests	1,359		15		15	4	1,378
SHAREHOLDERS' EQUITY	**10,210**	**65**	**160**		**225**	**(19)**	**10,416**
Non-current debt	5,788					3	5,791
Non-current provisions	2,085	(27)			(27)		2,058
Deferred tax liabilities and non-current tax liabilities	147	20	113		133	(1)	279
NON-CURRENT LIABILITIES	**8,020**	**(7)**	**113**		**106**	**2**	**8,128**
Advances and down-payments received on orders	1,101	(1,093)	(4)	(4)	(1,101)		
Current debt	736						736
Current taxes payable	115						115
Trade payables	7,349	140			140		7,489
Customer contract liabilities		2,895	266	23	3,184		3,184
Current provisions	889	1	(5)		(4)		885
Other current liabilities	7,109	(1,869)	(120)	(19)	(2,008)		5,101
Overdrafts and short-term bank borrowings	209						209
Financial instruments – Hedging of debt	16						16
Other current financial liabilities	24						24
CURRENT LIABILITIES	**17,548**	**74**	**137**		**211**		**17,759**
Liabilities related to held-for-sale operations							
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**35,778**	**132**	**410**		**542**	**(17)**	**36,303**
NET SURPLUS CASH/(NET DEBT)	**(1,914)**					**(3)**	**(1,917)**

(a) Comprises Bouygues Construction, Bouygues Immobilier and Colas.

Income statement

	FY 2017 published	Construction businesses[a]	Bouygues Telecom	TF1 & other	Total impacts of IFRS 15	FY 2017 restated
SALES	**32,904**	**37**	**(26)**	**8**	**19**	**32,923**
Other revenues from operations	150					150
Purchases used in production	(15,287)	(16)			(16)	(15,303)
Personnel costs	(7,336)					(7,336)
External charges	(7,280)		(39)	(8)	(47)	(7,327)
Taxes other than income tax	(668)	(1)		1		(668)
Net depreciation and amortisation expense	(1,655)		59		59	(1,596)
Charges to provisions and impairment losses, net of reversals due to utilisation	(330)					(330)
Change in production and property development inventories	85	(25)			(25)	60
Other income from operations	1,672		(3)	(1)	(4)	1,668
Other expenses on operations	(835)					(835)
CURRENT OPERATING PROFIT/(LOSS)	**1,420**	**(5)**	**(9)**		**(14)**	**1,406**
Other operating income	233					233
Other operating expenses	(120)					(120)
OPERATING PROFIT/(LOSS)	**1,533**	**(5)**	**(9)**		**(14)**	**1,519**
Financial income	25					25
Financial expenses	(251)					(251)
INCOME FROM NET SURPLUS CASH/(COST OF NET DEBT)	**(226)**					**(226)**
Other financial income	113					113
Other financial expenses	(75)					(75)
Income tax	(303)		4		4	(299)
Share of net profits/losses of joint ventures and associates	163	6			6	169
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**1,205**	**1**	**(5)**		**(4)**	**1,201**
Net profit/(loss) from discontinued and held-for-sale operations						
NET PROFIT/(LOSS)	1,205	1	(5)		(4)	1,201
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	**1,085**	**1**	**(4)**		**(3)**	**1,082**
Net profit/(loss) attributable to non-controlling interests	120		(1)		(1)	119
BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS (€)	**3.03**					**3.02**
DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS (€)	**3.01**					**3.00**
EBITDA	**2,968**	**(5)**	**(65)**		**(70)**	**2,898**

(a) Comprises Bouygues Construction, Bouygues Immobilier and Colas.

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Cash flow statement

	FY 2017 published	Construction businesses[a]	Bouygues Telecom	TF1 & other	Total impacts of IFRS 15	FY 2017 restated
CASH FLOW FROM CONTINUING OPERATIONS						
A - NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES						
Net profit/(loss) from continuing operations	1,205	1	(5)		(4)	1,201
Adjustments:						
Share of profits/losses reverting to joint ventures and associates, net of dividends received	(87)	(6)			(6)	(93)
Dividends from non-consolidated companies	(19)					(19)
Net charges to/(reversals of) depreciation, amortisation, and non-current impairment and provisions	1,638		(59)		(59)	1,579
Gains and losses on asset disposals	(367)					(367)
Miscellaneous non-cash charges	(15)					(15)
Cash flow after income from net surplus cash/(cost of net debt) and income tax	**2,355**	**(5)**	**(64)**		**(69)**	**2,286**
Reclassification of (income from net surplus cash)/cost of net debt	226					226
Elimination of income tax, including provisions for tax risks	303		(4)		(4)	299
Cash flow	**2,884**	**(5)**	**(68)**		**(73)**	**2,811**
Income taxes paid	(236)					(236)
Changes in working capital related to operating activities (including current impairment and provisions)	(484)	5	(36)	(1)	(32)	(516)
NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES	**2,164**		**(104)**	**(1)**	**(105)**	**2,059**
B - NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES						
Purchase price of property, plant and equipment and intangible assets	(2,036)		104	1	105	(1,931)
Proceeds from disposals of property, plant and equipment and intangible assets	509					509
Net liabilities related to property, plant and equipment and intangible assets	6					6
Purchase price of non-consolidated companies and other investments	(43)					(43)
Proceeds from disposals of non-consolidated companies and other investments	33					33
Net liabilities related to non-consolidated companies and other investments	65					65
Purchase price of investments in consolidated activities	(191)					(191)
Proceeds from disposals of investments in consolidated activities	121					121
Net liabilities related to consolidated activities	(2)					(2)
Other effects of changes in scope of consolidation: cash of acquired or divested companies	(9)					(9)
Other cash flows related to investing activities: changes in loans, dividends received from non-consolidated companies	(39)					(39)
NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES	**(1,586)**		**104**	**1**	**105**	**(1,481)**

	FY 2017 published	Construction businesses[a]	Bouygues Telecom	TF1 & other	Total impacts of IFRS 15	FY 2017 restated
C - NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES						
Capital increases/(reductions) paid by shareholders and non-controlling interests and other transactions between shareholders	326					326
Dividends paid to shareholders of the parent company	(568)					(568)
Dividends paid by consolidated companies to non-controlling interests	(38)					(38)
Change in current and non-current debt	123					123
Income from net surplus cash/(cost of net debt)	(226)					(226)
Other cash flows related to financing activities	21					21
NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES	**(362)**					**(362)**
D - EFFECT OF FOREIGN EXCHANGE FLUCTUATIONS	**(187)**					**(187)**
CHANGE IN NET CASH POSITION (A + B + C + D)	**29**					**29**
NET CASH POSITION AT START OF PERIOD	**4,581**					**4,581**
Net cash flows	29					29
Non-monetary flows	1					1
NET CASH POSITION AT END OF PERIOD	**4,611**					**4,611**
FREE CASH FLOW	**828**	**(5)**	**40**	**1**	**36**	**864**

(a) Comprises Bouygues Construction, Bouygues Immobilier and Colas.

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Note 24 Impacts of first-time application of IFRS 16, "Leases" and IFRIC 23, "Uncertainty over Income Tax Treatments"

This note presents the effects of first-time application of IFRS 16 and IFRIC 23 on the consolidated financial statements and key performance indicators of the Bouygues group.

The Bouygues group will apply IFRS 16 with effect from 1 January 2019, with retrospective application and presentation of a comparative year. For lessees, IFRS 16 will end the distinction previously made between operating leases and finance leases. Lessees will be required to account for all leases with a term of more than one year in a manner similar to that currently specified for finance leases under IAS 17 (see Note 2.7.1.2 to the consolidated financial statements); this involves the recognition of an asset for the rights, and a liability for the obligations, arising under the lease.

The Bouygues group has elected to use the practical expedients permitted by the standard, and to exclude leases where the as-new value of the underlying asset is less than €5,000 and leases with a reasonably certain lease term of less than twelve months. Such leases are recognised in profit and loss as and when payments are made. The Group has also elected to account for each lease component separately, distinguishing the lease components from the non-lease (service) components.

Bouygues has elected not to apply the option permitted by IFRS 16 of applying the standard to leases of intangible assets.

The impacts on the balance sheets as of 31 December 2017 (restated for IFRS 15 and IFRS 9) and 2018, and for the interim periods of 2018, are presented below; they relate mainly to the recognition of a right-of-use asset and a lease obligation, primarily in respect of property leases, radio sites and optical fibres. The lease term used is the non-cancellable period of the lease, plus any extension options that the Group is reasonably certain to exercise. In the case of property leases in France, the lease term is generally nine years. If there are no significant initial direct costs, the right-of-use corresponds to the present value of the future lease payments. Right-of-use assets are amortised, and an impairment loss is recognised where there is evidence of potential impairment.

The amounts of finance lease assets and liabilities currently classified as property, plant and equipment and as debt have been reclassified respectively as right-of-use assets and as lease obligations. Deferred taxes have been recognised on the difference between right-of-use assets and lease obligations falling within the scope of IFRS 16, as was previously the case for finance leases.

Overall, IFRS 16 has the effect of reducing consolidated shareholders' equity as of 31 December 2017 by €74 million, net of deferred taxes. Given the difference between the annual accounting period-ends of Alstom (31 March) and of Bouygues (31 December), the impact of the first-time application of IFRS 16 by Alstom has not been included in the balance sheets as of 31 December 2017 or 2018, or for the interim periods of 2018 as presented below. Alstom will not start to apply IFRS 16 until 1 April 2019, and will not disclose the impact on its shareholders' equity until it publishes its results for the first half of its 2019/2020 financial year. The reduction in the value of Alstom arising from Alstom's first-time application of IRFS 16 will therefore be recognised in the consolidated shareholders' equity of the Bouygues group as of 30 September 2019.

The first-time application of IFRS 16 does not alter the conclusions of the goodwill impairment tests conducted as of 31 December 2017 (restated) and 31 December 2018 (see Note 3.2.3.2 to the consolidated financial statements).

The Group will apply IFRIC 23 retrospectively with effect from 1 January 2019, with no restatement of prior period comparatives on first-time application. First-time application will have no impact on consolidated shareholders' equity, and will result in the reclassification as tax liabilities of provisions for risks relating to corporate income taxes. An initial estimate of the impact of IFRIC 23 on the balance sheet as of 31 December 2018 is presented below.

All of the restated financial statements presented below are provisional pending final quantification in the Group's information systems; they have not been subject to any audit or review by the statutory auditors.

Consolidated financial statements as of 31 December 2017, restated for IFRS 16

Balance sheet

Assets	31/12/2017 published [a]	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	31/12/2017 restated
Property, plant and equipment	6,658			(19)		(66) [b]		(85)	6,573
Right of use of leased assets		194	46	241	103	858	1	1,443	1,443
Intangible assets	2,132								2,132
Goodwill	5,385								5,385
Investments in joint ventures and associates	2,502								2,502
Other non-current financial assets	568								568
Deferred tax assets and non-current tax receivable	323	4	1	5				10	333
NON-CURRENT ASSETS	**17,568**	**198**	**47**	**227**	**103**	**792**	**1**	**1,368**	**18,936**
Inventories	2,822								2,822
Advances and down-payments made on orders	432								432
Trade receivables	6,130								6,130
Customer contract assets	1,570								1,570
Tax asset (receivable)	331								331
Other current receivables and prepaid expenses	2,562	20						20	2,582
Cash and cash equivalents	4,820								4,820
Financial instruments – Hedging of debt	15								15
Other current financial assets	15								15
CURRENT ASSETS	**18,697**	**20**						**20**	**18,717**
Held-for-sale assets and operations	38								38
TOTAL ASSETS	**36,303**	**218**	**47**	**227**	**103**	**792**	**1**	**1,388**	**37,691**

Liabilities and shareholders' equity	31/12/2017 published [a]	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	31/12/2017 restated
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP	**9,038**	**(13)**	**(3)**	**(23)**	**(1)**	**(29)**		**(69)**	**8,969**
Non-controlling interests	1,378				(2)	(3)		(5)	1,373
SHAREHOLDERS' EQUITY	**10,416**	**(13)**	**(3)**	**(23)**	**(3)**	**(32)**		**(74)**	**10,342**
Non-current debt	5,791			(9)				(9)	5,782
Non-current lease obligations		176	40	202	93	711		1,222	1,222
Non-current provisions	2,058		1					1	2,059
Deferred tax liabilities and non-current tax liabilities	279			(1)	(1)	(11)		(13)	266
NON-CURRENT LIABILITIES	**8,128**	**176**	**41**	**192**	**92**	**700**		**1,201**	**9,329**
Current debt	736			(5)		(1)		(6)	730
Current lease obligations		65	9	63	14	125	1	277	277
Current taxes payable	115								115
Trade payables	7,489	1						1	7,490
Customer contract liabilities	3,184								3,184
Current provisions	885								885
Other current liabilities	5,101	(11)						(11)	5,090
Overdrafts and short-term bank borrowings	209								209
Financial instruments – Hedging of debt	16								16
Other current financial liabilities	24								24
CURRENT LIABILITIES	**17,759**	**55**	**9**	**58**	**14**	**124**	**1**	**261**	**18,020**
Liabilities related to held-for-sale operations									
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**36,303**	**218**	**47**	**227**	**103**	**792**	**1**	**1,388**	**37,691**
NET DEBT	**(1,917)**	**(241)**	**(49)**	**(251)**	**(107)**	**(835)**	**(1)**	**(1,484)**	**(3,401)**
IFRS 16 lease obligations		241	49	265	107	836	1	1,499	1,499
ADJUSTED NET DEBT	**(1,917)**			**14**		**1**		**15**	**(1,902)**

(a) The balance sheet as of 31 December 2017 has been restated for the effects of applying IFRS 9 and IFRS 15.
(b) Includes reclassification of €65m of dismantling costs.

Consolidated financial statements as of 31 March 2018, restated for IFRS 16

Balance sheet

Assets	31/03/2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	31/03/2018 restated
Property, plant and equipment	6,786			(19)		(63)[a]		(82)	6,704
Right of use of leased assets		184	44	229	99	848	1	1,405	1,405
Intangible assets	2,096								2,096
Goodwill	5,958								5,958
Investments in joint ventures and associates	2,556								2,556
Other non-current financial assets	558								558
Deferred tax assets and non-current tax receivable	378	4	1	5				10	388
NON-CURRENT ASSETS	**18,332**	**188**	**45**	**215**	**99**	**785**	**1**	**1,333**	**19,665**
Inventories	3,009								3,009
Advances and down-payments made on orders	484								484
Trade receivables	5,783								5,783
Customer contract assets	1,989								1,989
Tax asset (receivable)	380								380
Other current receivables and prepaid expenses	2,608	24						24	2,632
Cash and cash equivalents	3,034								3,034
Financial instruments – Hedging of debt	14								14
Other current financial assets	17								17
CURRENT ASSETS	**17,318**	**24**						**24**	**17,342**
Held-for-sale assets and operations	13								13
TOTAL ASSETS	**35,663**	**212**	**45**	**215**	**99**	**785**	**1**	**1,357**	**37,020**

(a) Includes reclassification of €63m of dismantling costs.

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Liabilities and shareholders' equity	31/03/2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	31/03/2018 restated
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP	**8,953**	**(13)**	**(4)**	**(22)**	**(1)**	**(27)**		**(67)**	**8,886**
Non-controlling interests	1,390				(2)	(3)		(5)	1,385
SHAREHOLDERS' EQUITY	**10,343**	**(13)**	**(4)**	**(22)**	**(3)**	**(30)**		**(72)**	**10,271**
Non-current debt	6,274			(8)				(8)	6,266
Non-current lease obligations		170	38	188	89	698		1,183	1,183
Non-current provisions	2,035		2					2	2,037
Deferred tax liabilities and non-current tax liabilities	259			(1)	(2)	(10)		(13)	246
NON-CURRENT LIABILITIES	**8,568**	**170**	**40**	**179**	**87**	**688**		**1,164**	**9,732**
Current debt	344			(5)				(5)	339
Current lease obligations		66	9	63	15	127	1	281	281
Current taxes payable	128								128
Trade payables	6,827								6,827
Customer contract liabilities	1,506								1,506
Current provisions	791								791
Other current liabilities	6,869	(11)						(11)	6,858
Overdrafts and short-term bank borrowings	261								261
Financial instruments – Hedging of debt	14								14
Other current financial liabilities	12								12
CURRENT LIABILITIES	**16,752**	**55**	**9**	**58**	**15**	**127**	**1**	**265**	**17,017**
Liabilities related to held-for-sale operations									
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**35,663**	**212**	**45**	**215**	**99**	**785**	**1**	**1,357**	**37,020**
NET DEBT	**(3,845)**	**(236)**	**(47)**	**(238)**	**(104)**	**(825)**	**(1)**	**(1,451)**	**(5,296)**
IFRS 16 lease obligations		236	47	251	104	825	1	1,464	1,464
ADJUSTED NET DEBT	**(3,845)**			**13**				**13**	**(3,832)**

Income statement

	Q1 2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	Q1 2018 restated
SALES	**6,826**								**6,826**
Other revenues from operations	63								63
Purchases used in production	(3,061)								(3,061)
Personnel costs	(1,759)								(1,759)
External charges	(1,764)	21	3	19	5	42	(1)	89	(1,675)
Taxes other than income tax	(236)								(236)
Net depreciation and amortisation expense on property, plant and equipment and intangible assets	(366)								(366)
Net amortisation expense on right of use of leased assets		(18)	(2)	(15)	(4)	(33)		(72)	(72)
Net charges to provisions and impairment losses, net of reversals due to utilisation	17								17
Change in production and property development inventories	35								35
Other income from operations	324								324
Other expenses on operations	(190)								(190)
CURRENT OPERATING PROFIT/(LOSS)	**(111)**	**3**	**1**	**4**	**1**	**9**	**(1)**	**17**	**(94)**
Other operating income	71								71
Other operating expenses	(16)								(16)
OPERATING PROFIT/(LOSS)	**(56)**	**3**	**1**	**4**	**1**	**9**	**(1)**	**17**	**(39)**
Financial income	10								10
Financial expenses	(64)								(64)
Interest expense on lease obligations		(3)	(1)	(3)	(1)	(6)		(14)	(14)
INCOME FROM NET SURPLUS CASH/ (COST OF NET DEBT)	**(54)**	**(3)**	**(1)**	**(3)**	**(1)**	**(6)**		**(14)**	**(68)**

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	Q1 2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	Q1 2018 restated
Other financial income	12								12
Other financial expenses	(14)								(14)
Income tax	54					(1)	1		54
Share of net profits/losses of joint ventures and associates	83		(1)					(1)	82
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**25**		**(1)**	**1**		**2**		**2**	**27**
Net profit/(loss) from discontinued and held-for-sale operations									
NET PROFIT/(LOSS)	**25**		**(1)**	**1**		**2**		**2**	**27**
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	**12**		**(1)**	**1**		**2**		**2**	**14**
Net profit/(loss) attributable to non-controlling interests	13								13
BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS (€)	**0.03**								**0.04**
DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS (€)	**0.03**								**0.04**

EBITDA	**137**	**21**	**3**	**19**	**5**	**42**	**(1)**	**89**	**226**

Cash flow statement

	Q1 2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	Q1 2018 restated
CASH FLOW FROM CONTINUING OPERATIONS									
A - NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES									
Net profit/(loss) from continuing operations	25		(1)	1		2		2	27
Adjustments:									
Share of profits/losses reverting to joint ventures and associates, net of dividends received	(79)		1					1	(78)
Dividends from non-consolidated companies									
Net charges to/(reversals of) depreciation, amortisation and non-current impairment and provisions	362								362
Net charges to amortisation and impairment expense and other adjustments to right of use of leased assets		22	2	15	4	33		76	76
Gains and losses on asset disposals	(82)								(82)
Miscellaneous non-cash charges	(8)								(8)
Cash flow after cost of net debt	**218**	**22**	**2**	**16**	**4**	**35**		**79**	**297**
Reclassification of cost of net debt	54	3	1	3	1	6		14	68
Elimination of income tax, including provisions for tax risks	(54)					1	(1)		(54)
Cash flow	**218**	**25**	**3**	**19**	**5**	**42**	**(1)**	**93**	**311**
Income taxes paid	(39)								(39)
Changes in working capital related to operating activities (including current impairment and provisions)	(864)	(4)					1	(3)	(867)
NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES	**(685)**	**21**	**3**	**19**	**5**	**42**		**90**	**(595)**

	Q1 2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	Q1 2018 restated
B - NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES									
NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES	**(1,122)**								**(1,122)**
C - NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES									
Capital increases/(reductions) paid by shareholders and non-controlling interests and other transactions between shareholders	(43)								(43)
Dividends paid to shareholders of the parent company									
Dividends paid by consolidated companies to non-controlling interests									
Change in current and non-current debt	79								79
Change in current and non-current lease obligations		(18)	(2)	(16)	(4)	(36)		(76)	(76)
Cost of net debt	(54)	(3)	(1)	(3)	(1)	(6)		(14)	(68)
Other cash flows related to financing activities	18								18
NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES		**(21)**	**(3)**	**(19)**	**(5)**	**(42)**		**(90)**	**(90)**
D - EFFECT OF FOREIGN EXCHANGE FLUCTUATIONS	(31)								(31)
CHANGE IN NET CASH POSITION (A + B + C + D)	(1,838)								(1,838)
NET CASH POSITION AT START OF PERIOD	**4,611**								**4,611**
Net cash flows	(1,838)								(1,838)
Non-monetary flows									
NET CASH POSITION AT END OF PERIOD	**2,773**								**2,773**
FREE CASH FLOW	**(150)**	**22**	**2**	**16**	**4**	**35**		**79**	**(71)**

Consolidated financial statements as of 30 June 2018, restated for IFRS 16

Balance sheet

Assets	30/06/2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	30/06/2018 restated
Property, plant and equipment	6,897			(18)		(61)[a]		(79)	6,818
Right of use of leased assets		188	44	223	101	832	1	1,389	1,389
Intangible assets	2,088								2,088
Goodwill	6,249								6,249
Investments in joint ventures and associates	2,542								2,542
Other non-current financial assets	570								570
Deferred tax assets and non-current tax receivable	356	4	1	5			(1)	9	365
NON-CURRENT ASSETS	**18,702**	**192**	**45**	**210**	**101**	**771**		**1,319**	**20,021**
Inventories	3,083								3,083
Advances and down-payments made on orders	504								504
Trade receivables	7,170								7,170
Customer contract assets	2,037								2,037
Tax asset (receivable)	231								231
Other current receivables and prepaid expenses	2,939	23						23	2,962
Cash and cash equivalents	2,505								2,505
Financial instruments – Hedging of debt	12								12
Other current financial assets	12								12
CURRENT ASSETS	**18,493**	**23**						**23**	**18,516**
Held-for-sale assets and operations	16								16
TOTAL ASSETS	**37,211**	**215**	**45**	**210**	**101**	**771**		**1,342**	**38,553**

(a) Includes reclassification of €60m of dismantling costs.

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Liabilities and shareholders' equity	30/06/2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	30/06/2018 restated
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP	**8,613**	**(12)**	**(4)**	**(22)**	**(1)**	**(28)**	**(1)**	**(68)**	**8,545**
Non-controlling interests	1,334				(2)	(3)		(5)	1,329
SHAREHOLDERS' EQUITY	**9,947**	**(12)**	**(4)**	**(22)**	**(3)**	**(31)**	**(1)**	**(73)**	**9,874**
Non-current debt	6,786			(6)		(1)		(7)	6,779
Non-current lease obligations		170	38	181	89	685		1,163	1,163
Non-current provisions	2,029		2					2	2,031
Deferred tax liabilities and non-current tax liabilities	255			(1)	(2)	(11)		(14)	241
NON-CURRENT LIABILITIES	**9,070**	**170**	**40**	**174**	**87**	**673**		**1,144**	**10,214**
Current debt	459			(5)				(5)	454
Current lease obligations		68	9	63	17	129	1	287	287
Current taxes payable	137								137
Trade payables	7,603	1						1	7,604
Customer contract liabilities	3,831								3,831
Current provisions	765								765
Other current liabilities	5,073	(12)						(12)	5,061
Overdrafts and short-term bank borrowings	295								295
Financial instruments – Hedging of debt	19								19
Other current financial liabilities	12								12
CURRENT LIABILITIES	**18,194**	**57**	**9**	**58**	**17**	**129**	**1**	**271**	**18,465**
Liabilities related to held-for-sale operations									
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**37,211**	**215**	**45**	**210**	**101**	**771**		**1,342**	**38,553**
NET DEBT	**(5,042)**	**(238)**	**(47)**	**(233)**	**(106)**	**(813)**	**(1)**	**(1,438)**	**(6,480)**
IFRS 16 lease obligations		238	47	244	106	814	1	1,450	1,450
ADJUSTED NET DEBT	**(5,042)**			**11**		**1**		**12**	**(5,030)**

Income statement

	H1 2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	H1 2018 restated
SALES	**15,743**								**15,743**
Other revenues from operations	91								91
Purchases used in production	(7,291)								(7,291)
Personnel costs	(3,741)								(3,741)
External charges	(3,769)	42	6	37	10	81		176	(3,593)
Taxes other than income tax	(372)								(372)
Net depreciation and amortisation expense on property, plant and equipment and intangible assets	(803)								(803)
Net amortisation expense on right of use of leased assets		(37)	(5)	(30)	(8)	(66)	(1)	(147)	(147)
Net charges to provisions and impairment losses, net of reversals due to utilisation	(34)								(34)
Change in production and property development inventories	117								117
Other income from operations	690	1						1	691
Other expenses on operations	(328)								(328)
CURRENT OPERATING PROFIT/(LOSS)	**303**	**6**	**1**	**7**	**2**	**15**	**(1)**	**30**	**333**
Other operating income	109								109
Other operating expenses	(29)								(29)
OPERATING PROFIT/(LOSS)	**383**	**6**	**1**	**7**	**2**	**15**	**(1)**	**30**	**413**
Financial income	15								15
Financial expenses	(122)								(122)
Interest expense on lease obligations		(5)	(1)	(6)	(2)	(13)		(27)	(27)
INCOME FROM NET SURPLUS CASH/ (COST OF NET DEBT)	**(107)**	**(5)**	**(1)**	**(6)**	**(2)**	**(13)**		**(27)**	**(134)**
Other financial income	33								33
Other financial expenses	(29)								(29)
Income tax	(57)					(1)		(1)	(58)
Share of net profits/losses of joint ventures and associates	89		(1)					(1)	88
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**312**	**1**	**(1)**	**1**		**1**	**(1)**	**1**	**313**

	H1 2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	H1 2018 restated
Net profit/(loss) from discontinued and held-for-sale operations									
NET PROFIT/(LOSS)	**312**	**1**	**(1)**	**1**		**1**	**(1)**	**1**	**313**
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	**260**	**1**	**(1)**	**1**		**1**	**(1)**	**1**	**261**
Net profit/(loss) attributable to non-controlling interests	52								52
BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS (€)	**0.71**								**0.71**
DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS (€)	**0.70**								**0.71**
EBITDA	**932**	**43**	**6**	**37**	**10**	**81**		**177**	**1,109**

Cash flow statement

	H1 2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	H1 2018 restated
CASH FLOW FROM CONTINUING OPERATIONS									
A - NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES									
Net profit/(loss) from continuing operations	312	1	(1)	1		1	(1)	1	313
Adjustments:									
Share of profits/losses reverting to joint ventures and associates, net of dividends received	(57)		1					1	(56)
Dividends from non-consolidated companies	(9)								(9)
Net charges to/(reversals of) depreciation, amortisation and non-current impairment and provisions	788								788
Net charges to amortisation and impairment expense and other adjustments to right of use of leased assets		36	5	30	8	66	1	146	146
Gains and losses on asset disposals	(132)								(132)
Miscellaneous non-cash charges	(20)								(20)

	H1 2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	H1 2018 restated
Cash flow after cost of net debt	**882**	**37**	**5**	**31**	**8**	**67**		**148**	**1,030**
Reclassification of cost of net debt	107	5	1	6	2	13		27	134
Elimination of income tax, including provisions for tax risks	57					1		1	58
Cash flow	**1,046**	**42**	**6**	**37**	**10**	**81**		**176**	**1,222**
Income taxes paid	(121)								(121)
Changes in working capital related to operating activities (including current impairment and provisions)	(1,274)	1						1	(1,273)
NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES	**(349)**	**43**	**6**	**37**	**10**	**81**		**177**	**(172)**
B - NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES									
NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES	**(1,864)**								**(1,864)**
C - NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES									
Capital increases/(reductions) paid by shareholders and non-controlling interests and other transactions between shareholders	(47)								(47)
Dividends paid to shareholders of the parent company	(620)								(620)
Dividends paid by consolidated companies to non-controlling interests	(60)								(60)
Change in current and non-current debt	596								596
Change in current and non-current lease obligations		(38)	(5)	(31)	(8)	(68)		(150)	(150)
Cost of net debt	(107)	(5)	(1)	(6)	(2)	(13)		(27)	(134)
Other cash flows related to financing activities	19								19

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	H1 2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	H1 2018 restated
NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES	**(219)**	**(43)**	**(6)**	**(37)**	**(10)**	**(81)**		**(177)**	**(396)**
D - EFFECT OF FOREIGN EXCHANGE FLUCTUATIONS	31								31
CHANGE IN NET CASH POSITION (A + B + C + D)	(2,401)								(2,401)
NET CASH POSITION AT START OF PERIOD	**4,611**								**4,611**
Net cash flows	(2,401)								(2,401)
Non-monetary flows									
NET CASH POSITION AT END OF PERIOD	**2,210**								**2,210**
FREE CASH FLOW	**111**	**37**	**5**	**31**	**8**	**67**		**148**	**259**

Consolidated financial statements as of 30 September 2018, restated for IFRS 16

Balance sheet

Assets	30/09/2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	30/09/2018 restated
Property, plant and equipment	7,143			(34)		(56) [a]		(90)	7,053
Right of use of leased assets		189	42	306	97	821	1	1,456	1,456
Intangible assets	2,072								2,072
Goodwill	6,564								6,564
Investments in joint ventures and associates	2,551								2,551
Other non-current financial assets	536								536
Deferred tax assets and non-current tax receivable	328	4	1	5				10	338
NON-CURRENT ASSETS	**19,194**	**193**	**43**	**277**	**97**	**765**	**1**	**1,376**	**20,570**
Inventories	3,139								3,139
Advances and down-payments made on orders	546								546
Trade receivables	7,598								7,598
Customer contract assets	2,339								2,339
Tax asset (receivable)	327								327
Other current receivables and prepaid expenses	2,824	23						23	2,847
Cash and cash equivalents	2,016								2,016
Financial instruments – Hedging of debt	11								11
Other current financial assets	8								8
CURRENT ASSETS	**18,808**	**23**						**23**	**18,831**
Held-for-sale assets and operations	10								10
TOTAL ASSETS	**38,012**	**216**	**43**	**277**	**97**	**765**	**1**	**1,399**	**39,411**

(a) Includes reclassification of €58m of dismantling costs.

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Liabilities and shareholders' equity	30/09/2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	30/09/2018 restated
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP	**9,008**	**(12)**	**(4)**	**(22)**	**(1)**	**(31)**		**(70)**	**8,938**
Non-controlling interests	1,375				(2)	(3)		(5)	1,370
SHAREHOLDERS' EQUITY	**10,383**	**(12)**	**(4)**	**(22)**	**(3)**	**(34)**		**(75)**	**10,308**
Non-current debt	6,804			(22)		(1)		(23)	6,781
Non-current lease obligations		174	36	265	85	681	1	1,242	1,242
Non-current provisions	2,015		2					2	2,017
Deferred tax liabilities and non-current tax liabilities	278			(1)	(2)	(12)		(15)	263
NON-CURRENT LIABILITIES	**9,097**	**174**	**38**	**242**	**83**	**668**	**1**	**1,206**	**10,303**
Current debt	332			(9)		(1)		(10)	322
Current lease obligations		64	9	66	17	132		288	288
Current taxes payable	186								186
Trade payables	7,875	1						1	7,876
Customer contract liabilities	3,585								3,585
Current provisions	806								806
Other current liabilities	5,345	(11)						(11)	5,334
Overdrafts and short-term bank borrowings	374								374
Financial instruments – Hedging of debt	15								15
Other current financial liabilities	14								14
CURRENT LIABILITIES	**18,532**	**54**	**9**	**57**	**17**	**131**		**268**	**18,800**
Liabilities related to held-for-sale operations									
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**38,012**	**216**	**43**	**277**	**97**	**765**	**1**	**1,399**	**39,411**
NET DEBT	**(5,498)**	**(238)**	**(45)**	**(300)**	**(102)**	**(811)**	**(1)**	**(1,497)**	**(6,995)**
IFRS 16 lease obligations		238	45	331	102	813	1	1,530	1,530
ADJUSTED NET DEBT	**(5,498)**			**31**		**2**		**33**	**(5,465)**

Income statement

	9m 2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	9m 2018 restated
SALES	**25,219**								**25,219**
Other revenues from operations	131								131
Purchases used in production	(11,768)								(11,768)
Personnel costs	(5,751)								(5,751)
External charges	(5,813)	63	9	55	15	117	1	260	(5,553)
Taxes other than income tax	(516)								(516)
Net depreciation and amortisation expense on property, plant and equipment and intangible assets	(1,244)								(1,244)
Net amortisation expense on right of use of leased assets		(57)	(7)	(47)	(12)	(100)		(223)	(223)
Net charges to provisions and impairment losses, net of reversals due to utilisation	(112)								(112)
Change in production and property development inventories	86								86
Other income from operations	1,086	1	(1)	1				1	1,087
Other expenses on operations	(498)								(498)
CURRENT OPERATING PROFIT/(LOSS)	**820**	**7**	**1**	**9**	**3**	**17**	**1**	**38**	**858**
Other operating income	242								242
Other operating expenses	(44)								(44)
OPERATING PROFIT/(LOSS)	**1,018**	**7**	**1**	**9**	**3**	**17**	**1**	**38**	**1,056**
Financial income	21								21
Financial expenses	(184)								(184)
Interest expense on lease obligations		(7)	(1)	(8)	(3)	(20)	(1)	(40)	(40)
INCOME FROM NET SURPLUS CASH/(COST OF NET DEBT)	**(163)**	**(7)**	**(1)**	**(8)**	**(3)**	**(20)**	**(1)**	**(40)**	**(203)**
Other financial income	59	1						1	60
Other financial expenses	(34)								(34)
Income tax	(266)					1		1	(265)
Share of net profits/losses of joint ventures and associates	253		(1)					(1)	252
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**867**	**1**	**(1)**	**1**		**(2)**		**(1)**	**866**

	9m 2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	9m 2018 restated
Net profit/(loss) from discontinued and held-for-sale operations									
NET PROFIT/(LOSS)	**867**	**1**	**(1)**	**1**		**(2)**		**(1)**	**866**
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	**772**	**1**	**(1)**	**1**		**(2)**		**(1)**	**771**
Net profit/(loss) attributable to non-controlling interests	95								95
BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS (€)	**2.11**								**2.10**
DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS (€)	**2.09**								**2.09**
EBITDA	**1,924**	**64**	**8**	**56**	**15**	**117**	**1**	**261**	**2,185**

Cash flow statement

	9m 2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	9m 2018 restated
CASH FLOW FROM CONTINUING OPERATIONS									
A - NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES									
Net profit/(loss) from continuing operations	867	1	(1)	1		(2)		(1)	866
Adjustments:									
Share of profits/losses reverting to joint ventures and associates, net of dividends received	(190)		1					1	(189)
Dividends from non-consolidated companies	(29)								(29)
Net charges to/(reversals of) depreciation, amortisation and non-current impairment and provisions	1,223								1,223
Net charges to amortisation and impairment expense and other adjustments to right of use of leased assets		60	7	47	12	100		226	226
Gains and losses on asset disposals	(214)								(214)
Miscellaneous non-cash charges	(9)								(9)
Cash flow after cost of net debt	**1,648**	**61**	**7**	**48**	**12**	**98**		**226**	**1,874**

	9m 2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	9m 2018 restated
Reclassification of (income from net surplus cash)/cost of net debt	163	7	1	8	3	20	1	40	203
Elimination of income tax, including provisions for tax risks	266					(1)		(1)	265
Cash flow	**2,077**	**68**	**8**	**56**	**15**	**117**	**1**	**265**	**2,342**
Income taxes paid	(257)								(257)
Changes in working capital related to operating activities (including current impairment and provisions)	(1,649)	(2)						(2)	(1,651)
NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES	**171**	**66**	**8**	**56**	**15**	**117**	**1**	**263**	**434**
B - NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES									
NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES	**(2,782)**								**(2,782)**
C - NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES									
Capital increases/(reductions) paid by shareholders and non-controlling interests and other transactions between shareholders	(173)								(173)
Dividends paid to shareholders of the parent company	(620)								(620)

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	9m 2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	9m 2018 restated
Dividends paid by consolidated companies to non-controlling interests	(60)								(60)
Change in current and non-current debt	612								612
Change in current and non-current lease obligations		(59)	(7)	(48)	(12)	(97)		(223)	(223)
Cost of net debt	(163)	(7)	(1)	(8)	(3)	(20)	(1)	(40)	(203)
Other cash flows related to financing activities	19								19
NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES	**(385)**	**(66)**	**(8)**	**(56)**	**(15)**	**(117)**	**(1)**	**(263)**	**(648)**
D - EFFECT OF FOREIGN EXCHANGE FLUCTUATIONS	**27**								**27**
CHANGE IN NET CASH POSITION (A + B + C + D)	**(2,969)**								**(2,969)**
NET CASH POSITION AT START OF PERIOD	**4,611**								**4,611**
Net cash flows	(2,969)								(2,969)
Non-monetary flows									
NET CASH POSITION AT END OF PERIOD	**1,642**								**1,642**
FREE CASH FLOW	**469**	**61**	**7**	**48**	**12**	**98**		**226**	**695**

Consolidated financial statements as of 31 December 2018, restated for IFRS 16 and IFRIC 23

Balance sheet

Assets	2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	Impacts of IFRIC 23	2018 restated
Property, plant and equipment	7,432			(50)		(55) [a]		(105)		7,327
Right of use of leased assets		249	40	370	98	802	2	1,561		1,561
Intangible assets	2,198									2,198
Goodwill	6,301									6,301
Investments in joint ventures and associates	2,633									2,633
Other non-current financial assets	536									536
Deferred tax assets and non-current tax receivable	317	3	1	5				9		326
NON-CURRENT ASSETS	**19,417**	**252**	**41**	**325**	**98**	**747**	**2**	**1,465**		**20,882**
Inventories	3,154									3,154
Advances and down-payments made on orders	483									483
Trade receivables	6,389									6,389
Customer contract assets	2,026									2,026
Tax asset (receivable)	260									260
Other current receivables and prepaid expenses	2,684	23						23		2,707
Cash and cash equivalents	2,928									2,928
Financial instruments – Hedging of debt	11									11
Other current financial assets	10									10
CURRENT ASSETS	**17,945**	**23**						**23**		**17,968**
Held-for-sale assets and operations	332			8				8		340
TOTAL ASSETS	**37,694**	**275**	**41**	**333**	**98**	**747**	**2**	**1,496**		**39,190**

(a) Includes reclassification of €55m of dismantling costs.

Liabilities and shareholders' equity	2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	Impacts of IFRIC 23	2018 restated
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP	**9,726**	**(13)**	**(4)**	**(22)**	**(2)**	**(32)**	**1**	**(72)**		**9,654**
Non-controlling interests	1,391				(2)	(3)		(5)		1,386
SHAREHOLDERS' EQUITY	**11,117**	**(13)**	**(4)**	**(22)**	**(4)**	**(35)**	**1**	**(77)**		**11,040**
Non-current debt	5,080			(30)		(2)		(32)		5,048
Non-current lease obligations		222	35	317	85	662	2	1,323		1,323
Non-current provisions	2,068		2					2	(28)	2,042
Deferred tax liabilities and non-current tax liabilities	348			(2)	(2)	(12)	(1)	(17)		331
NON-CURRENT LIABILITIES	**7,496**	**222**	**37**	**285**	**83**	**648**	**1**	**1,276**	**(28)**	**8,744**
Current debt	1,253			(12)		(1)		(13)		1,240
Current lease obligations		77	8	74	19	135		313		313
Current taxes payable	126								28	154
Trade payables	7,423									7,423
Customer contract liabilities	3,665									3,665
Current provisions	995									995
Other current liabilities	5,010	(11)						(11)		4,999
Overdrafts and short-term bank borrowings	238									238
Financial instruments – Hedging of debt	25									25
Other current financial liabilities	21									21
CURRENT LIABILITIES	**18,756**	**66**	**8**	**62**	**19**	**134**		**289**	**28**	**19,073**
Liabilities related to held-for-sale operations	325			8				8		333
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**37,694**	**275**	**41**	**333**	**98**	**747**	**2**	**1,496**		**39,190**
NET DEBT	**(3,657)**	**(299)**	**(43)**	**(349)**	**(104)**	**(794)**	**(2)**	**(1,591)**		**(5,248)**
IFRS 16 lease obligations		299	43	391	104	797	2	1,636		1,636
ADJUSTED NET DEBT	**(3,657)**			**42**		**3**		**45**		**(3,612)**

Income statement

	2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	2018 restated
SALES	**35,555**								**35,555**
Other revenues from operations	185								185
Purchases used in production	(16,715)								(16,715)
Personnel costs	(7,975)								(7,975)
External charges	(7,845)	90	11	77	20	157		355	(7,490)
Taxes other than income tax	(687)								(687)
Net depreciation and amortisation expense on property, plant and equipment and intangible assets	(1,703)								(1,703)
Net amortisation expense on right of use of leased assets		(87)	(9)	(68)	(17)	(134)	1	(314)	(314)
Net charges to provisions and impairment losses, net of reversals due to utilisation	(417)								(417)
Change in production and property development inventories	94								94
Other income from operations	1,862	8		5				13	1,875
Other expenses on operations	(843)	(1)						(1)	(844)
CURRENT OPERATING PROFIT/(LOSS)	**1,511**	**10**	**2**	**14**	**3**	**23**	**1**	**53**	**1,564**
Other operating income	371								371
Other operating expenses	(106)								(106)
OPERATING PROFIT/(LOSS)	**1,776**	**10**	**2**	**14**	**3**	**23**	**1**	**53**	**1,829**
Financial income	29								29
Financial expenses	(245)								(245)
Interest expense on lease obligations		(11)	(2)	(13)	(4)	(27)		(57)	(57)
COST OF NET DEBT	**(216)**	**(11)**	**(2)**	**(13)**	**(4)**	**(27)**		**(57)**	**(273)**
Other financial income	81	1						1	82
Other financial expenses	(64)								(64)
Income tax	(427)					1		1	(426)
Share of net profits/losses of joint ventures and associates	303		(1)					(1)	302
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**1,453**		**(1)**	**1**	**(1)**	**(3)**	**1**	**(3)**	**1,450**
Net profit/(loss) from discontinued and held-for-sale operations									
NET PROFIT/(LOSS)	**1,453**		**(1)**	**1**	**(1)**	**(3)**	**1**	**(3)**	**1,450**
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	**1,311**		**(1)**	**1**	**(1)**	**(3)**	**1**	**(3)**	**1,308**

	2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	2018 restated
Net profit/(loss) attributable to non-controlling interests	142								142
BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS (€)	**3.57**								**3.56**
DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS (€)	**3.55**								**3.54**
EBITDA	**3,144**	**97**	**11**	**82**	**20**	**157**		**367**	**3,511**

Cash flow statement

	2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	2018 restated
CASH FLOW FROM CONTINUING OPERATIONS									
A - NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES									
Net profit/(loss) from continuing operations	1,453		(1)	1	(1)	(3)	1	(3)	1,450
Adjustments:									
Share of profits/losses reverting to joint ventures and associates, net of dividends received	(186)		1					1	(185)
Dividends from non-consolidated companies	(32)								(32)
Net charges to/(reversals of) depreciation, amortisation and non-current impairment and provisions	1,762								1,762
Net charges to amortisation and impairment expense and other adjustments to right of use of leased assets		92	9	68	17	134	(1)	319	319
Gains and losses on asset disposals	(420)	(2)						(2)	(422)
Miscellaneous non-cash charges	(89)								(89)
Cash flow after cost of net debt	**2,488**	**90**	**9**	**69**	**16**	**131**		**315**	**2,803**
Reclassification of (income from net surplus cash)/cost of net debt	216	11	2	13	4	27		57	273
Elimination of income tax, including provisions for tax risks	427					(1)		(1)	426
Cash flow	**3,131**	**101**	**11**	**82**	**20**	**157**		**371**	**3,502**
Income taxes paid	(520)								(520)
Changes in working capital related to operating activities (including current impairment and provisions)	(395)	(4)						(4)	(399)
NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES	**2,216**	**97**	**11**	**82**	**20**	**157**		**367**	**2,583**

	2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	2018 restated
B - NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES									
NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES	**(3,084)**								**(3,084)**
C - NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES									
Capital increases/(reductions) paid by shareholders and non-controlling interests and other transactions between shareholders	(22)								(22)
Dividends paid to shareholders of the parent company	(620)								(620)
Dividends paid by consolidated companies to non-controlling interests	(92)								(92)
Change in current and non-current debt	(161)								(161)
Change in current and non-current lease obligations		(86)	(9)	(69)	(16)	(130)		(310)	(310)
Cost of net debt	(216)	(11)	(2)	(13)	(4)	(27)		(57)	(273)
Other cash flows related to financing activities	3								3
NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES	**(1,108)**	**(97)**	**(11)**	**(82)**	**(20)**	**(157)**		**(367)**	**(1,475)**
D - EFFECT OF FOREIGN EXCHANGE FLUCTUATIONS	**54**								**54**
CHANGE IN NET CASH POSITION (A + B + C + D)	**(1,922)**								**(1,922)**
NET CASH POSITION AT START OF PERIOD	**4,611**								**4,611**
Net cash flows	(1,922)								(1,922)
Non-monetary flows									
Held-for-sale operation	1								1
NET CASH POSITION AT END OF PERIOD	**2,690**								**2,690**
NET CASH INFLOW/(OUTFLOW) FROM DISCONTINUED AND HELD-FOR-SALE OPERATIONS									
NET CASH POSITION AT START OF PERIOD	**9**								**9**
Net cash flows	(10)								(10)
NET CASH POSITION AT END OF PERIOD	**1**								**1**
FREE CASH FLOW	**915**	**90**	**9**	**69**	**16**	**131**		**315**	**1,230**

Note 25 List of principal consolidated companies at 31 December 2018

Company	City/Country	% interest 2018	% interest 2017	% direct and indirect control[a] 2018	% direct and indirect control[a] 2017
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		
Brézillon SA	Orly	99.32	99.32		
Challenger SNC	Saint-Quentin-en-Yvelines	99.97	99.97		
DTP SAS	Saint-Quentin-en-Yvelines	99.97	99.97		
Bouygues Bâtiment Centre Sud-Ouest	Mérignac	99.97	99.97		
Bouygues Energies & Services SAS	Saint-Quentin-en-Yvelines	99.97	99.97		
Bouygues E&S FM France	Saint-Quentin-en-Yvelines	99.97	99.97		
Bouygues Bâtiment Sud-Est	Colombier-Saugnieu	99.97	99.97		
Bouygues Bâtiment Grand Ouest	Nantes	99.97	99.97		
Kohler Investment	Saint-Quentin-en-Yvelines	99.97	99.97		
Bouygues Bâtiment Nord-Est	Villeneuve d'Ascq	99.97	99.97		
Linkcity IDF (formerly Sodéarif SA)	Saint-Quentin-en-Yvelines	99.96	99.96		
Bouygues Bâtiment IDF PPP SA	Saint-Quentin-en-Yvelines	99.97	99.97		
Linkcity Sud-Est (formerly Cirmad Grand Sud)	Colombier-Saugnieu	99.97	99.97		
Property					
Bouygues Immobilier SAS	Issy-les-Moulineaux	100.00	100.00		
SCCV Lavoisier	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	Paris	96.65	96.60		
Aximum	Magny-les-Hameaux	96.65	96.60	100.00	100.00
Colas Rail and its subsidiaries	Maisons-Laffitte	96.65	96.60	100.00	100.00
Grands Travaux Océan Indien (GTOI) SA	Le Port (Reunion Island)	96.65	96.60	100.00	100.00
Smac and its subsidiaries	Boulogne-Billancourt	96.65	96.60	100.00	100.00
Spac and its subsidiaries	Clichy	96.65	96.60	100.00	100.00
Media					
Télévision Française 1	Boulogne-Billancourt	43.80	43.81		
aufeminin and its subsidiaries	Paris	43.80	N/A	100.00	N/A
Dujardin and its subsidiaries	Cestas	43.80	43.81	100.00	100.00
E-TF1	Boulogne-Billancourt	43.80	43.81	100.00	100.00
TF1 Séries Films (formerly HD1)	Boulogne-Billancourt	43.80	43.81	100.00	100.00
La Chaîne Info	Boulogne-Billancourt	43.80	43.81	100.00	100.00
Newen Studios and its subsidiaries	Paris	43.80	43.81	100.00	100.00
TFX (formerly NT1)	Boulogne-Billancourt	43.80	43.81	100.00	100.00

(a) Where percentage control differs from percentage interest.
N/A: not applicable.

Company	City/Country	% interest 2018	% interest 2017	% direct and indirect control [a] 2018	% direct and indirect control [a] 2017
Télé Monte Carlo	Monaco	43.80	43.81	100.00	100.00
Téléshopping	Boulogne-Billancourt	43.80	43.81	100.00	100.00
TF1 Droits Audiovisuels	Boulogne-Billancourt	43.80	43.81	100.00	100.00
TF1 Entertainment	Boulogne-Billancourt	43.80	43.81	100.00	100.00
TF1 Publicité	Boulogne-Billancourt	43.80	43.81	100.00	100.00
TF1 Vidéo	Boulogne-Billancourt	43.80	43.81	100.00	100.00
Telecoms					
Bouygues Telecom SA and its subsidiaries	Paris	90.53	90.53		
Other subsidiaries					
Bouygues Relais SNC	Paris	100.00	100.00		
GIE 32 Hoche	Paris	90.00	90.00		
Société Française de Participation & Gestion (SFPG) SA and its subsidiaries	Paris	99.84	99.76		
Joint operations					
Construction					
Evesa	Paris	47.49[b]	47.48	48.00	47.99
Oc'via Construction	Nîmes	73.16[c]	73.15	74.00	74.00
Joint ventures and associates					
Construction					
Consortium Stade de France SA	Saint-Denis	33.32	33.32		
Axione	Malakoff	50.98	99.97		
Property					
SAS NDH	Issy-les-Moulineaux	50.00	50.00		
Associates					
Alstom	Saint-Ouen	27.79	27.98		
INTERNATIONAL					
Companies controlled by Bouygues					
Construction					
Americaribe Inc.	Miami/United States	99.97	99.97		
AW Edwards Pty and its subsidiaries	NSW Northbridge/Australia	99.97	N/A		
Bouygues Construction Australia Pty	Sydney/Australia	99.97	99.97		
Bouygues Development Ltd	London/United Kingdom	99.97	99.97		
Bouygues Thai Ltd	Nonthaburi/Thailand	48.99	48.99		
Bouygues UK Ltd	London/United Kingdom	99.97	99.97		
Bouygues E&S Intec AG (Alpiq Engineering Services)	Zurich/Switzerland	99.97	N/A		
Kraftanlagen München GmbH (Alpiq Engineering Services)	Munich/Germany	99.97	N/A		
Bymaro	Casablanca/Morocco	99.96	99.97		
Dragages et TP (Hong Kong) Ltd	Hong Kong/China	99.97	99.97		
BYME Engineering (Hong Kong)	Hong Kong/China	99.97	89.97		
DTP Singapore Pte Ltd	Singapore	99.97	99.97		
Bouygues E&S Contracting UK	East Kilbride/Scotland	99.97	99.97		
Bouygues E&S FM UK	London/United Kingdom	99.97	99.97		
Karmar SA	Warsaw/Poland	99.97	99.97		
Bouygues E&S Schweiz AG (formerly Mibag Property FM)	Zurich/Switzerland	99.97	99.97		
Losinger Marazzi AG	Bern/Switzerland	99.97	99.97		
Losinger Holding AG	Lucerne/Switzerland	99.97	99.97		
Plan Group Inc. and its subsidiaries	Vaughan/Canada	99.97	84.97		

(a) Where percentage control differs from percentage interest.
N/A: not applicable.

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Company	City/Country	% interest 2018	% interest 2017	% direct and indirect control[a] 2018	% direct and indirect control[a] 2017
VCES Holding SRO and its subsidiaries	Prague/Czech Republic	99.97	99.97		
VSL International Ltd	Bern/Switzerland	99.97	99.97		
Property					
Bouygues Immobilier Polska Sarl	Warsaw/Poland	100.00	100.00		
Roads					
Colas Australia	Sydney/Australia	96.65	96.60	100.00	100.00
Colas Belgium and its subsidiaries	Brussels/Belgium	96.65	96.60	100.00	100.00
Colas Canada Inc. and its subsidiaries	Montreal Quebec/Canada	96.65[d]	96.60	100.00	100.00
Colas Cz	Prague/Czech Republic	95.78	95.73	99.10	99.10
Colas Danmark A/S	Glostrup/Denmark	96.65	96.60	100.00	100.00
Colas Hungaria and its subsidiaries	Budapest/Hungary	96.65	96.60	100.00	100.00
Colas Inc. and its subsidiaries	Morristown New Jersey/ United States	96.65	96.60	100.00	100.00
Colas Ltd and its subsidiaries	Rowfant, Crawley/ United Kingdom	96.65	96.60	100.00	100.00
Colas du Maroc and its subsidiaries	Casablanca/Morocco	96.65	96.60	100.00	100.00
Colas Suisse Holding SA and its subsidiaries	Lausanne/Switzerland	95.90	95.85	99.22	99.22
ISK	Kosice/Slovakia	96.65	96.60	100.00	100.00
Other subsidiaries					
Challenger Réassurance	Luxembourg	99.99	99.99		
Uniservice	Geneva/Switzerland	99.99	99.99		
Joint ventures and associates					
Construction					
Bina Fincom	Zagreb/Croatia	50.68	44.99		
Hermes Airports Ltd	Nicosia/Cyprus	21.99	21.99		
Roads					
Gamma Materials	Beau Bassin/Mauritius	48.33	48.30	50.00	50.00
Tipco Asphalt	Bangkok/Thailand	30.15	30.33	31.20	31.40

(a) Where percentage control differs from percentage interest.
(b) 32.99% Bouygues Construction, 14.50% Colas.
(c) 49.00% Bouygues Construction, 24.16% Colas Rail.
(d) Includes first-time consolidation of the Miller McAsphalt group.
N/A: not applicable.

A full list of consolidated entities is available from Karine Adam Gruson, Investor Relations Director.

7.2 AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Annual General Meeting of the shareholders of Bouygues,

Opinion

In accordance with the assignment entrusted to us by your Annual General Meetings, we have conducted our audit of the accompanying consolidated financial statements of Bouygues for the year ended 31 December 2018.

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 2018, and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union.

The opinion expressed above is consistent with the contents of our report to the Accounts Committee.

Basis for our opinion

Auditing standards

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our responsibilities under those standards are described in the section "Auditors' responsibilities for the audit of the consolidated financial statements" below.

Independence

We conducted our audit engagement in compliance with the rules on independence that applied to us during the period from 1 January 2018 to the date of issuance of this report. Specifically, we provided no services prohibited by Article 5, Paragraph 1 of Regulation (EU) No. 537/2014 or by the code of ethics of the auditing profession.

Emphasis of matter

Without modifying the opinion expressed above, we draw to your attention the matter described in Note 2 to the consolidated financial statements regarding the first-time application of IFRS 9 and IFRS 15, which are mandatorily applicable from 1 January 2018.

Justification of our assessments – Key audit matters

Pursuant to Articles L. 823-9 and R. 823-7 of the Commercial Code regarding the justification of our assessments, we draw your attention to key audit matters that relate to those risks of material misstatement that in our professional judgment were of the most significance in the audit of the consolidated financial statements for the year, and our response to those risks.

Our assessment should be seen in the context of the audit of the consolidated financial statements taken as a whole, and of the formation of our opinion as expressed above. We do not express an opinion on elements of the consolidated financial statements taken in isolation.

Measurement of goodwill and investments in associates

Assessed risk	Our response
As shown in the consolidated balance sheet for the year ended 31 December 2018, the Group's assets include non-current assets, in particular €6.3 billion of goodwill and €2.6 billion of investments in joint ventures and associates. Note 2.7.4 to the consolidated financial statements explains how the Group accounts for impairment of non-current assets and investments in associates: • Impairment tests are carried out on the carrying amount of goodwill 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 once a year. • Those recoverable amounts are determined using the methods described in Notes 2.7.4.1 and 2.7.4.2 to the consolidated financial statements, and may incorporate the estimates and assumptions described in Notes 3.2.3 and 3.2.5.2, including for example cash flow projections derived from three-year business plans, discount rates and a perpetual growth rate. We identified the measurement of goodwill and investments in associates as a key audit matter, insofar as it is sensitive to the estimates and assumptions used by management and hence can have a material effect on the financial statements.	Our principal procedures are summarised below: • We examined the accounting policies and methods used, to ensure that they are compliant and consistently applied. • We familiarised ourselves with documentation supplied by management in relation to impairment testing, and assessed its compliance with current accounting standards. • We analysed the assumptions used by the Group in calculating recoverable amounts (including an examination of the business plans, and of the consistency of the assumptions and calculation parameters used). • We performed our own analyses of sensitivity to changes in the calculation parameters. • We checked the disclosures provided in the notes to the consolidated financial statements, and in particular that Note 3.2.3.2 provides appropriate disclosures about analyses of the sensitivity of the recoverable amount of goodwill to changes in the key parameters used.

Accounting for construction contracts

Assessed risk	Our response
A significant portion of the Group's revenue is derived from construction contracts. Note 2.13.2 explains how construction contracts are accounted for. • For construction activities, the revenue recognised using the percentage of completion method 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 or to completed works. The latest estimate of the total selling price takes account of claims that have been accepted by the client or are regarded by management as highly probable. • For property development activities, revenues and profits are recognised using the percentage of completion method once certain conditions have been met (building permit with no appeal, signature of notarised deed of sale or development contract with the client, construction contract signed with the contractor). The percentage of completion represents construction costs recognised to date as a proportion of the total estimated costs to completion of the project, taking account of the progress towards legal completion of the sale in the case of property sales. The same note explains how the Bouygues group determines provisions for losses to completion on construction contracts. The loss is provided for in full as soon as it can be reliably measured, irrespective of the completion rate on the contract. Revenues and margins on construction contracts are particularly sensitive to: • measurement of the total selling price of the contract, which takes account of factors such as the contractual terms, price adjustment estimates, and any claims or penalties; • methods used to measure the percentage of completion on contracts in construction activities, and on progress towards legal completion of the sale in the case of property sales; • methods used to estimate costs incurred and projected future costs (expenditure budgets, assessment of risks and contingencies, scheduling). Consequently, we identified accounting for construction contracts as a key audit matter, insofar as the recognition of revenues and profits on such contracts is sensitive to management judgment and estimates and hence can have a material impact on the financial statements.	Our principal procedures are summarised below: • We obtained an understanding of procedures and any dedicated IT systems used by the most material subsidiaries to support the formation of construction contract revenue and monitor the corresponding expenditure. • We carried out general IT control tests on tools used to monitor contract execution. • We evaluated and tested the design and implementation of key manual and IT controls used in the Group's most material subsidiaries. • For activities involving low-value, low-risk contracts, we analysed the portfolio of contracts via an examination of material variances and atypical contributions from certain contracts. • For a sample of contracts (selected on the basis of our assessment of the risks incurred, the materiality of the contract and the level of complexity), we assessed the assumptions and estimates used to support the financial statements by reference to the available documentation (such as contracts and contract amendments, and budget tracking reports). • We physically inspected the highest-risk and highest-contributing worksites in order to measure the state of completion and assess the issues through discussions with on-site staff. • Based on our experience, we made an overall assessment of the estimates and assumptions supporting the recognition of revenue and profits, and of any provisions for losses to completion.

Provisions for litigation and claims

Assessed risk	Our response

Provisions for litigation and claims are included within non-current provisions in the consolidated balance sheet, and presented in Note 6.1 to the consolidated financial statements.
• As indicated in Notes 2.11.2 and 6.1, the amount recognised within non-current provisions must be the Group's best estimate of the net outflow of resources.
• Those notes describe the nature of the provisions intended to cover litigation and claims.
We identified this as a key audit matter, insofar as the amount of provisions for litigation and claims is sensitive to the estimates and assumptions used by the Group and hence can have a material impact on the financial statements.
	Our principal procedures are summarised below:
	• We examined the accounting policies and methods used, to ensure that they are compliant and consistently applied.
	• We obtained an understanding of the procedures applied at business segment level to identify, document, validate and monitor non-current provisions.
	• For a selection of risks we regarded as complex and material, we examined the soundness and underlying assumptions of the measurement of the risk and the amount of the year-end provision, including *inter alia:*
	  • an examination of documentation and correspondence with third parties, against which we tested management estimates;
	  • an examination of any relevant legal letters and written opinions from the Group's external counsel;
	  • interviews with appropriate managerial staff.
	• We spoke directly with the Group's legal advisers to obtain detailed information on ongoing material litigation, and in particular any associated claims, in order for us to assess the adequacy of the provisions recognised.
	• We checked the disclosures in the notes to the consolidated financial statements about the amount of non-current provisions, and about the principal claims and litigation involving the Group.

Accounting for significant acquisitions made during the year

Assessed risk	Our response
As disclosed in Note 1.2.1 to the consolidated financial statements, the Group made the following significant acquisitions in 2018: • the Miller McAsphalt group; • the Alpiq Engineering Services group; • the aufeminin group. Note 2.4 explains how business combinations are accounted for: • At the acquisition date, goodwill represents (i) the sum total of the consideration transferred and non-controlling interests minus (ii) the net amount recognised (usually at fair value) for the identifiable assets acquired and liabilities assumed, adjusted to reflect the fair value remeasurement of any previously-acquired equity interest. • Subsequently, goodwill is carried at *cost* net of any impairment losses determined in accordance with IAS 36. We identified the accounting treatment and presentation of these acquisitions as a key audit matter given the significant amounts of assets acquired and liabilities assumed, and the need to exercise judgement in identifying and measuring those assets and liabilities in accordance with the revised IFRS 3 (in particular as regards estimates of the fair value of property, plant and equipment and intangible assets).	Our principal procedures are summarised below: • We obtained documentation relating to the transaction, including the acquisition agreement and (where relevant) the public tender offer and squeeze-out procedure. • We spoke to management to obtain an understanding of the characteristics of the acquisitions, and to assess whether their accounting treatment was consistent with IFRS 10 and the revised IFRS 3. • Where relevant, we performed audit procedures on the consolidated balance sheet of the acquired sub-group as at the acquisition date. • We evaluated the methods used for first-time consolidation, familiarised ourselves with the Group's own assessments of whether its accounting policies had been correctly applied, and examined the determination of provisional goodwill. • Based on the independent expert's reports on the provisional goodwill allocation and with assistance from our own valuation experts, we assessed the independent expert's procedures and conclusions and the assumptions used to remeasure the acquired assets and assumed liabilities by reference to the criteria specified in the applicable accounting standards. • We assessed the appropriateness of the disclosures about the acquisitions provided in the notes to the financial statements.

Verification of information about the Group provided in the management report

As required by law, we also verified, in accordance with professional standards applicable in France, the information about the Group presented in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We hereby attest that the consolidated statement of extra-financial performance required pursuant to Article L. 225-102-1 of the Commercial Code is included in the management report, with the caveat that in accordance with Article L. 823-10 of that Code, we have not verified the fair presentation or consistency with the consolidated financial statements of the information contained in the statement of extra-financial performance.

Information required under other legal or regulatory obligations

Appointment as auditors

We were appointed as auditors of Bouygues by your Annual General Meetings of 10 June 1998 (Mazars) and of 24 April 2003 (Ernst & Young Audit).

As of 31 December 2018, Mazars was in its twenty-first uninterrupted year as auditor, and Ernst & Young Audit in its sixteenth.

Responsibilities of management, and of those charged with governance, for the consolidated financial statements

It is the responsibility of management to prepare consolidated financial statements that give a true and fair view in accordance with IFRS as endorsed by the European Union, and to implement such internal control as it determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, it is the responsibility of management to assess the company's ability to continue as a going concern; to disclose in those financial statements any matters relating to going concern; and to apply the going concern basis of accounting unless it is intended to liquidate the company or cease trading.

It is the responsibility of the Accounts Committee to oversee the process for the preparation of financial information and the effectiveness of internal control and risk management systems, and of internal audit, as regards procedures for preparing and processing accounting and financial information.

The consolidated financial statements have been closed off by the Board of Directors.

Auditors' responsibilities for the audit of the consolidated financial statements

Objectives and audit approach

It is our responsibility to prepare a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error, and are considered material if, individually or in the aggregate, they could be reasonably expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the Commercial Code, our audit does not involve guaranteeing the viability of the company or the quality of how it is managed.

As part of an audit in accordance with professional standards applicable in France, the auditor exercises professional judgment throughout the audit. In addition, the auditor:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, to obtain audit evidence that is sufficient and appropriate to provide a basis for the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;

- concludes on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. Those conclusions are based on the audit evidence obtained up to the date of the auditor's report, with the caveat that future events or conditions may cause a company to cease to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or disclaimer;
- evaluates the overall presentation of the consolidated financial statements, and whether the consolidated financial statements represent the underlying transactions and events in a manner that gives a true and fair view of them;
- obtains what the auditor considers sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements; is responsible for the direction, supervision and performance of the audit of the consolidated financial statements, and for the opinion expressed on those financial statements.

Report to the Accounts Committee

We submit a report to the Accounts Committee that describes *inter alia* the scope of our audit, the work programme followed, and our findings. We also inform the Accounts Committee of any significant deficiencies in internal control we identified as regards the procedures used for the preparation and processing of accounting and financial information.

The information contained in our report to the Accounts Committee includes those risks of material misstatement that we determined were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters that we are required to describe in the present report.

We also provide the Accounts Committee with written confirmation (as required under Article 6 of Regulation (EU) No. 537-2014) of our independence, within the meaning of the rules applicable in France and contained *inter alia* in Articles L. 822-10 to L. 822-14 of the Commercial Code and in the code of ethics of the French auditing profession. Where applicable, we also communicate with the Accounts Committee about risks to our independence, and related safeguards.

Paris-La Défense, 20 February 2019

The Statutory Auditors

MAZARS	**ERNST & YOUNG Audit**
Gilles Rainaut	Laurent Vitse

7.3 PARENT COMPANY FINANCIAL STATEMENTS (FRENCH GAAP)

7.3.1 Parent company balance sheet

Assets (€ million)	31/12/2018 Gross	31/12/2018 Depreciation, amortisation & impairment	31/12/2018 Net	31/12/2017 Net
Intangible assets	7	5	2	2
Property, plant and equipment				
Long-term investments				
• Holdings in subsidiaries and affiliates	10,835	304	10,531	10,375
• Loans and advances to subsidiaries and affiliates				
• Other	22		22	17
NON-CURRENT ASSETS	**10,864**	**309**	**10,555**	**10,394**
Inventories and work in progress				
Advances and down-payments made on orders				
Trade receivables	31		31	32
Other receivables	342	2	340	265
Short-term investments	597	1	596	618
Cash	598		598	2,336
CURRENT ASSETS	**1,568**	**3**	**1,565**	**3,251**
Other assets	72		72	89
TOTAL ASSETS	**12,504**	**312**	**12,192**	**13,734**

Liabilities (€ million)	31/12/2018	31/12/2017
Share capital	372	366
Share premium and reserves	3,009	2,846
Retained earnings	1,674	2,192
Net profit/(loss)	886	102
Restricted provisions	5	5
SHAREHOLDERS' EQUITY	**5,946**	**5,511**
Provisions	47	46
Debt	4,940	5,458
Advances and down-payments received on orders		
Trade payables	23	24
Other payables	244	209
LIABILITIES	**5,254**	**5,737**
Overdrafts and short-term bank borrowings	991	2,484
Other liabilities	1	2
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**12,192**	**13,734**

7.3.2 Income statement

	Full year	
(€ million)	**2018**	**2017**
SALES	**73**	**81**
Other operating revenues	2	2
Purchases and changes in inventory		
Taxes other than income tax	(3)	(3)
Personnel costs	(51)	(44)
Other operating expenses	(47)	(50)
Depreciation, amortisation, impairment and provisions, net	(4)	(13)
OPERATING PROFIT/(LOSS)	**(30)**	**(27)**
Financial income and expenses	761	(49)
PROFIT/(LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS	**731**	**(76)**
Exceptional items	1	
Statutory and voluntary profit-sharing	(1)	(1)
Income tax	155	179
NET PROFIT/(LOSS)	**886**	**102**

7.3.3 Cash flow statement

(€ million)	Full year 2018	2017
A – Operating activities		
Net profit/(loss)	886	102
Amortisation, depreciation and impairment of non current assets, net	(135)	2
Charges to/(reversals of) provisions, net	1	13
Deferred expenses, deferred income and accrued income	(1)	(1)
Gains and losses on disposals of non-current assets		(1)
Cash flow after income from net surplus cash/(cost of net debt) and income tax	**751**	**115**
Current assets	(75)	(88)
Current liabilities	34	32
Change in working capital	**(41)**	**(56)**
NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES	**710**	**59**
B – Investing activities		
Acquisitions of intangible assets and property, plant and equipment	(1)	(1)
Acquisitions and long-term investments	(9)	(2)
Increases in non-current assets	**(10)**	**(3)**
Disposals of non-current assets		7
Investments, net	**(10)**	**4**
Other long-term investments, net		
Amounts receivable/payable in respect of non-current assets, net		(2)
NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES	**(10)**	**2**
C – Financing activities		
Change in shareholders' equity	169	345
Dividends paid	(620)	(568)
Change in debt	(518)	6
Other cash flows from financing activities	2	20
NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES	**(967)**	**(197)**
CHANGE IN NET CASH POSITION (A + B + C)	**(267)**	**(136)**
NET CASH POSITION AT START OF PERIOD	**470**	**606**
Other non-monetary flows		
Net cash flows	(267)	(136)
CASH POSITION AT END OF PERIOD	**203**	**470**

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7.3.4 Notes to the parent company financial statements

Contents (figures expressed in millions of euros)

Note 1 Significant events of the year

1.1 Holdings in subsidiaries and affiliates

1.1.1 Bouygues Relais

On 11 December 2018, Bouygues subscribed €2.06 million to a Bouygues Relais cash share issue, by subscribing for 79,160 new shares with a par value of €26.

1.1.2 Byinvest

On 30 November 2018, Bouygues – in its capacity as sole shareholder – decided to increase the share capital of Byinvest by €2 million by issuing 200,000 new shares with a par value of €10, increasing the share capital from €1.04 million to €3.04 million.

On the same day, the sole shareholder decided to reduce the share capital by €1.85 million by partial absorption of accumulated losses. This involved reducing the number of shares by 185,199. After these transactions, the new share capital of Byinvest is €1.19 million.

1.1.3 Raise Ventures

On 6 July 2018, Bouygues subscribed to a €4.5-million cash share issue carried out by Raise Ventures and reserved for Bouygues.

On 12 July 2018, Bouygues paid up 50% of the subscription price, representing a payment of €2.25 million.

Bouygues also paid €0.5 million into the Raisesherpas endowment fund on 11 July 2018, under the terms of a patronage agreement dated 6 July 2018.

1.2 Alstom

On 17 July 2018, the Alstom shareholders approved resolutions relating to the proposed merger between Alstom and the Siemens Mobility businesses. The merger was subject to clearance from the competition authorities. The Alstom shareholders also approved the renewal of the terms of office as directors of Olivier Bouygues and Bouygues SA (standing representative: Philippe Marien). Also on 17 July 2018, the commitment by Bouygues to retain its Alstom shares (as described in the financial statements for the year ended 31 December 2017) ended.

As of 31 December 2018, the impairment loss against the investment in Alstom was partially reversed (by €159 million) on the basis of the average quoted market price of the shares on the last 19 trading days of December 2018.

1.3 Own shares

On 8 January 2018, Bouygues SA bought back 1,157,844 of its own shares from Natixis for €46.6 million. Those shares were cancelled pursuant to a Board decision of 21 February 2018.

1.4 Bouygues Confiance n°10

On 27 December 2018, Bouygues carried out a capital increase of €150 million (nominal and share premium).

This leveraged employee share ownership plan, known as Bouygues Confiance n°10, involved the issuance of 5,116,659 new shares (see Note 8).

1.5 Bond issue

The February 2010 bond issue of €500 million, which bore interest at 4.00%, was redeemed in full in February 2018.

1.6 Significant events subsequent to 31 December 2018

On 6 February 2019, the European Commission rejected the merger between Alstom and Siemens, who decided not to challenge that decision. The proposed merger has therefore been abandoned.

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.

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 2018. 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), 98.662% (October 2006 issue), 99.66% (February 2012 issue), 99.681% (October 2012 issue) and 99.046% (December 2016 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 (French national accounting standard-setter);
- vested rights as of 31 December 2018;
- 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 the average number of leavers (voluntary departures only) over the last five years;
- mortality by reference to INSEE 2012–2014 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 31/12/2017	Increases	Decreases	Balance at 31/12/2018
Intangible assets				
Software	6	1		7
Other				
Gross value	**6**	**1**		**7**
Accumulated amortisation	(4)	(1)		(5)
CARRYING AMOUNT	**2**			**2**
Property, plant and equipment				
Land and buildings				
Other				
Gross value				
Accumulated depreciation				
CARRYING AMOUNT				
Long-term investments				
Holdings in subsidiaries and affiliates	10,831	4		10,835
Loans and advances to subsidiaries and affiliates				
Other	17	5		22
Gross value	**10,848**	**9**		**10,857**
Impairment	(456)	(8)	(160) [a]	(304)
CARRYING AMOUNT	**10,392**	**1**	**(160)**	**10,553**
TOTAL CARRYING AMOUNT	**10,394**	**1**	**(160)**	**10,555**

(a) Includes a reversal of €159 million against the provision for impairment of the investment in Alstom (see Note 1.2).

Note 4 Current assets by maturity

	Gross value	< 1 year	> 1 year
Advances and down-payments made on orders			
Trade receivables	31	31	
Other receivables	342	340	2
TOTAL	**373**	**371**	**2**

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Note 5 Cash

	31/12/2018	31/12/2017
Term deposits with maturities of less than 3 months	52	1,357
Other items	546	979
TOTAL	**598**	**2,336**

Note 6 Other assets and liabilities

	31/12/2017	Increases	Decreases	31/12/2018	Amount due in < 1 year
Other assets					
Bond issue costs	7		(1)	6	1
Upfront payments on interest rate swaps: deferred charges	57		(8)	49	8
Bond redemption premium	14		(2)	12	2
Bond repurchase premium	10		(6)	4	4
Other	1	1	(1)	1	1
TOTAL	**89**	**1**	**(18)**	**72**	**16**
Other liabilities					
Upfront payments on interest rate swaps: deferred income	2		(1)	1	1
Other					
TOTAL	**2**		**(1)**	**1**	**1**

Note 7 Changes in shareholders' equity

SHAREHOLDERS' EQUITY AT 31 DECEMBER 2017 (BEFORE APPROPRIATION OF PROFITS)	**5,511**
Dividends paid	(620) [a]
SHAREHOLDERS' EQUITY AFTER APPROPRIATION OF PROFITS	**4,891**
Changes in share capital	6 [b]
Changes in share premium and reserves	163 [b]
Retained earnings	
Net profit/(loss) for the period	886
Investment grants	
Restricted provisions	
Other movements	
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2018 (BEFORE APPROPRIATION OF PROFITS)	**5,946**

(a) The Combined Annual General Meeting of 26 April 2018 approved the payment of a dividend of €1.70 per share, compared with €1.60 previously. Bouygues SA paid out €620.4 million on 4 May 2018.
(b) See Note 8.

Note 8 Composition of share capital

	Number of voting rights	Number of shares
START OF PERIOD	**489,672,012**	**366,125,285**
Movements during the period	9,012,205	6,252,654 [a]
END OF PERIOD	**498,684,217**	**372,377,939**
PAR VALUE		**€1**

Maximum number of potentially dilutive shares: 6,514,483

(a) Movements during the period:

Exercise of stock options: 2,293,839 shares issued for €67 million

- €2.3 million in share capital
- €64.3 million in share premium

Bouygues Confiance n°10 employee share ownership plan: 5,116,659 shares issued for €150 million

- €5.1 million in share capital
- €144.9 million in share premium

Own shares: the Board meeting of 21 February 2018 decided to cancel 1,157,844 of the company's own shares, acquired in January 2018 for €46.6 million.

Bouygues Confiance n°9 employee share ownership plan: the €18.7-million balance of the December 2017 capital increase of €150 million was collected in January 2018.

Bouygues Confiance n°10 employee share ownership plan: the €16.7-million balance of the December 2018 capital increase of €150 million was collected in January 2019.

The impact of this deferred cash settlement is presented in "Other cash flows from financing activities" in the 2018 cash flow statement. In the interests of consistency, the deferred cash settlements for the Bouygues Confiance n°8 and n°9 employee share ownership plans (previously classified as a change in current assets) have been presented in the 2017 cash flow statement, at an amount of €20 million.

Note 9 Provisions

	31/12/2017	Charge for the year	Reversals during the year: Used	Reversals during the year: Unused	31/12/2018
Provisions for subsidiaries	1			(1)	
Provisions for income taxes (tax risks)	4		(1)		3
Other provisions	7				7
Provisions for risks	**12**		**(1)**	**(1)**	**10**
Provisions for charges	**34**	**20**	**(17)**		**37**
TOTAL	**46**	**20**	**(18)**	**(1)**	**47**
			(19)		
Operating items		20	(17)		
Financial items			(1)		
Exceptional items (including taxes)			(1)		
		20	**(19)**		

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	
October 2006 bond issue [c]	602	7		595
October 2010 bond issue [d]	1,007	1,007		
February 2012 bond issue [e]	832	32	800	
October 2012 bond issue [f]	724	24	700	
December 2016 bond issue [g]	756	6		750
Bank borrowings				
Total debt	**4,940**	**1,095**	**2,500**	**1,345**
Trade payables	**23**	**23**		
Other payables	**244**	**244**		
Overdrafts and short-term bank borrowings	**991**	**991**		
Deferred income	**1**	**1**		
TOTAL	**6,199**	**2,354**	**2,500**	**1,345**

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) October 2006 bond issue:
- Amount: £400 million (€595.33 million) – Rate: 5.5%
- Redemption terms: redeemable in full at par on 6 October 2026.

(d) October 2010 bond issue:
- Amount: €1 billion – Rate: 3.641%
- Redemption terms: redeemable in full at par on 29 October 2019.

(e) February 2012 bond issue:
- Amount: €800 million – Rate: 4.50%
- Redemption terms: redeemable in full at par on 9 February 2022.

(f) October 2012 bond issue:
- Amount: €700 million – Rate: 3.625%
- Redemption terms: redeemable in full at par on 16 January 2023.

(g) December 2016 bond issue:
- Amount: €750 million – Rate: 1.375%
- Redemption terms: redeemable in full at par on 7 June 2027.

Note 11 Details of amounts involving related companies

	Gross amount		Gross amount
Assets		**Liabilities**	
Long-term investments	10,835	Debt	
Operating receivables	31	Trade payables	1
Other receivables	21	Other payables	234
Cash and current accounts		Bank overdrafts and current accounts	991
TOTAL	**10,887**	**TOTAL**	**1,226**
Expenses		**Income**	
Operating expenses	13	Operating income	74
Financial expenses	6	Financial income	807
Income tax expense		Income tax gains	70
TOTAL	**19**	**TOTAL**	**951**

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	500			500
Interest rate options (caps, floors)				

12.2 Interest rate and currency hedges by original currency

	EUR	CHF	GBP	USD	Other currencies	Total
Forward purchases						
Forward sales						
Currency swaps						
Interest rate swaps	500					500
Interest rate options (caps, floors)						

12.3 Options

Calls: immaterial.

Note 13 Off balance sheet commitments given and received

	Amount of guarantee	of which related companies
Commitments given (contingent liabilities)		
Commitment to Economic and Social Committee	1	
Other commitments given [a & b]	603	103
TOTAL	**604**	**103**
Commitments received (contingent assets)		
Other commitments received [b]	502	
TOTAL	**502**	

(a) Joint and several underwriting of credit facilities: €100.6 million.
(b) Includes interest rate swaps.

Note 14 Sales

Sales recorded by Bouygues SA mainly comprise costs of shared support functions recharged to subsidiaries.

Note 15 Financial income and expenses

	2018	2017
Dividend income and shares of partnership profits	807 [a]	158
Interest income	3	2
Interest expense	(186)	(209)
Other financial income/(expense), net: proceeds from disposals, impairment losses and provisions	137 [b]	
TOTAL	**761**	**(49)**

(a) The €649-million year-on-year change in dividends is mainly due to the fact that some dividends in respect of the 2016 financial year were received before the end of 2016 in the form of interim dividends (€534 million).
(b) A reversal of €2.651 per share (€159.0 million in total) was recognised in 2018 against the provision for impairment of the investment in Alstom (see Note 1.2).
Other reversals of impairment provisions during the period amounted to €1.0 million.
Charges to provisions of a financial nature booked in 2018 included:
- negative bond premium and *negative* swaps (€15.2 million);
- impairment of investments and risks relating to subsidiaries (€8.0 million).

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 80 subsidiaries in 2018.

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)	48		48
Income tax received from profitable subsidiaries in the tax group	99	9	108
TOTAL	**147**	**9**	**156**

NB: The difference from the income statement is due to a tax charge relating to tax inspections at consolidated subsidiaries (€1 million).

Note 17 Contingent tax position

	31/12/2017		Movements in the year		31/12/2018	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Non-deductible expenses						
Provisions for income taxes	4			1	3	
Other non-deductible expenses	23		2	1	24	
TOTAL	**27**		**2**	**2**	**27**	
Expenses deductible for tax purposes/income liable to tax but not recognised for accounting purposes						
Unrealised foreign exchange losses						
Unrealised foreign exchange gains						
Unrealised foreign exchange gains/losses, net						
Deferred income	2			1	1	
Deferred charges						
Capitalisation bonds						
Liquidity account						
Bond repurchase premium		10	6			5
Other income and expenses	**2**	**10**	**6**	**1**	**1**	**5**
TOTAL	**2**	**10**	**6**	**1**	**1**	**5**

As of 31 December 2018, the stock of tax losses available for carry-forward under the Group tax election represents a tax base of €296.7 million.

Note 18 Average number of employees during the year

	2018	2017
Managerial staff	149	151
Administrative, clerical, technical and supervisory staff	24	16
TOTAL	**173**	**167**

Note 19 Utilisation of the Competitiveness and Employment Tax Credit (CICE)

Bouygues SA recognised a competitiveness and employment tax credit *(Crédit d'Impôt Compétitivité Emploi – CICE)* of €0.10 million in respect of the year ended 31 December 2018, which was offset against personnel costs. A further €0.01-million tax reduction was obtained as a result of tax credits derived from partnerships not liable to corporate income tax.

The *CICE* obtained by Bouygues SA (and by entities consolidated by Bouygues SA but not liable to corporate income tax) was offset against the following amounts spent during the year:

- acquisitions of property, plant and equipment and intangible assets amounting to €1 million;
- diploma courses and safety training amounting to €0.83 million;
- recruitment (gross annualised salaries of new employees including employer's social security charges, and costs incurred on relationships with schools) amounting to €1.17 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 Officers) was as follows: €3.3 million of basic remuneration, €5.7 million of variable remuneration based on 2018 performance, and €0.29 million of directors' fees;
- directors' fees paid to the other members of the Board of Directors: €0.62 million.

Note 21 List of investments

	Number of shares	%	Estimated realisable value
Alstom	62,086,226	27.788	2,292 [d]
Bouygues Construction	1,705,180	99.938	907 [c]
Bouygues Immobilier	90,930	100.000	603 [c]
Bouygues Telecom	42,158,645	90.164	5,275 [a]
Colas	31,543,222	96.597	2,695 [c]
TF1	91,946,297	43.799	732 [a]
Other holdings			225
TOTAL HOLDINGS IN SUBSIDIARIES AND AFFILIATES			**12,729**
Negotiable debt instruments and money-market mutual funds			583 [a & b]
Capitalisation bonds			1 [a & b]
Other investments			12 [a & b]
TOTAL SHORT-TERM INVESTMENTS			**596**
TOTAL INVESTMENTS			**13,325**

The estimated realisable value shown is:
(a) Carrying amount in the balance sheet (net book value).
(b) Stock market value (quoted closing price).
(c) Share of consolidated net assets.
(d) Average quoted market price in the last 19 trading days of December 2018.

Note 22 List of subsidiaries and affiliates

	Share capital [a]	Other shareholders' equity [a & b]	%	Carrying amount [c]		Loans & advances	Guarantees [c]	Sales [c]	Net profit/ (loss) [c]	Dividends received [c]
				Gross	Net					
A – Detailed information										
1. SUBSIDIARIES (INTEREST > 50%)										
France										
Bouygues Construction [d]	128	779	99.94	59	59			12,358	296	319
Bouygues Immobilier [d]	139	464	100.00	315	315			2,628	138	125
Bouygues Telecom [d]	713	2,991	90.16	5,275	5,275			5,344	494	45
Colas [d]	49	2,741	96.60	1,712	1,712			13,190	226	259
TOTAL				**7,361**	**7,361**					**748**
Other countries										
Uniservice	51	12	99.99	32	32				9	4
TOTAL				**32**	**32**					**4**
2. AFFILIATES (INTEREST > 10%, ≤ 50%)										
France										
Alstom [e]	1,564	2,457	27.79	2,535	2,292			4,010	567	22
TF1 [d]	42	1,534	43.80	732	732			2,288	128	32
TOTAL				**3,267**	**3,024**					**54**
Other countries										
TOTAL										
B – Aggregate information										
3. OTHER SUBSIDIARIES										
France				**174**	**114**			**35**	**(5)**	
Other countries				**1**				**2**		
4. OTHER AFFILIATES										
France								**113**	**3**	
Other countries								**34**		
OVERALL TOTAL				**10,835**	**10,531**					**806**

(a) In the local functional currency.
(b) Including net profit/loss for the year.
(c) In euros.
(d) Parent company of a business segment: share capital, other shareholders' equity, sales and net profit/loss on a consolidated basis for the segment as of 31 December 2018.
(e) Half-year figures published by Alstom for the six months ended 30 September 2018.

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7.4 AUDITORS' REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS

To the Annual General Meeting of the shareholders of Bouygues,

Opinion

In accordance with the assignment entrusted to us by your Annual General Meetings, we have conducted our audit of the accompanying parent company financial statements of Bouygues for the year ended 31 December 2018.

In our opinion, the parent company 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 2018 and of the results of its operations for the year then ended in accordance with French Generally Accepted Accounting Principles (GAAP).

The opinion expressed above is consistent with the contents of our report to the Accounts Committee.

Basis for our opinion

Auditing standards

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our responsibilities under those standards are described in the section "Auditors' responsibilities for the audit of the parent company financial statements" below.

Independence

We conducted our audit engagement in compliance with the rules on independence that applied to us during the period from 1 January 2018 to the date of issuance of this report. Specifically, we provided no services prohibited by Article 5, Paragraph 1 of Regulation (EU) No. 537/2014 or by the code of ethics of the auditing profession.

Justification of our assessments – Key audit matters

Pursuant to Articles L. 823-9 and R. 823-7 of the Commercial Code regarding the justification of our assessments, we draw your attention to key audit matters that relate to those risks of material misstatement that in our professional judgment were of the most significance in the audit of the parent company financial statements for the year, and our response to those risks.

Our assessment should be seen in the context of the audit of the parent company financial statements taken as a whole, and of the formation of our opinion as expressed above. We do not express an opinion on elements of the parent company financial statements taken in isolation.

Measurement of long-term investments

Assessed risk	Our response
Long-term investments, as shown in the balance sheet as of 31 December 2018 at an amount of €10.6 billion, mainly comprise the holdings in subsidiaries and affiliates listed in Note 22 to the parent company financial statements. • As explained in Note 2.3.1 to the parent company financial statements, holdings in subsidiaries and affiliates and other long-term investment securities are recognised at cost, including directly attributable acquisition costs. Their value in use (realisable value) is 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 the carrying amount, a provision for impairment is recorded to cover the difference. • As explained in Note 2.3.2 to the parent company financial statements, 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. We identified the measurement of long-term investments as a key audit matter, insofar as it is sensitive to the estimates and assumptions used by management and hence can have a material effect on the financial statements.	Our principal procedures are summarised below: • We obtained an understanding of the budgetary process and key controls associated with that process in order to determine the value in use of holdings in subsidiaries and affiliates and other long-term investments. • We assessed the methods used to calculate value in use, in particular the cash flow projections for the companies in which the holdings are owned. • With assistance from our valuation experts, we assessed the discount rates used in calculating value in use. • We tested the arithmetical accuracy of value in use calculations carried out by Bouygues. • Where appropriate, we performed sensitivity analyses, particularly for holdings in subsidiaries and affiliates whose value in use was close to their carrying amount. • We assessed the recoverability of long-term receivables by reference to analyses performed on holdings in subsidiaries and affiliates and other long-term investment securities. • We checked the information provided in the notes to the parent company financial statements, in particular the description used to determine the realisable value of significant holdings.

Verification of the management report, of other documents addressed to the shareholders about the financial position and the parent company financial statements, and of information contained in the report on corporate governance

We also performed, in accordance with professional standards applicable in France, the specific verifications required by law.

Information given in the management report and in other documents addressed to the shareholders about the financial position and the parent company financial statements

We have no matters to report as to the fair presentation and consistency with the parent company financial statements of the information given in the Board of Directors' management report and in other documents addressed to the shareholders about the financial position and the parent company financial statements.

We hereby attest that the information about payment terms provided in accordance with Article D. 441-4 of the Commercial Code is fairly presented and consistent with the parent company financial statements.

Information about corporate governance

We hereby attest that the information required under Articles L. 225-37-3 and L. 225-37-4 of the Commercial Code is contained in the Board of Directors' report on corporate governance.

As regards the information required under Article L. 225-37-3 of the Commercial Code on the remuneration and benefits paid to corporate officers and commitments made in their favour, we have verified its consistency with the financial statements or with the underlying data used to prepare these financial statements and, where applicable, with items obtained by your company from companies that control or are controlled by it. Based on those procedures, we attest that this information is accurate and fairly presented.

As regards the information required under Article L. 225-37-5 of the Commercial Code on factors your company regards as likely to have an impact in the event of a public tender offer or public exchange offer, we have verified its consistency with the source documents as communicated to us. Based on those procedures, we have no matters to report on this information.

Other information

In accordance with law, we have verified that the required information about the identity of shareholders and holders of voting rights has been disclosed to you in the management report.

Information required under other legal or regulatory obligations

Appointment as auditors

We were appointed as auditors of Bouygues by your Annual General Meetings of 10 June 1998 (Mazars) and of 24 April 2003 (Ernst & Young Audit).

As of 31 December 2018, Mazars was in its twenty-first uninterrupted year as auditor, and Ernst & Young Audit in its sixteenth.

Responsibilities of management, and of those charged with governance, for the parent company financial statements

It is the responsibility of management to prepare parent company financial statements that give a true and fair view in accordance with French Generally Accepted Accounting Principles (GAAP), and to implement such internal control as it determines is necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company financial statements, it is the responsibility of management to assess the company's ability to continue as a going concern; to disclose in those financial statements any matters relating to going concern; and to apply the going concern basis of accounting unless it is intended to liquidate the company or cease trading.

It is the responsibility of the Accounts Committee to oversee the process for the preparation of financial information and the effectiveness of internal control and risk management systems, and of internal audit, as regards procedures for preparing and processing accounting and financial information.

The parent company financial statements have been closed off by the Board of Directors.

Auditors' responsibilities for the audit of the parent company financial statements

Objectives and audit approach

It is our responsibility to prepare a report on the parent company financial statements. Our objective is to obtain reasonable assurance about whether the parent company financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error, and are considered material if, individually or in the aggregate, they could be reasonably expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the Commercial Code, our audit does not involve guaranteeing the viability of the company or the quality of how it is managed.

As part of an audit in accordance with professional standards applicable in France, the auditor exercises professional judgment throughout the audit. In addition, the auditor:

- identifies and assesses the risks of material misstatement of the parent company financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, to obtain audit evidence that is sufficient and appropriate to provide a basis for the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the parent company financial statements;
- concludes on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. Those conclusions are based on the audit evidence obtained up to the date of the auditor's report, with the caveat that future events or conditions may cause a company to cease to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the parent company financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or disclaimer;
- evaluates the overall presentation of the parent company financial statements, and whether the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view of them.

Report to the Accounts Committee

We submit a report to the Accounts Committee that describes *inter alia* the scope of our audit, the work programme followed, and our findings. We also inform the Accounts Committee of any significant deficiencies in internal control we identified as regards the procedures used for the preparation and processing of accounting and financial information.

The information contained in our report to the Accounts Committee includes those risks of material misstatement that we determined were of most significance in the audit of the parent company financial statements of the current period and are therefore the key audit matters that we are required to describe in the present report.

We also provide the Accounts Committee with written confirmation (as required under Article 6 of Regulation (EU) No. 537–2014) of our independence, within the meaning of the rules applicable in France and contained *inter alia* in Articles L. 822–10 to L. 822–14 of the Commercial Code and in the code of ethics of the French auditing profession. Where applicable, we also communicate with the Accounts Committee about risks to our independence, and related safeguards.

Paris-La Défense, 20 February 2019

The Statutory Auditors

MAZARS	**ERNST & YOUNG Audit**
Gilles Rainaut	Laurent Vitse

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COMBINED ANNUAL GENERAL MEETING OF 25 APRIL 2019

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8.1 AGENDA

8.1.1 Ordinary General Meeting

1. Approval of the parent company financial statements and transactions for the year ended 31 December 2018;
2. Approval of the consolidated financial statements and transactions for the year ended 31 December 2018;
3. Appropriation of 2018 earnings, setting of dividend;
4. Approval of regulated agreements and commitments specified in Articles L. 225-38 of the Commercial Code;
5. Approval of the commitment relative to the defined-benefit pension scheme to which Martin Bouygues, Chairman and Chief Executive Officer, is entitled;
6. Approval of the commitment relative to the defined-benefit pension scheme to which Olivier Bouygues, Deputy Chief Executive Officer, is entitled;
7. Approval of the remuneration components and benefits paid or awarded to Martin Bouygues, in his capacity as Chairman and Chief Executive Officer, in respect of the year ended 31 December 2018;
8. Approval of the remuneration components and benefits paid or awarded to Olivier Bouygues, in his capacity as Deputy Chief Executive Officer, in respect of the year ended 31 December 2018;
9. Approval of the remuneration components and benefits paid or awarded to Philippe Marien, in his capacity as Deputy Chief Executive Officer, in respect of the year ended 31 December 2018;
10. Approval of the remuneration components and benefits paid or awarded to Olivier Roussat, in his capacity as Deputy Chief Executive Officer, in respect of the year ended 31 December 2018;
11. Approval of the remuneration policy applicable to Executive Officers;
12. Renewal of the term of office of Olivier Bouygues as a director for three years;
13. Renewal of the term of office of Clara Gaymard as a director for three years;
14. Renewal of the term of office of Colette Lewiner as a director for three years;
15. Renewal of the term of office of Rose-Marie Van Lerberghe as a director for three years;
16. Renewal of the term of office of Michèle Vilain as a director for three years;
17. Renewal of the term of office of SCDM as a director for three years;
18. Renewal of the term of office of SCDM Participations as a director for three years;
19. Appointment of Raphaëlle Deflesselle as a director for three years;
20. Authorisation to the Board of Directors to trade in the company's shares, for a period of eighteen months.

8.1.2 Extraordinary General Meeting

21. Authorisation to the Board of Directors, for a period of eighteen months, to reduce the share capital by cancelling treasury shares held by the company;
22. Delegation of powers to the Board of Directors, for a period of twenty-six months, to increase the share capital by way of public offering, with pre-emptive rights for existing shareholders maintained, by issuing shares and all securities giving immediate and/or future access to shares in the company or one of its subsidiaries;
23. Delegation of powers to the Board of Directors, for a period of twenty-six months, to increase the share capital by incorporating share premium, reserves or earnings, or other amounts into capital;
24. Delegation of powers to the Board of Directors, for a period of twenty-six months, to increase the 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;
25. Delegation of powers to the Board of Directors, for a period of twenty-six months, to increase the share capital, by way of private placement, 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;
26. Authorisation to the Board of Directors, for a period of twenty-six months, to set the price, in accordance with the terms decided by the Annual General Meeting, for immediate or future issues of equity securities, by way of public offering or private placement, without pre-emptive rights for existing shareholders;
27. Authorisation to the Board of Directors, for a period of twenty-six months, 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;
28. Delegation of powers to the Board of Directors, for a period of twenty-six months, to increase the 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;
29. Delegation of powers to the Board of Directors, for a period of twenty-six months, to increase the share capital, without pre-emptive rights for existing shareholders, as consideration for securities tendered to a public exchange offer initiated by the company;

30. Delegation of powers to the Board of Directors, for a period of twenty-six months, to issue shares, without pre-emptive rights for existing shareholders, following the issue by a Bouygues subsidiary of securities giving access to shares in Bouygues;
31. Delegation of powers to the Board of Directors, for a period of twenty-six months, to increase the 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;
32. Authorisation to the Board of Directors, for a period of twenty-six months, to grant options to acquire new or existing shares to employees or corporate officers of the company or related companies;
33. Authorisation to the Board of Directors, for a period of twenty-six months, to allot existing or new shares free of charge, entailing the waiver by shareholders of their pre-emptive rights, in favour of employees or corporate officers of the company or related companies;
34. Delegation of powers to the Board of Directors, for a period of eighteen months, to issue equity warrants during the period of a public offer for the company's shares, up to a limit of 25% of the share capital;
35. 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, and transactions for the year ended 31 December 2018, appropriation of 2018 earnings and setting of the dividend (€1.70 per share)

Object and purpose

We ask you to approve:

- the parent company financial statements for the year ended 31 December 2018, showing net profit of €885,856,683.29;
- the consolidated financial statements for the year ended 31 December 2018, showing net profit attributable to the Group of €1,311 million;
- the transactions recorded in those financial statements, or disclosed in the Board of Directors' management report or in the statutory auditors' report.

Those financial statements and reports are included in the 2018 Registration Document; they are also available on www.bouygues.com. The Convening Notice to the Annual General Meeting contains a set of condensed consolidated financial statements.

The financial year ended 31 December 2018 gave distributable earnings of €2,559,074,207.83, consisting of the following:

- net profit for the year: €885,856,683.29;
- transfer to the legal reserve: -€625,265.40;
- retained earnings brought forward: €1,673,842,789.94;

We propose to appropriate earnings as follows:

- the distribution of a total dividend of €633,042,496.30;
- appropriate the remainder, i.e. €1,926,031,711.53, to retained earnings.

The dividend represents a payout of €1.70 for each of the 372,377,939 existing shares at 31 December 2018. Taking account of the cancellation of 869,832 treasury shares on 20 February 2019, the total dividend is €631,563,781.90. This dividend is eligible for the optional 40% tax relief mentioned in paragraph 2 of Article 158-3 of the General Tax Code. Taking account of the aforementioned cancellation, retained earnings amounted to €1,927,510,425.93.

The dividend payment date is 3 May 2019. The ex-date and record date have been set at 30 April 2019 and the evening of 2 May 2019 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.

	2015	2016	2017
Number of shares	345,135,316	354,908,547	366,125,285 [c]
Dividend per share	€1.60	€1.60	€1.70
Total dividend [a & b]	€552,128,505.60	€567,837,675.20	€620,427,649.70

(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 the optional 40% tax relief mentioned in paragraph 2 of Article 158-3 of the General Tax Code.
(c) On 31 December 2017, the share capital comprised 366,125,285 shares. Given the cancellation of 1,157,844 shares by the Board of Directors on 21 February 2018, the number of shares entitled to dividend was 364,967,441.

Resolution 4 – Approval of regulated agreements and commitments

Object and purpose

We ask you to approve the regulated agreements entered into in 2018, between Bouygues and:

- any of its corporate officers (Executive Officer, director);
- any company in which a corporate officer of Bouygues also holds a directorship;
- any shareholder holding more than 10% of the 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.

We also ask you to approve the commitments relative to the defined-benefit pension scheme to which the Executive Officers (Chairman and Chief Executive Officer and Deputy Chief Executive Officers) are entitled.

In accordance with law, these agreements and commitments were approved by the Board of Directors prior to signature, the directors concerned having abstained from voting. The auditors' special report on regulated agreements and commitments is in chapter 8, section 8.3 of this Registration Document. The agreements and commitments mentioned in the auditors' special report that were approved by general meetings in previous years do not have to be voted on again by this Annual General Meeting.

The agreements and commitments we ask you to approve, having acquainted yourselves with this report and the auditors' report, concern the following subjects:

- **Shared service agreements**

  Shared service agreements are standard in groups of companies. They enable Bouygues, as the parent company of the Group, to provide its subsidiaries with services and expertise in areas such as management, human resources, finance, communication, sustainable development, patronage, new technologies, insurance, legal affairs and innovation consultancy. Bouygues and its main subsidiaries sign annual agreements relating to these services, so that each business segment can request the services and expertise it needs.

  The principle behind these agreements is based on (i) rules for allocating and invoicing the cost of shared services, including specific services, and (ii) the subsidiaries bearing a share of residual costs, up to a limit expressed as a percentage of sales of the subsidiary concerned. The share of residual costs is invoiced at cost plus a margin of 10% for high value-added services and 5% for low value-added services.

  In 2018, Bouygues invoiced the following amounts under these shared service agreements:

  - Bouygues Construction: €16.46 million
  - Colas: €18.77 million
  - TF1: €3.45 million
  - Bouygues Telecom: €8.63 million

  The amount invoiced to Bouygues Immobilier, which is 100% owned by Bouygues and falls outside the scope of the regulated agreements regime, was €3.41 million.

  The Board of Directors has authorised the renewal of these shared service agreements for 2019.

- **Reciprocal service agreement between Bouygues and SCDM**

  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, and specific services). This agreement enables Bouygues to benefit from the services of Martin Bouygues and Olivier Bouygues (who are paid by SCDM) and of the small team that works with them to carry out the research and analysis mentioned above, and also to obtain specific services that benefit the Group. The agreement also enables Bouygues to provide SCDM with specific services, principally management, human resources, information technology, and legal and financial services.

  The Board of Directors has authorised the renewal of this agreement for 2019.

  Under the terms of this agreement, SCDM invoices Bouygues for costs actually incurred, subject to a cap of €7 million a year:

  - salaries, in an amount corresponding to:
    - the remuneration awarded to Martin Bouygues and Olivier Bouygues by the Bouygues Board of Directors, at the proposal of the Selection and 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;
    - remuneration paid to their teams as consideration for assignments carried out for Bouygues, as well as the corresponding tax and social security charges;
  - specific services, invoiced at arm's length rates.

  Similarly, the specific services Bouygues provides to SCDM are invoiced at arm's length rates.

  The amount invoiced by SCDM to Bouygues under this agreement in 2018 was €6.03 million, consisting mainly of the remuneration (salaries and charges) of Martin Bouygues and Olivier Bouygues. This represents 86.2% of the total and is below the cap set by the Bouygues Board of Directors. The remainder (13.8% of the total) is for services provided by the small team that works with Martin Bouygues and Olivier Bouygues to carry out ongoing research and analysis into strategic developments and the growth of the Bouygues group. The amount invoiced by Bouygues to SCDM under this agreement in 2018 was €0.4 million.

- Renewal for a period of one year starting 1 January 2019 of the **commitment relative to the defined-benefit pension scheme** awarded to the Executive Officers of Bouygues (in common with all members of the Group Management Committee), and of the cross-charging agreements whereby Bouygues invoices its subsidiaries Bouygues Construction, Colas, TF1 and Bouygues Telecom for contributions to the supplementary pension entitlements of their respective senior executives. The supplementary pension is equivalent to 0.92% of the reference salary per year of service in the Group and is capped at eight times the annual social security ceiling, giving a cap of €324,192 in 2019. Individual potential entitlements may not exceed the cap recommended by the Afep-Medef Code, set at 45% of the reference income (annual fixed and variable remuneration owed in respect of the reference period) of the Executive Officers. The scheme has been outsourced to an insurance company.

  The performance conditions to be met in order for Olivier Roussat and Philippe Marien to obtain entitlement to their rights under the defined-benefit pension scheme are set out in section 5.4.2.2 of this Registration Document. The entitlement of Martin Bouygues and Olivier Bouygues to their rights under the defined-benefit pension scheme is not subject to performance conditions, as the pension rights acquired by these two individuals at 7 August 2015, the date the Macron law entered into force, had already reached the aforementioned cap.

For information purposes, the contribution paid by Bouygues in 2018 in respect of the four aforementioned Executive Officers amounted to €1.7 million excluding taxes, or €2.1 million after applying the social security levy (URSSAF) of 24%. Bouygues invoiced the following amounts to the subsidiaries:

- Bouygues Construction: €0.71 million
- Bouygues Immobilier: €0.71 million
- Colas: €0.71 million
- TF1: €0.44 million
- Bouygues Telecom: €0.28 million

The Board of Directors has authorised the renewal of these agreements and commitments for 2019.

- **Open innovation services agreements** entered into *inter alia* with Bouygues Construction, Colas, TF1 and Bouygues Telecom. The consultancy services provided to the business segments under this agreement are an integral part of the shared services offered by Bouygues to the Group's business segments. As such, they are invoiced directly through the shared service agreements mentioned above, via the residual cost of shared services. In consideration for the management services, each subsidiary pays Bouygues, on a pro rata temporis basis, a monthly flat fee of €750 excl. VAT per shareholding in a managed innovative company; the Board of Directors has authorised the renewal of these agreements for a period of one year starting 1 January 2019.
- **Amendment to the internal audit service agreement** between Bouygues and Bouygues Telecom; the amount of services sourced from Bouygues is €350,000 excl. VAT for 2019.
- **Agreements** related to Bouygues Construction's and Colas' participation in the Viva Technology and Pollutec events.
- In accordance with law, the persons concerned will not vote on this resolution.

Resolutions 5 and 6 – Approval of the commitments relative to the defined-benefit pension scheme to which Martin Bouygues, Chairman and Chief Executive Officer, and Olivier Bouygues, Deputy Chief Executive Officer, are entitled

Object and purpose

The members of the Group Management Committee (who include Martin Bouygues, Olivier Bouygues, Philippe Marien and Olivier Roussat), benefit from a supplementary pension scheme whereby they receive an annual supplementary pension 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, giving a cap of €324,192 in 2019.

Under the law of 6 August 2015 (the Macron law) we are required to seek your approval, through specific resolutions, of the defined-benefit pension entitlements of Martin Bouygues, whose term of office as Chairman and CEO was renewed on 16 May 2018, and of Olivier Bouygues, whose term of office as Deputy CEO was renewed on 29 August 2018.

The rights acquired by these two Executive Officers on the date the Macron law entered into force had already reached the cap set by the Board of Directors, i.e. eight times the annual social security ceiling. This obviates the need to stipulate performance conditions for them.

In accordance with law, the persons mentioned above will not vote on this resolution.

Resolutions 7 to 10 – Approval of the remuneration components and benefits paid or awarded to Executive Officers in respect of the year ended 31 December 2018 in their capacity as either Chairman and Chief Executive Officer or Deputy Chief Executive Officer

Object and purpose

Under Article L. 225-100 of the Commercial Code we are required to seek your approval for the remuneration and benefits paid or awarded to each Executive Officer in respect of the most recently ended financial year. The variable remuneration components awarded in respect of the 2018 financial year cannot be paid without your approval.

The Report on corporate governance (chapter 5, section 5.4.1 of this Registration Document) contains a detailed description of the remuneration and benefits paid or awarded in respect of the 2018 financial year to Martin Bouygues in his capacity as Chairman and Chief Executive Officer, and to Olivier Bouygues, Philippe Marien and Olivier Roussat in their capacity as Deputy Chief Executive Officers. Their remuneration and benefits were determined in accordance with the principles and criteria approved pursuant to the eleventh resolution at the Annual General Meeting of 26 April 2018.

Resolution 11 – Approval of the remuneration policy applicable to Executive Officers

Object and purpose

Pursuant to Article L. 225-37-2 of the Commercial Code, you are asked to approve the principles and criteria applicable for determining, allocating and awarding the fixed, variable and exceptional components of the total remuneration and benefits of all kinds awarded to the four Executive Officers in their capacity as either Chairman and Chief Executive Officer or Deputy Chief Executive Officer for the 2019 financial year.

These principles and criteria have been approved by the Board of Directors, acting on a recommendation of the Selection and Remuneration Committee. They are presented in the Report on corporate governance (chapter 5, section 5.4.2 of this Registration Document). In accordance with Article L. 225-100 of the Commercial Code, the amounts arising from the implementation of these principles and criteria will be submitted for approval to the Annual General Meeting called to approve the 2019 financial statements.

Resolutions 12 to 19 – Renewal, for three years, of the terms of office of seven directors and appointment of one director

Object and purpose

The terms of office of nine directors (Olivier Bouygues, Clara Gaymard, Patrick Kron, Colette Lewiner, Sandra Nombret, Rose-Marie Van Lerberghe, Michèle Vilain, SCDM and SCDM Participations) expire at the end of the Ordinary General Meeting of 25 April 2019. Patrick Kron and Sandra Nombret are not seeking renewal of their terms of office as directors.

At the proposal of the Selection and Remuneration Committee, we ask you to renew the terms of office of seven of those nine directors, and to appoint a new director representing employee shareholders.

Renewal of the terms of office of three directors from the SCDM group (Olivier Bouygues, SCDM and SCDM Participations)

First of all, we are asking you to renew the terms of office of Olivier Bouygues, SCDM and SCDM Participations.

As of 31 December 2018, the SCDM group – controlled by Martin Bouygues and Olivier Bouygues – held 21.6% of the share capital and 29.1% of the voting rights of Bouygues. Consequently, it is important that Olivier Bouygues (a shareholder of SCDM, alongside his brother Martin Bouygues), SCDM (currently represented by Charlotte Bouygues) and SCDM Participations (currently represented by William Bouygues) participate in decisions taken by the Board that bind the Bouygues group in future.

Olivier Bouygues brings to the Board his in-depth knowledge of the Group's businesses and the challenges it faces, having joined the Group in 1974 and held important posts within it. He has been a director of Bouygues since 1984, and a Deputy Chief Executive Officer since 2002. He chairs the Group's Sustainable Development Committee.

SCDM and **SCDM Participations** have designated Charlotte Bouygues and William Bouygues respectively as their representatives on the Board of Directors; they took over those roles in June 2018, from Edward Bouygues and Cyril Bouygues respectively.

More detailed information about Olivier Bouygues, SCDM and SCDM Participations is provided in section 5.1 of this Registration Document.

William Bouygues graduated from the London School of Economics and Political Science in Economics and Economic History. Following work experience in various construction businesses, he joined Bouygues Bâtiment Ile-de-France – Rénovation Privée in September 2011, where he held the post of works supervisor for two years. Drawing on this experience, he then joined the sales teams within the same entity until December 2016, when he moved on to Bouygues Bâtiment International in the structure and development teams. Since March 2018, he has been Smart Office services manager at Bouygues Energies & Services.

Charlotte Bouygues graduated from Babson College where she specialised in strategic management. She was product marketing manager at L'Oréal in the United States for three years, before joining TF1 Publicité in September 2016 where she held a post in advertising sales for two years. She then joined the programming teams, in charge of programming for the TF1 channel.

Renewal of the terms of office of three independent directors (Clara Gaymard, Colette Lewiner and Rose-Marie Van Lerberghe)

We are then asking you to renew the terms of office of three independent directors.

The presence of a significant number of independent directors contributes to the quality of the work of the Board and its committees, by providing different points of view and a good mix of expertise.

Clara Gaymard has been a director of Bouygues since 2016. She offers the Board financial expertise and knowledge of corporate strategy, acquired largely in industry and in private equity. Clara Gaymard is a member of the Accounts Committee, where her financial skills are much appreciated.

Colette Lewiner, a director of Bouygues since 2010, has chaired the Selection and Remuneration Committee since 2013. Both the Board and the committee benefit from her in-depth knowledge of business and the energy-related issues that are so crucial to the future of the planet, as well as her expertise in corporate governance.

Rose-Marie Van Lerberghe has been a director of Bouygues since 2013. She has extensive experience in senior executive roles in large groups, and specific operational expertise in two areas to which the Group attaches great importance: human resources and health. Her experience in those areas has helped the work of the Ethics, CSR and Patronage Committee, of which she has been a member since 2014.

More detailed information about Clara Gaymard, Colette Lewiner and Rose-Marie Van Lerberghe is provided in section 5.1 of this Registration Document.

Renewal of the term of office of a director representing employee shareholders (Michèle Vilain) and appointment of a new director representing employee shareholders (Raphaëlle Deflesselle)

Article 13.1 of the articles of association stipulates that the Board of Directors must include one or two directors representing employee shareholders. Candidates to fill these directorships are put forward by the Supervisory Boards of the employee share ownership funds.

The presence on the Board of two directors representing employee shareholders is wholly justified given the significant portion of the share capital held by employees.

The terms of office of the two directors representing employee shareholders (Michèle Vilain and Sandra Nombret) expire at the end of the Ordinary General Meeting of 25 April 2019. The Supervisory Boards of the employee share ownership funds have proposed:

- renewing the term of office of Michèle Vilain as a director representing employee shareholders;
- appointing Raphaëlle Deflesselle as a director representing employee shareholders, to replace Sandra Nombret.

The Board of Directors formally noted their candidacies at its meeting of 20 February 2019.

Consequently, the Board is asking you to renew the term of office of Michèle Vilain and to appoint Raphaëlle Deflesselle as a director representing employee shareholders, replacing Sandra Nombret.

Michèle Vilain is Deputy Director, Opéra IT project management at Bouygues Immobilier. She has been a director of Bouygues since 2010 and a member of the Accounts Committee since 2013. More detailed information is set out in section 5.1 of this Registration Document.

Raphaëlle Deflesselle, born 27 April 1972, is an engineering graduate of École Polytechnique Féminine (EPF). 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 Director, IT Governance, Research and Transformation within the Information Systems Division at Bouygues Telecom. Raphaëlle Deflesselle was a director representing employees on the Board of Bouygues from 2014 to 2018. She was also a member of the Bouygues Ethics, CSR and Patronage Committee.

Terms of office

In accordance with the articles of association, these terms of office will be for a period of three years, expiring at the end of the Ordinary General Meeting called in 2022 to approve the financial statements for the year ended 31 December 2021.

Composition of the Board of Directors after the Annual General Meeting

If you adopt the twelfth to nineteenth resolutions, the Board of Directors will have thirteen members:

- Four directors from the SCDM group:
  - Martin Bouygues (Chairman and CEO)
  - Olivier Bouygues (Deputy CEO)
  - SCDM, represented by Charlotte Bouygues
  - SCDM Participations, represented by William Bouygues
- One director representing employees:
  - Francis Castagné
- Two directors representing employee shareholders:
  - Raphaëlle Deflesselle
  - Michèle Vilain
- Five independent directors:
  - Clara Gaymard
  - Anne-Marie Idrac
  - Helman le Pas de Sécheval
  - Colette Lewiner
  - Rose-Marie Van Lerberghe
- One non-independent external director:
  - Alexandre de Rothschild

The proportion of independent directors (calculated excluding directors representing employees and employee shareholders) will increase from five out of eleven (45.5%) to five out of ten (50%).

The proportion of women directors (calculated excluding directors representing employees) will increase from seven out of thirteen (54%) to be seven out of twelve (58%).

The average age (calculated at the date of the Annual General Meeting) will decrease from 55.4 years to 54.9 years.

Resolution 20 – Authorisation for the company to buy back its own shares

Object and purpose

As we do each year, we are asking you to renew the authorisation that allows the company to repurchase its own shares as part of a share buyback programme.

This authorisation would cover the following objectives:

1. reduce the share capital by cancelling shares under the conditions laid down by law, subject to authorisation by the Extraordinary General Meeting;
2. fulfil the obligations arising from debt securities, in particular securities that grant the right to the allotment of company shares via redemption, conversion, exchange, presentation of a warrant or otherwise;
3. grant or sell shares to employees or corporate officers of the company or related companies, in particular as part of profit-sharing schemes, stock option plans, company savings schemes and Group savings schemes or through allotment of shares;
4. improve market liquidity and the regularity of listings of the company's equity securities and avoid price discrepancies not supported by market trends, by implementing a liquidity contract managed by an investment service provider acting in compliance with a market practice accepted by the AMF;
5. retain shares and, as the case may be, deliver them subsequently as a medium of payment or exchange in an acquisition, merger, spin-off or asset-for-share exchange, in accordance with applicable regulations;
6. implement any market practice accepted by the AMF and generally carry out any other transaction in compliance with applicable regulations.

The Board of Directors decided at its meeting of 20 February 2019 to restrict the objectives of the share buyback programme to points 1, 3 and 4 above. The Board reserved the right to extend the programme to include other objectives, in which case the company would inform the market.

In 2018, the following transactions in Bouygues shares took place:

- 1.16 million shares were repurchased with a view to cancellation, and then cancelled on 21 February 2018;
- 1.34 million shares were purchased and 1.08 million shares sold through a service provider acting under the terms of a liquidity contract.

Ceilings

The authorisation is granted subject to the following upper limits:

- 5% of the share capital;
- maximum repurchase price: €55 per share;
- maximum budget: €1 billion.

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, even during the period of a public offer, to buy back its own shares with a view to achieving the objectives of the buyback programme.

Duration of authorisation

Eighteen months.

8.2.2 Extraordinary General Meeting

In the twenty-first to thirty-fourth resolutions we ask you to renew certain financial authorisations given to the Board of Directors that may have an impact on the amount of the company's 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 authorisations that allow it to finance the development of the company and to carry out financial transactions appropriate for its strategy without being obliged to convene specific extraordinary general meetings.

Resolution 21 – Allows the Board to reduce the 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 24-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, particularly under the twentieth resolution submitted to this Annual General Meeting for approval.

Cancelling shares makes it possible, if the Board of Directors deems fit, to offset the dilution for shareholders resulting from the creation of new shares, for example shares issued under employee share ownership plans or on the exercise of stock options.

Ceiling

Up to 10% of the share capital in any 24-month period.

Duration of authorisation

Eighteen months.

Resolution 22 – Allows the Board to increase the 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 share capital by issuing, with pre-emptive rights for existing shareholders maintained, (i) ordinary shares in the company, and (ii) securities of any kind whatsoever, giving access in whatever manner, immediately and/or in the future, to ordinary shares to be issued by Bouygues or by any company of which Bouygues owns directly or indirectly more than half the share capital.

Shareholders would have, in proportion to the number of shares they hold, an irreducible right (and, if the Board so decides, a reducible right) to subscribe for ordinary shares and securities issued pursuant to this resolution.

Ceilings

Capital increase: €150,000,000 in nominal value, or approximately 40% of the current share capital.

Debt securities giving immediate and/or future access to shares in the company: €7,000,000,000.

These two ceilings would apply to all capital increases carried out under the twenty-fourth, twenty-fifth, twenty-eighth, twenty-ninth and thirtieth resolutions submitted to this meeting.

Duration of delegation

Twenty-six months.

Resolution 23 – Allows the Board to increase the share capital by incorporating share premium, reserves or earnings

Object and purpose

To delegate to the Board of Directors the power to increase the share capital by incorporating share premium, reserves, earnings or other amounts which may be incorporated into capital in accordance with applicable law and the articles of association, in the form of an allotment of free shares or by increasing the nominal value of the existing shares, or through a combination of those two procedures.

This resolution is decided on a simple majority of the votes cast.

Ceiling

Capital increase: €4,000,000,000 in nominal value.

Duration of delegation

Twenty-six months.

Resolution 24 – Allows the Board to increase the 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, (i) ordinary shares in the company, and (ii) any securities giving access in whatever manner, immediately and/or in the future, to new ordinary shares to be issued by the company or by any company of which it directly or indirectly owns more than half of the capital.

Ceilings

Capital increase: €85,000,000 in nominal value, or approximately 23% of the current share capital.

Debt securities giving immediate and/or future access to shares in the company: €4,000,000,000.

These transactions would count towards the ceilings set in the twenty-second resolution.

Duration of delegation

Twenty-six months.

Resolution 25 – Allows the Board to increase the 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 degree of flexibility. Unlike public offerings, capital increases by way of private placement are intended for persons and entities providing asset management 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 twenty-fourth resolution.

Ceilings

Capital increase: €75,000,000 in nominal value, or approximately 20% of the current share capital.

20% of the share capital in any 12-month period.

Debt securities giving immediate and/or future access to shares in the company: €3,500,000,000.

These transactions would count towards the ceilings set in the twenty-second resolution.

Duration of delegation

Twenty-six months.

Resolution 26 – Allows the Board 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, with the power to sub-delegate, for issues carried out by way of public offering or private placement without pre-emptive rights for existing shareholders, to derogate from the pricing conditions stipulated by 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 for immediate or future issues of equity securities, in accordance with the following provisions.

Setting the issue price

1) 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%.

2) For equity securities to be issued at a later date, the issue price would be such that the amount received immediately by the company, plus any amount receivable subsequently by the company, would be equal to or greater than the amount referred to in sub-paragraph (1) above in respect of each share.

Ceiling

10% of the share capital in any 12-month period.

Duration of authorisation

Twenty-six months.

Resolution 27 – Allows the Board 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 such issue is decided. Such an authorisation makes it possible to seize opportunities while benefiting from a degree of flexibility.

Ceiling

15% of the initial issue.

Duration of authorisation

Twenty-six months.

Resolution 28 – Allows the Board to increase the share capital 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

Object and purpose

To delegate to the Board of Directors, with the power to sub-delegate, the power to carry out, based on the report of expert appraisers, one or more capital increases, by issuing ordinary shares or securities giving access to new ordinary shares in the company, 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 aim of this resolution is to facilitate Bouygues carrying out acquisitions of or mergers with other companies without having to pay a cash price.

Ceiling

Capital increase: 10% of the share capital.

Debt securities giving immediate and/or future access to shares in the company: €1,750,000,000.

These transactions would count towards the ceilings set in the twenty-second resolution.

Duration of delegation

Twenty-six months.

Resolution 29 – Allows the Board to increase the share capital as consideration for securities tendered to a public exchange offer initiated by Bouygues

Object and purpose

To delegate to the Board of Directors the power to carry out, taking into account the opinion of the statutory auditors on the conditions and consequences of the issue, one or more capital increases, by issuing ordinary shares or securities giving access to new ordinary shares in the company, as consideration for securities tendered to a public exchange offer initiated by Bouygues for 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.

Pre-emptive rights would be waived in favour of the shareholders of the listed company in question.

Ceilings

Capital increase: €85,000,000 in nominal value, or approximately 23% of the current share capital.

Debt securities giving immediate and/or future access to shares in the company: €4,000,000,000.

These transactions would count towards the ceilings set in the twenty-second resolution.

Duration of delegation

Twenty-six months.

Resolution 30 – Allows the Board 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 that other company being remunerated with Bouygues shares.

This entails the waiver by Bouygues shareholders of their pre-emptive rights in favour of the holders of the securities thus issued.

Issuance of such securities would be authorised by an Extraordinary General Meeting of the subsidiary in question, while issuance of the Bouygues shares to which those securities give entitlement would be decided upon by the Bouygues Board of Directors on the basis of the present financial authorisation.

Ceiling

Capital increase: €85,000,000 in nominal value, or approximately 23% of the current share capital.

These transactions would count towards the ceiling set in the twenty-second resolution.

Duration of delegation

Twenty-six months.

Resolution 31 – Allows the Board to increase the share capital for the benefit of employees

Object and purpose

To delegate to the Board of Directors the power to increase the share capital for the benefit of employees or corporate officers of Bouygues (and of French or foreign companies related to Bouygues) who are members of a company and/or Group savings scheme, with cancellation of shareholders' pre-emptive rights in favour of the employees and corporate officers for whom the capital increase is reserved.

Bouygues is convinced that it is important to enable employees who so wish to become shareholders in the company. 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.

Following the capital increases carried out in 2009, 2015, 2016, 2017 and 2018, the leveraged funds set up in association with the employee share ownership plans held 6.84% of the share capital and 8.29% of the voting rights at 31 December 2018.

Setting the subscription price

In accordance with the Labour Code, the subscription price for the new shares may not be more than the average of the 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, or more than the maximum legally stipulated percentage below that average.

Ceiling

Capital increase: 5% of the share capital.

Duration of delegation

Twenty-six months.

Resolution 32 – Allows the Board to grant options to acquire new or existing shares to employees or corporate officers

Object and purpose

To authorise the Board of Directors to grant to persons designated by the Board among the salaried employees and corporate officers of the company and companies or economic interest groupings related to the company, stock options giving the beneficiaries the right either to subscribe for or to buy shares in the company. Share subscription or purchase options (collectively referred to as stock options) are awarded by companies to certain employees and/or senior executives (known as the beneficiaries) as long-term remuneration instruments; they align the interest of the beneficiaries with that of the company and its shareholders, since the return on stock options depends on the rise in the share price.

Since 1988, the Board of Directors has always used stock options as the incentive mechanism 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 tie these individuals into trends in the Bouygues share price. The decision to grant stock options has been borne out by the positive correlation observed between trends in the Bouygues share price and in net profit attributable to the Group. Close to 900 senior executives and employees are beneficiaries under each plan. Beneficiaries are selected and individual awards determined on the basis of responsibility and performances, with particular attention paid to high-potential executives. 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 some or all 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. Once a specified period has elapsed, beneficiaries have a certain timeframe in which to exercise their options. If the share price rises, they can subscribe for or purchase shares at a price below their market 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 company's general policy for granting stock options, are contained in the special report on stock options and performance shares (see chapter 6, section 6.4.3 of this Registration Document).

In accordance with the provisions of the Afep-Medef Code, the general policy for granting stock options is debated within the Selection and Remuneration Committee and, on the basis of a proposal by that Committee, approved by the Board of Directors. Any grant of options to the company's Executive Officers (Chairman and Chief Executive Officer, Deputy Chief Executive Officers), and the exercise of options by those Executive Officers, would be subject to performance criteria determined by the Board of Directors. Martin Bouygues and Olivier Bouygues have not been awarded stock option plans since 2010.

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 is authorised. Furthermore, the purchase price of existing shares may not be less than the average purchase price of own shares held by the company.

Exercise period

The exercise period is set by the Board of Directors, but cannot exceed ten years from the date on which the stock options are granted.

Ceilings

2% of the share capital. Any shares allotted free of charge pursuant to the thirty-third resolution would also count towards that ceiling.

Stock options granted to the Executive Officers of Bouygues (Chairman and Chief Executive Officer and the three Deputy Chief Executive Officers) may not represent more than 0.25% of the share capital in total. Any shares allotted free of charge to the Executive Officers pursuant to the thirty-third resolution would also count towards that sub-ceiling.

Duration of authorisation

Twenty-six months.

Resolution 33 – Allows the Board to allot shares free of charge in favour of employees or corporate officers

Object and purpose

To authorise the Board of Directors to allot shares free of charge to salaried employees and/or corporate officers of Bouygues or of companies and economic interest groupings that are related to Bouygues.

As mentioned above, the Board of Directors has always preferred stock options as a mechanism for building loyalty among senior executives and employees and for giving them a stake in the development of the Group. However, the Board would like to leave itself the possibility of using alternative mechanisms for building motivation and loyalty over the long term.

You are therefore being asked to grant the Board of Directors authorisation to allot existing or new shares free of charge to individuals designated by the Board from among the salaried employees and eligible corporate officers of Bouygues and of companies and economic interest groupings within or outside France that are related to Bouygues within the meaning of Article L. 225-197-2 of the Commercial Code.

If this authorisation were to be used, the beneficiaries would not acquire ownership of the shares until the end of a minimum vesting period set by the Annual General Meeting, which we propose you set at one year. The vesting period may then be followed by a lock-up period set by the Board, during which the beneficiaries may not sell their shares. The cumulative length of the vesting period and any lock-up period may not be less than two years. The law allows exemptions to the vesting and lock-up periods in the event of death or disability. The process for awarding shares would be similar to that described for stock options (thirty-second resolution), with the caveat that the Board may, on a proposal from the Selection and Remuneration Committee, make awards of free shares wholly or partially contingent on one or more performance conditions.

Ceilings

1% of the share capital.

Shares allotted free of charge to the Executive Officers of Bouygues (Chairman and Chief Executive Officer and the three Deputy Chief Executive Officers) may not represent more than 0.125% of the share capital in total.

Duration of delegation

Twenty-six months.

Resolution 34 – Allows the Board to issue equity warrants ("Breton" warrants) free of charge during the period of a public offer for the company's shares

Object and purpose

To delegate to the Board of Directors the power to issue, if it deems fit, equity warrants during a public offer for the company's shares, with the waiver of pre-emptive rights to the ordinary shares in the company to which the warrants would give entitlement.

This means that equity warrants giving entitlement to subscribe on preferential terms to shares in the company could be allotted free of charge to all existing shareholders prior to the expiry of an unsolicited public offer period.

This mechanism is designed to encourage the bidder to either withdraw its offer or make an improved offer for the company. Because warrants dilute the capital, a bidder will respond either by seeking to withdraw its offer, or by negotiating with the Board of Directors with a view to reaching a consensus on a fair valuation of the company such that the warrants would effectively lapse. Issuing share warrants during the period of a public offer is a measure designed to prevent, or at the very least hinder, an attempted public offer. In particular, the Board of Directors can use warrants as a bargaining counter to encourage a bidder to improve the terms of its offer, in the interests of the company's shareholders.

However, the powers thereby granted to the Board of Directors are not unlimited. During the public offer period, the initiator and target company must ensure that their acts, decisions and statements do not compromise the best interests of the company, or the equality of treatment and of access to information for the shareholders of the companies concerned. In addition, if the board of directors of the target company takes a decision, which if implemented is liable to frustrate the offer, it must inform the AMF (Article 231-7 of the AMF General Regulation).

This resolution must be decided on a simple majority of the votes cast.

Ceilings

Capital increase: €95,000,000 in nominal value or 25% of the share capital.

The number of equity warrants may not exceed one quarter of the existing number of shares or 95,000,000.

Duration of delegation

Eighteen months.

Resolution 35 – Powers to accomplish formalities

Object and purpose

The purpose of this resolution is to enable all legal and administrative formalities, and all filings and publications, to be carried out.

8.2.3 Financial authorisations submitted to the Combined Annual General Meeting

The table below summarises the financial authorisations that we ask you to confer on the Board of Directors during the Combined Annual General Meeting of 25 April 2019.

In accordance with paragraph 3 of Article L. 225-37-4 of the Commercial Code, the table summarising the financial authorisations to increase the share capital conferred on the Board of Directors by the Annual General Meeting and currently in force, and the use made of such authorisations during 2018, are set out in the Report on corporate governance in chapter 5, section 5.3.8 of this Registration Document.

The authorisations mentioned in the table below replace any previous resolutions with the same purpose.

Purpose	Maximum nominal amount	Expiry/Duration
Share buybacks and reduction in share capital		
1. Purchase by the company of its own shares (Resolution 20)	• 5% of the share capital, maximum price of €55 per share • Total outlay capped at €1 billion	25 October 2020 (18 months)
2. Reduce the share capital by cancelling shares (Resolution 21)	• 10% of the share capital in any 24-month period	25 October 2020 (18 months)
Securities issues		
3. Increase the share capital with pre-emptive rights for existing shareholders maintained (Resolution 22)	• Capital increase: €150 million • Issuance of debt securities: €7 billion	25 June 2021 (26 months)
4. Increase the share capital by incorporating share premium, reserves or earnings into capital (Resolution 23)	• €4 billion	25 June 2021 (26 months)
5. Increase the share capital by way of public offering without pre-emptive rights for existing shareholders (Resolution 24)	• Capital increase: €85 million [a] • Issuance of debt securities: €4 billion [a]	25 June 2021 (26 months)
6. Increase the share capital through a private placement without pre-emptive rights for existing shareholders (Resolution 25)	• Capital increase: 20% of the share capital over 12 months and €75 million [a] • Issuance of debt securities: €3.5 billion [a]	25 June 2021 (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 26)	• 10% of the share capital in any 12-month period	25 June 2021 (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 27)	• 15% of the initial issue	25 June 2021 (26 months)
9. Increase the share capital as consideration for contributions in kind to the company consisting of equity securities or securities giving access to the capital of another company (Resolution 28)	• 10% of the share capital [a] • Issuance of debt securities: €1.75 billion [a]	25 June 2021 (26 months)
10. Increase the share capital as consideration for securities tendered to a public exchange offer (Resolution 29)	• Capital increase: €85 million [a] • Issuance of debt securities: €4 billion [a]	25 June 2021 (26 months)
11. Issue shares following the issue by a Bouygues subsidiary of securities giving access to shares in Bouygues (Resolution 30)	• Capital increase: €85 million [a]	25 June 2021 (26 months)
12. Issue equity warrants during the period of a public offer (Resolution 34)	• Capital increase: €95 million in nominal value and 25% of the share capital • The number of warrants is capped at one quarter of the number of existing shares and €95 million	25 October 2020 (18 months)
Issues carried out for the benefit of employees and corporate officers of the company or related companies		
13. Increase the share capital for the benefit of employees or corporate officers who are members of a company savings scheme (Resolution 31)	• 5% of the share capital	25 June 2021 (26 months)
14. Grant options to acquire new or existing shares (Resolution 32)	• 2% of the share capital • Executive Officers: 0.25% of the share capital	25 June 2021 (26 months)
15. Allot shares free of charge (Resolution 33)	• 1% of the share capital [b] • Executive Officers: 0.125% of the share capital [b]	25 June 2021 (26 months)

(a) Counts towards the overall ceiling referred to in point 3 (Resolution 22).
(b) Counts towards the ceilings referred to in point 14 (Resolution 32).

8.3 AUDITORS' REPORTS

8.3.1 Auditors' special report on regulated agreements and commitments (Annual General Meeting called to approve the financial statements for the year ended 31 December 2018)

To the Annual General Meeting of the shareholders of Bouygues,

In our capacity as auditors of your company, we present below our report on regulated agreements and commitments.

We are required to report to you, based on the information provided to us, on 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, as well as the reasons justifying the benefit of those agreements and commitments for the company. We are not required to comment on their usefulness or substance, or to determine whether other such agreements or commitments exist. It is your responsibility 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 required under Article R. 225-31 of the Commercial Code regarding transactions carried out during the last financial 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, for this type of engagement. 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 for approval

Agreements and commitments authorised during the last financial year

Pursuant to Article L. 225-40 of the Commercial Code, we have been informed of the following agreements and commitments entered into during the year ended 31 December 2018, which were approved by the Board of Directors prior to signature.

1) Shared service agreements

At its 14 November 2018 meeting, the Board of Directors authorised the renewal of the shared service agreements with the main subsidiaries, for a period of one year starting 1 January 2019.

REASONS JUSTIFYING THE BENEFIT OF THE AGREEMENT FOR BOUYGUES

Shared service agreements are standard in groups of companies. They enable subsidiaries (in return for a fee) to benefit from services and assistance provided by the parent company (principally management, human resources, information technology, and financial and legal services), and to allocate the corresponding expenses between the various user companies.

FINANCIAL TERMS ASSOCIATED WITH THIS AGREEMENT

The principle behind these agreements is based on rules for allocating and invoicing the cost of shared services, including specific services and a share of residual costs, up to a limit expressed as a percentage of sales of the subsidiary concerned. The share of residual costs is invoiced to the subsidiary concerned at cost plus a margin of 10% for high value-added services and 5% for low value-added services.

The renewal of this agreement had no financial impact on the 2018 financial year. It will impact the 2019 financial year.

Persons concerned

- **Bouygues Construction:** Olivier Bouygues, William Bouygues and Olivier Roussat (directors), Philippe Marien (standing representative of Bouygues on the Board of Directors of Bouygues Construction);
- **Colas:** Olivier Bouygues and Colette Lewiner (directors), Philippe Marien (standing representative of Bouygues on the Board of Directors of Colas);
- **TF1:** Martin Bouygues, Olivier Bouygues and Olivier Roussat (directors), Philippe Marien (standing representative of Bouygues on the Board of Directors of TF1);
- **Bouygues Telecom:** Olivier Bouygues and Charlotte Bouygues (directors), Philippe Marien (standing representative of Bouygues on the Board of Directors of Bouygues Telecom), Olivier Roussat (Chairman).

2) Service agreement with SCDM

At its 14 November 2018 meeting, the Board of Directors authorised the renewal of the service agreement, which covers the services described below, for a period of one year starting 1 January 2019.

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 specific services other than those provided as part of its ongoing role.

For its part, Bouygues provides SCDM with specific services, principally management, human resources, information technology, and legal and financial services.

REASONS JUSTIFYING THE BENEFIT OF THIS 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 team that works with them to carry out the research and analysis mentioned above, as well as various specific services that benefit the Group.

This agreement also enables Bouygues to be remunerated by SCDM for the various specific services that Bouygues carries out on behalf of SCDM.

FINANCIAL TERMS ASSOCIATED WITH THIS AGREEMENT

Under the terms of this agreement, SCDM invoices Bouygues for costs actually incurred, subject to a cap of €7 million a year for 2019.

- salaries, in an amount corresponding to:
  - the remuneration awarded to Martin Bouygues and Olivier Bouygues by the Bouygues Board of Directors, at the proposal of the Selection and 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;
  - remuneration paid to their teams as consideration for assignments carried out for Bouygues, as well as the corresponding tax and social security charges;
- specific services, invoiced at arm's length rates.

Similarly, the specific services Bouygues provides to SCDM are invoiced at arm's length rates.

The renewal of this agreement had no financial impact on the 2018 financial year. It will impact the 2019 financial year.

Persons concerned

- **SCDM:** Martin Bouygues (Chairman), Olivier Bouygues (CEO), Charlotte Bouygues (standing representative of SCDM on the Board of Directors of Bouygues), William Bouygues (standing representative of SCDM Participations on the Board of Directors of Bouygues).

3) Supplementary retirement benefits granted to senior executives

Members of the Group Management Committee, which includes the Executive Officers of Bouygues and its main subsidiaries, are entitled to a supplementary pension of 0.92% of the reference salary per year in the scheme. Entitlement is acquired only after ten years' service with the Group. The annual supplementary pension is capped at eight times the annual ceiling under the social security regime (i.e. a cap of €317,856 for 2018, which is lower than the cap of 45% of reference income recommended by the Afep-Medef Code). This supplementary scheme has been outsourced to an insurance company.

Commitments relating to defined-benefit schemes to which Executive Officers of Bouygues are entitled

Under Article L. 225-42-1 of the Commercial Code, retirement benefit arrangements in favour of the Chairman, Chief Executive Officer or Deputy Chief Executive Officers of listed companies are subject to the regulated agreements procedure. A specific resolution of the Annual General Meeting is required for each beneficiary of such an arrangement. In addition, since Law No. 2015-990 of 6 August 2015 (the Macron law) came into effect, the entitlement of such senior executives to rights under defined-benefit pension schemes must, in the case of listed companies, be contingent on conditions related to the beneficiary's performance, assessed relative to that of the company in question.

At its 14 November 2018 meeting, the Board of Directors:

- reiterated the performance conditions to be met in order for Olivier Roussat and Philippe Marien to obtain entitlement to their rights under the defined-benefit pension scheme in their capacity as Deputy Chief Executive Officers of Bouygues, as determined by the Board of Directors at its meeting of 21 February 2018. Those performance conditions are as follows:
  - Definition of the performance objective (the "Objective")

    2018 financial year: Objective = that the average of the consolidated net profit figures for the 2016, 2017 and 2018 financial years ("Average CNP") is no more than 10% below the average of the consolidated net profit figures specified in the plan for the financial year then ended and the plans for the two financial years that preceded it ("Plan Average").

    Each subsequent financial year: Objective = that the average of the consolidated net profit figures for the financial year then ended and the two financial years that preceded it ("Average CNP") is no more than 10% below the average of the consolidated net profit figures specified in the plan for the financial year then ended and the plans for the two financial years that preceded it.
  - Terms for determining the vesting of pension rights based on performance

    If the Average CNP meets the Objective: annual pension rights = 0.92% of the reference salary

    If the Average CNP is more than 10% below the Objective: annual pension rights = 0

    Between those lower and upper limits pension rights vary on a straight-line basis between 0% and 0.92% of the reference salary;
- reiterated that given their length of service and past level of remuneration, Martin Bouygues and Olivier Bouygues had as of the date the Macron law came into force long since fulfilled the conditions that would entitle them to a supplementary pension at the maximum rate, and as a result are not subject to the requirement for performance conditions which is therefore no longer relevant;
- authorised the renewal for a period of one year starting on 1 January 2019 of the defined-benefit pension commitments in favour of Martin Bouygues, Olivier Bouygues, Philippe Marien and Olivier Roussat.

REASONS JUSTIFYING THE BENEFIT OF THE AGREEMENT FOR BOUYGUES

The purpose of this agreement is to enable Bouygues to reward and secure the loyalty of the members of the Group Management Committee.

FINANCIAL TERMS ASSOCIATED WITH THIS AGREEMENT

The renewal of these agreements had no financial impact on the 2018 financial year. It will impact the 2019 financial year.

Persons concerned

- **Martin Bouygues** (Chairman and CEO);
- **Olivier Bouygues** (Deputy CEO);
- **Philippe Marien** (Deputy CEO);
- **Olivier Roussat** (Deputy CEO).

Cross-charging to business segments of pension contributions for their senior executives

At its 14 November 2018 meeting, the Board of Directors authorised the cross-charging agreements entered into with Bouygues Construction, Colas, TF1 and Bouygues Telecom, corresponding to their portion of the premiums paid to the insurance company in respect of the contributions relating to their senior executives, for a period of one year starting 1 January 2019.

REASONS JUSTIFYING THE BENEFIT OF THESE AGREEMENTS FOR BOUYGUES

These agreements are intended to enable the Group's main subsidiaries to offer defined-benefit pension arrangements to their senior executives, and to enable Bouygues to recover from those subsidiaries the amount of premiums paid in respect of contributions relating to their senior executives.

FINANCIAL TERMS ASSOCIATED WITH THESE AGREEMENTS

Bouygues cross-charges its subsidiaries the amount of contributions paid in respect of their senior executives.

The renewal of these agreements had no financial impact on the 2018 financial year. It will impact the 2019 financial year.

Persons concerned

- **Bouygues Construction:** Olivier Bouygues, William Bouygues and Olivier Roussat (directors), Philippe Marien (standing representative of Bouygues on the Board of Directors of Bouygues Construction);
- **Colas:** Olivier Bouygues and Colette Lewiner (directors), Philippe Marien (standing representative of Bouygues on the Board of Directors of Colas);
- **TF1:** Martin Bouygues, Olivier Bouygues and Olivier Roussat (directors), Philippe Marien (standing representative of Bouygues on the Board of Directors of TF1);
- **Bouygues Telecom:** Olivier Bouygues and Charlotte Bouygues (directors), Philippe Marien (standing representative of Bouygues on the Board of Directors of Bouygues Telecom), Olivier Roussat (Chairman).

4) Service agreements (open innovation)

At its 14 November 2018 meeting, the Board of Directors authorised the renewal of the service agreements with Bouygues Construction, Colas, TF1 and Bouygues Telecom, for a period of one year starting 1 January 2019.

The purpose of these agreements is to define the terms and conditions whereby Bouygues, either directly or through the intermediary of its wholly-owned subsidiary Bouygues Développement, provides the aforementioned companies with consultancy services and services related to the management of their holdings in innovative companies.

REASONS JUSTIFYING THE BENEFIT OF THESE AGREEMENTS FOR BOUYGUES

These agreements enable Bouygues to receive a fee in return for providing services to its subsidiaries in the field of open innovation.

FINANCIAL TERMS ASSOCIATED WITH THESE AGREEMENTS

The consultancy services provided to the business segments are an integral part of the shared services provided by Bouygues to the different business segments. As such, the consultancy services are invoiced directly through the shared service agreements set forth in point 1 above. The amount invoiced represents each business segment's share of the residual cost of the shared services.

In return for the management services, each dedicated sub-subsidiary pays Bouygues, on a pro rata temporis basis, a flat monthly fee of €750 excluding VAT per shareholding in a managed innovative company.

The renewal of these agreements had no financial impact on the 2018 financial year. It will impact the 2019 financial year.

Persons concerned

- **Bouygues Construction:** Olivier Bouygues, William Bouygues and Olivier Roussat (directors), Philippe Marien (standing representative of Bouygues on the Board of Directors of Bouygues Construction);
- **Colas:** Olivier Bouygues and Colette Lewiner (directors), Philippe Marien (standing representative of Bouygues on the Board of Directors of Colas);
- **TF1:** Martin Bouygues, Olivier Bouygues and Olivier Roussat (directors), Philippe Marien (standing representative of Bouygues on the Board of Directors of TF1);
- **Bouygues Telecom:** Olivier Bouygues and Charlotte Bouygues (directors), Philippe Marien (standing representative of Bouygues on the Board of Directors of Bouygues Telecom), Olivier Roussat (Chairman).

5) Amendment to the internal audit service agreement with Bouygues Telecom

At its 14 November 2018 meeting, the Board of Directors authorised the conclusion of an amendment to the internal audit service agreement with Bouygues Telecom, to extend it to 31 December 2019; the other conditions of the contract remain unchanged.

REASONS JUSTIFYING THE BENEFIT OF THIS AGREEMENT FOR BOUYGUES

This agreement enables Bouygues to set terms for the execution and remuneration of internal audit services that are provided to its subsidiary Bouygues Telecom and contribute to the smooth operation of that subsidiary.

FINANCIAL TERMS ASSOCIATED WITH THIS AGREEMENT

This amendment had no financial impact on the 2018 financial year. It will impact the 2019 financial year, based on a flat fee of €350,000 excluding VAT payable to Bouygues.

Persons concerned

- **Bouygues Telecom:** Olivier Bouygues and Charlotte Bouygues (directors), Philippe Marien (standing representative of Bouygues on the Board of Directors of Bouygues Telecom), Olivier Roussat (Chairman).

6) Participation of business segments on Bouygues stands at the Viva Technology and Pollutec events

At its 29 August 2018 meeting, the Board of Directors authorised Bouygues to enter into agreements with Bouygues Construction and Colas relating to their participation in the Viva Technology and Pollutec events.

REASONS JUSTIFYING THE BENEFIT OF THESE AGREEMENTS FOR BOUYGUES

The purpose of these agreements is to enable Bouygues to showcase and promote the solutions offered by its business segments in the fields covered at the events, and to strengthen the Group's image among decision-makers and stakeholders.

FINANCIAL TERMS ASSOCIATED WITH THESE AGREEMENTS

In return for their presence at these events, the business segments made the following one-off payments to Bouygues:

- Bouygues Construction: €125,000
- Colas: €105,000

Persons concerned

- **Bouygues Construction:** Olivier Bouygues, William Bouygues and Olivier Roussat (directors), Philippe Marien (standing representative of Bouygues on the Board of Directors of Bouygues Construction);
- **Colas:** Olivier Bouygues and Colette Lewiner (directors), Philippe Marien (standing representative of Bouygues on the Board of Directors of Colas).

Agreements and commitments already approved by an Annual General Meeting

Agreements and commitments approved in previous years

a) Under which transactions continued during the last financial 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 last financial year.

1) Shared service agreements

The Combined Annual General Meeting of 26 April 2018 approved the renewal of shared service agreements between Bouygues and Bouygues Construction, Colas, TF1 and Bouygues Telecom, under which Bouygues provided services (principally management, human resources, information technology and financial services) to its various sub-groups, for a period of one year starting 1 January 2018.

FINANCIAL TERMS ASSOCIATED WITH THESE AGREEMENTS

The principle behind these agreements is based on rules for allocating and invoicing the cost of shared services, including specific services and a share of residual costs, up to a limit expressed as a percentage of sales of the subsidiary concerned.

In 2018, Bouygues invoiced the following amounts under these shared service agreements:

Amount excluding VAT	
Bouygues Construction	€16,461,787.62
Colas	€18,770,665.89
TF1	€3,454,142.16
Bouygues Telecom	€8,630,037.57

Persons concerned

- **Bouygues Construction:** Olivier Bouygues, William Bouygues and Olivier Roussat (directors), Philippe Marien (standing representative of Bouygues on the Board of Directors of Bouygues Construction);
- **Colas:** Olivier Bouygues and Colette Lewiner (directors), Philippe Marien (standing representative of Bouygues on the Board of Directors of Colas);
- **TF1:** Martin Bouygues, Olivier Bouygues and Olivier Roussat (directors), Philippe Marien (standing representative of Bouygues on the Board of Directors of TF1);
- **Bouygues Telecom:** Olivier Bouygues and Charlotte Bouygues (directors), Philippe Marien (standing representative of Bouygues on the Board of Directors of Bouygues Telecom), Olivier Roussat (Chairman and CEO).

In accordance with the authorisation of the Board of Directors of 15 November 2017.

2) Service agreement with SCDM

The Combined Annual General Meeting of 26 April 2018 approved the renewal of the service agreement between Bouygues and SCDM for a period of one year starting 1 January 2018.

FINANCIAL TERMS ASSOCIATED WITH THIS AGREEMENT

Under this agreement, during 2018:

- SCDM invoiced Bouygues €6,028,566 excluding VAT. This amount mainly corresponds (86.20% of the total) to the salaries of Martin Bouygues and Olivier Bouygues and the corresponding social security and tax charges. The remainder (13.80% of the total) is for the salaries of the members of their teams and the corresponding social security and tax charges.
- Bouygues invoiced SCDM €401,342.

Persons concerned

- **SCDM:** Martin Bouygues (Chairman), Olivier Bouygues (CEO), Charlotte Bouygues (standing representative of SCDM on the Board of Directors of Bouygues), William Bouygues (standing representative of SCDM Participations on the Board of Directors of Bouygues).

In accordance with the authorisation of the Board of Directors of 15 November 2017.

3) Supplementary retirement benefits granted to senior executives

The Combined Annual General Meeting of 26 April 2018 approved the renewal, for the 2018 financial year, of the defined-benefit collective pension agreement for members of the Group Management Committee, which includes the Executive Officers and salaried directors of Bouygues, as well as the cross-charging agreements whereby Bouygues invoices Bouygues Construction, Colas, TF1 and Bouygues Telecom for their share of premiums paid to the insurance company in respect of the contributions relating to their senior executives.

FINANCIAL TERMS ASSOCIATED WITH THIS AGREEMENT

The contribution paid by Bouygues for 2018 in respect of the four Executive Officers (in their capacity as Executive Officers of Bouygues SA) into the asset fund operated by the insurance company amounted to €1.7 million excluding VAT, or €2.1 million after applying the social security levy (URSSAF) of 24%.

Bouygues invoiced the following amounts to the subsidiaries (including the 24% levy):

Amount excluding VAT	
Bouygues Construction	€712,322
Colas	€712,322
TF1	€442,950
Bouygues Telecom	€284,928

Persons concerned

- **Bouygues Construction:** Olivier Bouygues, William Bouygues and Olivier Roussat (directors), Philippe Marien (standing representative of Bouygues on the Board of Directors of Bouygues Construction);
- **Colas:** Olivier Bouygues and Colette Lewiner (directors), Philippe Marien (standing representative of Bouygues on the Board of Directors of Colas);
- **TF1:** Martin Bouygues, Olivier Bouygues and Olivier Roussat (directors), Philippe Marien (standing representative of Bouygues on the Board of Directors of TF1);
- **Bouygues Telecom:** Olivier Bouygues and Charlotte Bouygues (directors), Philippe Marien (standing representative of Bouygues on the Board of Directors of Bouygues Telecom), Olivier Roussat (Chairman and CEO).

In accordance with the authorisation of the Board of Directors of 15 November 2017.

4) Letter of support to Alstom

The Combined Annual General Meeting of 26 April 2018 approved the signature by Bouygues of a letter of support in connection with the proposed merger between Alstom and Siemens. At its 26 September 2017 meeting, the Board of Directors had authorised Bouygues to sign a letter of support to Alstom in connection with the proposed merger between Alstom and Siemens.

In this document, dated 26 September 2017 and co-signed by Alstom, Bouygues undertook to:

- retain its Alstom shares until the earlier of (i) the Extraordinary General Meeting of Alstom shareholders called to approve the merger or (ii) 31 July 2018;
- vote in favour of the resolutions relating to the merger at the Extraordinary General Meeting of Alstom shareholders;
- vote in favour of the resolution to cancel double voting rights at a Special General Meeting of Alstom shareholders;
- have the Bouygues representatives on the Alstom Board of Directors approve any decision necessary to implement the merger.

In 2018, Bouygues fulfilled the undertakings made in this letter of support.

Persons concerned

- **Alstom:** Olivier Bouygues (director), Philippe Marien (standing representative of Bouygues on the Board of Directors of Alstom).

In accordance with the authorisation of the Board of Directors of 26 September 2017.

5) Service agreements (open innovation)

The Combined Annual General Meeting of 26 April 2018 approved the renewal, for the 2018 financial year, of service agreements with Bouygues Construction, Colas, TF1 and Bouygues Telecom.

The purpose of these agreements is to define the terms and conditions whereby Bouygues, either directly or through the intermediary of its wholly-owned subsidiary Bouygues Développement, provides the aforementioned companies with consultancy services and services related to the management of their holdings in innovative companies.

FINANCIAL TERMS ASSOCIATED WITH THESE AGREEMENTS

The consultancy services provided to the business segments are an integral part of the shared services provided by Bouygues to the different business segments. As such, the consultancy services are invoiced directly through the shared service agreements set forth in point 1 above. The amount invoiced represents each business segment's share of the residual cost of the shared services.

In return for the management services, each subsidiary pays Bouygues, on a pro rata temporis basis, a flat monthly fee of €750 excluding VAT per shareholding in a managed innovative company.

In 2018, Bouygues invoiced the following amounts (excluding VAT):

Amount excluding VAT	
Construction Venture (Bouygues Construction subsidiary)	€29,250
CIB Développement (Colas subsidiary)	€18,000
Bouygues Telecom Initiatives (Bouygues Telecom subsidiary)	€48,500

Persons concerned

- **Bouygues Construction:** Olivier Bouygues, William Bouygues and Olivier Roussat (directors), Philippe Marien (standing representative of Bouygues on the Board of Directors of Bouygues Construction);
- **Colas:** Olivier Bouygues and Colette Lewiner (directors), Philippe Marien (standing representative of Bouygues on the Board of Directors of Colas);
- **TF1:** Martin Bouygues, Olivier Bouygues and Olivier Roussat (directors), Philippe Marien (standing representative of Bouygues on the Board of Directors of TF1);
- **Bouygues Telecom:** Olivier Bouygues and Charlotte Bouygues (directors), Philippe Marien (standing representative of Bouygues on the Board of Directors of Bouygues Telecom), Olivier Roussat (Chairman and CEO).

In accordance with the authorisation of the Board of Directors of 15 November 2017.

6) Amendment to the internal audit service agreement with Bouygues Telecom

The Combined Annual General Meeting of 26 April 2018 approved the conclusion of a third amendment to the 1 September 2014 internal audit service agreement between Bouygues and Bouygues Telecom, extending it to 31 December 2018; the other conditions of the contract remaining unchanged.

FINANCIAL TERMS ASSOCIATED WITH THIS AGREEMENT

The remuneration payable to Bouygues in consideration for the services was a flat fee of €350,000 excluding VAT for the year ended 31 December 2018.

Persons concerned

- **Bouygues Telecom:** Olivier Bouygues and Charlotte Bouygues (directors); Olivier Roussat (Chairman and CEO), Philippe Marien (standing representative of Bouygues on the Board of Directors of Bouygues Telecom).

In accordance with the authorisation of the Board of Directors of 15 November 2017.

7) Trademark licence agreement with GIE 32 Hoche

The Combined Annual General Meeting of 26 April 2018 approved the signature of a trademark licence agreement granting GIE 32 Hoche, owned 90% by Bouygues and 10% by SCDM, non-exclusive rights to use the Bouygues trademark in France for fifteen years from the date of signature of the agreement, i.e. 16 November 2017.

FINANCIAL TERMS ASSOCIATED WITH THIS AGREEMENT

Bouygues receives an annual fee of €1,000 excluding VAT in respect of this agreement.

Persons concerned

- **SCDM:** Martin Bouygues (Chairman), Olivier Bouygues (CEO), Charlotte Bouygues (standing representative of SCDM on the Board of Directors of Bouygues), William Bouygues (standing representative of SCDM Participations on the Board of Directors of Bouygues).

In accordance with the authorisation of the Board of Directors of 15 November 2017.

8) Tax election agreements

The Combined Annual General Meeting of 27 April 2017 approved the renewal of the tax election agreements entered into with Bouygues Construction and Colas for a tacitly renewable five-year period from 1 January 2017 to 31 December 2021.

Persons concerned

- **Bouygues Construction:** Olivier Bouygues, William Bouygues and Olivier Roussat (directors), Philippe Marien (standing representative of Bouygues on the Board of Directors of Bouygues Construction);
- **Colas:** Olivier Bouygues and Colette Lewiner (directors), Philippe Marien (standing representative of Bouygues on the Board of Directors of Colas).

In accordance with the authorisation of the Board of Directors of 15 November 2016.

9) Trademark licence agreements

Bouygues has entered into trademark licence agreements with certain subsidiaries, including Bouygues Construction and Bouygues Telecom, entitling them to use various trademarks, company names and trade names under specific conditions.

a. The Combined Annual General Meeting of 26 April 2012 approved the signature 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 the "Ellipse" logo. The Combined Annual General Meeting of 25 April 2013 approved the signature of an amendment to the agreement authorising Bouygues Construction, with no alteration to the fee, to sub-license to its subsidiary Bouygues Energies & Services the right to use the "Bouygues Energies & Services" and "Bouygues E & S" trademarks in France and a number of foreign countries.

This agreement came into force on 1 January 2012 for fifteen years, i.e. until 31 December 2026.

FINANCIAL TERMS ASSOCIATED WITH THIS AGREEMENT

Bouygues invoiced Bouygues Construction €500,000 excluding VAT in respect of this agreement in 2018.

Persons concerned

- **Bouygues Construction:** Olivier Bouygues, William Bouygues and Olivier Roussat (directors), Philippe Marien (standing representative of Bouygues on the Board of Directors of Bouygues Construction).

In accordance with the authorisations of the Board of Directors of 6 December 2011 and 29 January 2013.

b. 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 fifteen years, i.e. until 9 December 2024. An amendment to this agreement was authorised by the Board of Directors on 24 February 2015 and was approved by the Combined Annual General Meeting of 21 April 2016.

FINANCIAL TERMS ASSOCIATED WITH THIS AGREEMENT

Bouygues invoiced Bouygues Telecom €700,000 excluding VAT in respect of this agreement in 2018.

Persons concerned

- **Bouygues Telecom:** Olivier Bouygues and Charlotte Bouygues (directors), Philippe Marien (standing representative of Bouygues on the Board of Directors of Bouygues Telecom), Olivier Roussat (Chairman and CEO).

In accordance with the authorisations of the Board of Directors of 1 December 2009 and 24 February 2015.

10) Sub-lease agreement concerning the Challenger building

The Combined Annual General Meeting of 22 April 2000 approved the signature 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.

FINANCIAL TERMS ASSOCIATED WITH THIS AGREEMENT

Bouygues Construction invoiced Bouygues €122,058 excluding VAT in respect of this agreement in 2018.

Persons concerned

- **Bouygues Construction:** Olivier Bouygues, William Bouygues and Olivier Roussat (directors), Philippe Marien (standing representative of Bouygues on the Board of Directors of Bouygues Construction).

In accordance with the authorisation of the Board of Directors of 4 November 1999.

11) Aircraft charter agreement between Airby and Bouygues

Bouygues has signed an aircraft charter agreement, including pilots and flight service fees, with Airby (a company owned indirectly by Bouygues and SCDM).

This agreement enables senior executives and employees of Bouygues to call upon the services of Airby as needed for business travel purposes. Specifically, it makes it easier for them to travel to places inadequately served by commercial airlines, or to save time when making business trips to several locations in succession. The subsidiaries are charged by Airby on the same fee scale.

The agreement is for an indefinite period. It was approved by the Combined Annual General Meeting of 26 April 2012. An amendment to the agreement was approved by the Combined Annual General Meeting of 24 April 2014.

FINANCIAL TERMS ASSOCIATED WITH THIS AGREEMENT

The price per flight hour is revised annually to reflect market prices.

The overall price per flight hour remained unchanged in 2018. The overall price for the "Global" aircraft is €7,000 excluding VAT per flight hour. When Airby provides an aircraft that has been rented on the market, the rental is invoiced at cost plus €1,000 excluding VAT, which remunerates the charter service provided.

Airby invoiced Bouygues €644,867 excluding VAT in respect of this agreement in 2018.

Persons concerned

- **SCDM:** Martin Bouygues (Chairman), Olivier Bouygues (CEO), Charlotte Bouygues (standing representative of SCDM on the Board of Directors of Bouygues), William Bouygues (standing representative of SCDM Participations on the Board of Directors of Bouygues).

In accordance with the authorisations of the Board of Directors of 15 November 2011 and 13 November 2013.

b) Under which no transactions took place during the last financial 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 during the last financial year.

1) Liability for defence costs

The Combined Annual General Meeting of 28 April 2005 approved the principle of Bouygues assuming any defence costs incurred by Bouygues senior executives or employees in connection with criminal proceedings resulting in discharge or acquittal, where such proceedings are brought against them for acts committed in performance of their duties or for merely holding office as director, Chairman, Chief Executive Officer, Deputy Chief Executive Officer or any equivalent office in a Group company.

No amounts were paid in respect of this agreement in 2018.

Paris-La Défense, 20 February 2019

The Statutory Auditors

ERNST & YOUNG Audit	MAZARS
Laurent Vitse	Gilles Rainaut

8.3.2 Other reports to the Ordinary General Meeting

The other auditors' reports to the Ordinary General Meeting are provided in sections 7.2 (Auditors' report on the consolidated financial statements) and 7.4 (Auditors' report on the parent company financial statements) of this Registration Document.

8.3.3 Auditors' reports to the Extraordinary General Meeting

To the shareholders,

Auditors' report on the reduction in share capital (twenty-first 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 our report to you on our assessment of the reasons for the proposed capital reduction and the terms and conditions thereof.

The Board of Directors is asking you to grant it full powers, with the option of sub-delegation under the conditions laid down by law, for a period of eighteen months from the date of this meeting, to cancel, up to a limit of 10% of the share capital over any twenty-four month period, shares purchased pursuant to an authorisation given to the company to buy back its own shares within the scope of the aforementioned Article.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC, for this type of engagement. Those procedures involved assessing whether the reasons for and the terms and conditions of the proposed capital reduction, which is not of a nature that would impair the equal rights of all shareholders, are proper.

We have no matters to report concerning the reasons for and terms and conditions of the proposed capital reduction.

Auditors' report on the issue of shares and/or securities giving access to shares in the company with and/or without pre-emptive rights (twenty-second, twenty-fourth, twenty-fifth, twenty-sixth, twenty-seventh, twenty-eighth, twenty-ninth and thirtieth 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 our report to you on the proposal to grant the Board of Directors powers to carry out various issues of shares and/or securities, which you are being asked to approve.

The Board of Directors is asking you, on the basis of its report, to:

- grant it the power, with the option of sub-delegation, for a period of twenty-six months 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 you waive your pre-emptive subscription rights:
  - to issue, with pre-emptive rights, by way of public offering (twenty-second resolution), ordinary shares in the company and securities of any kind whatsoever giving access in whatever manner, immediately and/or in the future, to new ordinary shares in Bouygues or, pursuant to Article L. 228-93 of the Commercial Code, in any company in which Bouygues owns directly or indirectly more than half of the capital,
  - to issue, without pre-emptive rights, by way of public offering (twenty-fourth resolution), ordinary shares in the company and securities of any kind whatsoever giving access in whatever manner, immediately and/or in the future, to new ordinary shares in Bouygues or, pursuant to Article L. 228-93 of the Commercial Code, in any company in which Bouygues owns directly or indirectly more than half of the capital,
  - to issue, without pre-emptive rights, by way of an offer falling within the scope of Article L. 411-2 paragraph II of the Monetary and Financial Code, up to a limit of 20% of the share capital over a twelve-month period (twenty-fifth resolution), ordinary shares in the company and securities of any kind whatsoever giving access in whatever manner, immediately and/or in the future, to new ordinary shares in Bouygues or, pursuant to Article L. 228-93 of the Commercial Code, any company in which Bouygues owns directly or indirectly more than half of the capital,
  - to issue ordinary shares in the company and securities as consideration for securities tendered to a public exchange offer initiated by Bouygues (twenty-ninth resolution);
  - to issue ordinary shares, without pre-emptive rights, following 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 (thirtieth resolution);
- grant it the authority, in the twenty-sixth resolution, for a period of twenty-six months from the date of this meeting, and for each of the issues decided pursuant to the twenty-fourth and twenty-fifth 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 from the date of this meeting, to issue ordinary shares in the company or securities giving access in whatever manner, immediately or in the future, to new ordinary shares in Bouygues, as consideration for contributions in kind consisting of equity securities or securities giving access to the capital of another company (twenty-eighth resolution), up to a limit of 10% of the share capital.

The nominal amount of capital increases that may be implemented now or in the future may not exceed €150,000,000 for the twenty-second resolution, €85,000,000 for each of the twenty-fourth, twenty-ninth and thirtieth resolutions, €75,000,000 for the twenty-fifth resolution, and shall count towards the overall ceiling of €150,000,000 set in respect of the twenty-second, twenty-fourth, twenty-fifth, twenty-eighth, twenty-ninth and thirtieth resolutions.

The aggregate nominal amount of debt securities that may be issued may not exceed €7,000,000,000 for the twenty-second resolution, €4,000,000,000 for the twenty-fourth and twenty-ninth resolutions, €3,500,000,000 for the twenty-fifth resolution and €1,750,000,000 for the twenty-eighth resolution, and shall count towards the overall ceiling of €7,000,000,000 set in respect of the twenty-second, twenty-fourth, twenty-fifth, twenty-eighth and twenty-ninth resolutions.

These ceilings take into account the additional number of securities that may be issued pursuant to the aforementioned delegations under the conditions set forth in Article L. 225-135-1 of the Commercial Code, if you adopt the twenty-seventh 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 quantitative information derived from the accounts, on the proposal to cancel pre-emptive rights and on other specific information regarding these transactions, as contained in that report.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC, for this type of engagement. Those procedures involved verifying the information provided in the Board of Directors' report on these transactions and the terms and conditions for determining the price of the equity securities to be issued.

Pending a subsequent review of the terms and conditions of any issues that may be decided, we have no matters to report concerning the terms and conditions for determining the issue price of the equity securities to be issued as set out in the Board of Directors' report in respect of the twenty-fourth, twenty-fifth and thirtieth resolutions.

We have the following matter to report in respect of the report of the Board of Directors:

That report does not contain any justification for the terms and conditions for determining the issue price for the equity securities to be issued pursuant to the twenty-sixth resolution up to an annual limit of 10% of the share capital. Consequently, we are unable to express an opinion on the terms and conditions for determining this price.

As that report does not specify the terms and conditions for determining the issue price for the equity securities to be issued pursuant to the delegations granted under the twenty-second, twenty-eighth and twenty-ninth resolutions, we are unable to express an opinion on the basis for calculating this price.

As the final terms and conditions of those issues have not yet been set, we do not express an opinion on those terms and conditions, and consequently on the proposal to cancel your pre-emptive rights made to you in the twenty-fourth, twenty-fifth and thirtieth 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 these delegations to issue equity securities giving access to other equity securities or giving entitlement to the allotment of debt securities; if securities giving access to future equity instruments are issued, and if shares are issued without pre-emptive rights.

Auditors' report on the capital increase reserved for members of a company savings scheme or an inter-company savings scheme (thirty-first resolution)

In our capacity as auditors of Bouygues and as required under Articles L. 225-135 *et seq.* of the Commercial Code, we present our report to you on the proposal to grant the Board of Directors the power to increase the share capital by carrying out issues of ordinary shares, without pre-emptive rights, reserved for employees and corporate officers of Bouygues or any related French and foreign companies who are members of a company or Group savings scheme or any inter-company savings scheme, up to a maximum of 5% of the company's share capital on the day of the Board of Directors' decision, a transaction that you are being asked to approve.

This capital increase is submitted for your approval in accordance with the provisions 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 you to grant it the power, for a period of twenty-six months from the date of this meeting, to decide to carry out a capital increase and to cancel your pre-emptive rights to the ordinary shares thereby issued. The Board will be responsible for setting the final terms and conditions of any such capital increase.

The Board of Directors is responsible for drawing up a 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 quantitative information derived from the accounts, on the proposal to cancel pre-emptive rights, and on other specific information regarding the issue contained in that report.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC, for this type of engagement. Those procedures involved verifying the information provided in the Board of Directors' report on this transaction and on the terms and conditions for determining the issue price of the shares.

Pending a subsequent analysis of the conditions of any such capital increase, we have no matters to report concerning the terms and conditions for determining the issue price of the ordinary shares to be issued as set out in the Board of Directors' report.

As the final terms and conditions under which the capital increase would be carried out have not yet been set, we do not express an opinion on those terms and conditions and consequently, on the proposal made to you to cancel your pre-emptive rights.

In accordance with Article R. 225-116 of the Commercial Code, we will draw up a supplementary report if and when this authorisation is used by the Board of Directors.

Auditors' report on the authorisation to grant options to acquire new or existing shares (thirty-second 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 our report to you on the authorisation to grant options to acquire new or existing shares to persons designated by the Board of Directors among the corporate officers and salaried employees of Bouygues and of companies or economic interest groupings related to Bouygues, which you are being asked to approve.

The total number of stock options granted cannot give entitlement to subscribe for or acquire a total number of shares representing more than 2% of the company's share capital at the date of grant by the Board of Directors. Any shares allotted free of charge pursuant to the thirty-third resolution will count towards that ceiling.

In addition, the total number of stock options that may be granted to the company's Executive Officers (i.e. the Chairman and Chief Executive Officer, and the three Deputy Chief Executive Officers) pursuant to this authorisation cannot give entitlement to subscribe for or acquire a total number of shares representing more than 0.25% of the company's share capital at the date the options are granted by the Board of Directors, with the caveat that any shares allotted free of charge to Executive Officers pursuant to the thirty-third resolution shall also count towards that sub-ceiling.

Based on its report, the Board of Directors is asking you to grant it the authority, for a period of twenty-six months 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 opening up the possibility of granting options, and on the proposed terms and conditions for setting the subscription or purchase price. Our responsibility is to express an opinion on the proposed terms and conditions for setting the share 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, for this type of engagement. Those procedures included assessing whether the proposed terms and conditions for setting the share subscription or purchase price as presented 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 share subscription or purchase price.

Auditors' report on the authorisation to allot existing or new shares free of charge (thirty-third resolution)

In our capacity as auditors of Bouygues and as required under Article L. 225-197-1 of the Commercial Code, we present our report to you on the proposed allotment of existing or new shares to salaried employees (or certain categories of salaried employees) and/or corporate officers (or certain corporate officers) of Bouygues or of companies and economic interest groupings related to Bouygues, in France or abroad, which you are being asked to approve.

The total number of shares allotted cannot represent more than 1% of the company's share capital on the date the Board of Directors decides to allot the shares.

The total number of shares that may be allotted free of charge to corporate officers of Bouygues pursuant to this resolution cannot exceed 0.125% of the company's share capital on the date the Board of Directors decides to allot the shares.

Based on its report, the Board of Directors is asking you to grant it the authority, for a period of twenty-six months from the date of this meeting, to allot existing or new Bouygues shares free of charge.

The Board of Directors is responsible for drawing up a report on these transactions for which it seeks authority. Our responsibility is to report to you any matters arising on the information provided in their report to you on the proposed transaction.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC, for this type of engagement. Those procedures included checking that the proposed terms and conditions as set out in that report are legally compliant.

We have no matters to report concerning the information provided in the Board of Directors' report on the proposed authorisation to allot shares free of charge.

Auditors' report on the proposed issue of equity warrants free of charge during the period of a public offer for the company's shares (thirty-fourth resolution)

In our capacity as auditors of Bouygues and as required under Article L. 228-92 of the Commercial Code, we present our report to you on the proposed issue of equity warrants free of charge in the event of a public offer for the company's shares, which you are being asked to approve.

Based on its report, the Board of Directors is asking you to grant it the power, for a period of eighteen months from the date of this meeting, and pursuant to Article L. 233-32 II of the Commercial Code, to:

- decide to issue equity warrants pursuant to Article L. 233-32 II of the Commercial Code giving the holders preferential subscription rights to 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 the expiry of the public offer period;
- set the terms and conditions of exercise and any other characteristics of those equity warrants.

The nominal amount of shares that may be thereby issued may not exceed €95,000,000 and one quarter of the number of shares that make up the share capital on the warrant issue date and the number of warrants issued may not exceed €95,000,000 and 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 quantitative information derived from the accounts and on other specific information regarding the issue contained in that report.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC, for this type of engagement. Those procedures involved verifying 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 if and when this authorisation is used by the Board of Directors.

Paris-La Défense, 12 March 2019

The Statutory Auditors

ERNST & YOUNG Audit	**MAZARS**
Laurent Vitse	Gilles Rainaut

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 2018)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, and having acquainted itself with the Board of Directors' management report and the auditors' report on the parent company financial statements, hereby approves the parent company financial statements for the year ended 31 December 2018 as presented to it, showing a net profit of €885,856,683.29, as well as the transactions recorded in those financial statements and summarised in those reports.

Second resolution

(Approval of the consolidated financial statements and transactions for the year ended 31 December 2018)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, and having acquainted itself with the consolidated financial statements for the year ended 31 December 2018, the Board of Directors' report on the management of the Group included in the management report in accordance with Article L. 233-26 of the Commercial Code, and the auditors' report on the consolidated financial statements, hereby approves the consolidated financial statements for the year ended 31 December 2018, showing a net profit attributable to the Group of €1,311 million, as well as the transactions recorded in those financial statements and summarised in those reports.

Third resolution

(Appropriation of 2018 earnings, setting of dividend)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, notes that net profit for the year ended 31 December 2018 amounts to €885,856,683.29, which minus the transfer to the legal reserve of €625,265.40 and plus retained earnings of €1,673,842,789.94 gives distributable earnings of €2,559,074,207.83.

The meeting resolves, on the proposal of the Board of Directors, to appropriate earnings as follows:

€	
Net profit for the year	**885,856,683.29**
Transfer to the legal reserve	(625,265.40)
Retained earnings brought forward	1,673,842,789.94
Appropriation	
• Dividend [a]	633,042,496.30
• Retained earnings carried forward	1,926,031,711.53

(a) €1.70 × 372,377,939 shares (number of shares at 31 December 2018).

Accordingly, the dividend for the year ended 31 December 2018 is hereby set at €1.70 per share carrying dividend rights.

The ex-date for the Euronext Paris market will be 30 April 2019, and the dividend will be payable in cash on 3 May 2019 based on positions qualifying for payment on the evening of 2 May 2019.

The entire dividend payout will be eligible for the optional 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 those shares shall be allocated to retained earnings.

Taking account of the cancellation of 869,832 treasury shares on 20 February 2019, the dividend amounts to €631,563,781.90 and retained earnings to €1,927,510,425.93.

In accordance with law, the Annual General Meeting notes that the following dividends were paid for financial years 2015, 2016 and 2017:

	2015	2016	2017
Number of shares	345,135,316	354,908,547	366,125,285 [c]
Dividend per share	€1.60	€1.60	€1.70
Total dividend [a & b]	€552,128,505.60	€567,837,675.20	€620,427,649.70

(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 the optional 40% tax relief mentioned in paragraph 2 of Article 158-3 of the General Tax Code.
(c) On 31 December 2017, the share capital comprised 366,125,285 shares. Given the cancellation of 1,157,844 shares by the Board of Directors on 21 February 2018, the number of shares entitled to dividend was 364,967,441.

Fourth resolution

(Approval of regulated agreements and commitments specified in Article L. 225-38 of the Commercial Code)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings pursuant to Article L. 225-40 of the Commercial Code, and having acquainted itself with the auditors' special report, hereby approves the regulated agreements and commitments set out in that report that have not yet been approved by an Annual General Meeting.

Fifth resolution

(Approval of the commitment relative to the defined-benefit pension scheme to which Martin Bouygues, Chairman and Chief Executive Officer, is entitled)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings pursuant to Article L. 225-42-1 of the Commercial Code, and having acquainted itself with the auditors' special report, hereby approves the commitment relative to the defined-benefit pension scheme to which Martin Bouygues is entitled.

Sixth resolution

(Approval of the commitment relative to the defined-benefit pension scheme to which Olivier Bouygues, Deputy Chief Executive Officer, is entitled)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings pursuant to Article L. 225-42-1 of the Commercial Code, and having acquainted itself with the auditors' special report, hereby approves the commitment relative to the defined-benefit pension scheme to which Olivier Bouygues is entitled.

Seventh resolution

(Approval of the remuneration components and benefits paid or awarded to Martin Bouygues, in his capacity as Chairman and Chief Executive Officer, in respect of the year ended 31 December 2018)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings pursuant to Article L. 225-100 of the Commercial Code, and having acquainted itself with the Report on corporate governance, hereby approves the fixed and variable components of the total remuneration and benefits of all kinds paid or awarded in respect of the year ended 31 December 2018 to Martin Bouygues, in his capacity as Chairman and Chief Executive Officer, as set out in chapter 5, section 5.4.1 of this Registration Document.

Eighth resolution

(Approval of the remuneration components and benefits paid or awarded to Olivier Bouygues, in his capacity as Deputy Chief Executive Officer, in respect of the year ended 31 December 2018)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings pursuant to Article L. 225-100 of the Commercial Code, and having acquainted itself with the Report on corporate governance, hereby approves the fixed and variable components of the total remuneration and benefits of all kinds paid or awarded in respect of the year ended 31 December 2018 to Olivier Bouygues, in his capacity as Deputy Chief Executive Officer, as set out in chapter 5, section 5.4.1 of this Registration Document.

Ninth resolution

(Approval of the remuneration components and benefits paid or awarded to Philippe Marien, in his capacity as Deputy Chief Executive Officer, in respect of the year ended 31 December 2018)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings pursuant to Article L. 225-100 of the Commercial Code, and having acquainted itself with the Report on corporate governance, hereby approves the fixed and variable components of the total remuneration and benefits of all kinds paid or awarded in respect of the year ended 31 December 2018 to Philippe Marien, in his capacity as Deputy Chief Executive Officer, as set out in chapter 5, section 5.4.1 of this Registration Document.

Tenth resolution

(Approval of the remuneration components and benefits paid or awarded to Olivier Roussat, in his capacity as Deputy Chief Executive Officer, in respect of the year ended 31 December 2018)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings pursuant to Article L. 225-100 of the Commercial Code, and having acquainted itself with the Report on corporate governance, hereby approves the fixed and variable components of the total remuneration and benefits of all kinds paid or awarded in respect of the year ended 31 December 2018 to Oliver Roussat, in his capacity as Deputy Chief Executive Officer, as set out in chapter 5, section 5.4.1 of this Registration Document.

Eleventh resolution

(Approval of the remuneration policy applicable to Executive Officers)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings pursuant to Article L. 225-37-2 of the Commercial Code, and having acquainted itself with the Report on corporate governance, hereby approves the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the total remuneration and benefits of all kinds awarded to Executive Officers, in their capacity as either Chairman, Chief Executive Officer or Deputy Chief Executive Officer, as set out in chapter 5, section 5.4.2 of this Registration Document.

Twelfth resolution

(Renewal of the term of office of Olivier Bouygues as a director for three years)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of Olivier Bouygues as a director for three years. This term shall expire at the end of the Annual General Meeting called to approve the financial statements for 2021.

Thirteenth resolution

(Renewal of the term of office of Clara Gaymard as a director for three years)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of Clara Gaymard as a director for three years. This term shall expire at the end of the Annual General Meeting called to approve the financial statements for 2021.

Fourteenth resolution

(Renewal of the term of office of Colette Lewiner as a director for three years)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of Colette Lewiner as a director for three years. This term shall expire at the end of the Annual General Meeting called to approve the financial statements for 2021.

Fifteenth resolution

(Renewal of the term of office of Rose-Marie Van Lerberghe as a director for three years)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of Rose-Marie Van Lerberghe as a director for three years. This term shall expire at the end of the Annual General Meeting called to approve the financial statements for 2021.

Sixteenth resolution

(Renewal of the term of office of Michèle Vilain as a director for three years)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of Michèle Vilain as a director for three years. This term shall expire at the end of the Annual General Meeting called to approve the financial statements for 2021.

Seventeenth resolution

(Renewal of the term of office of SCDM as a director for three years)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of SCDM as a director for three years. This term shall expire at the end of the Annual General Meeting called to approve the financial statements for 2021.

Eighteenth resolution

(Renewal of the term of office of SCDM Participations as a director for three years)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of SCDM Participations as a director for three years. This term shall expire at the end of the Annual General Meeting called to approve the financial statements for 2021.

Nineteenth resolution

(Appointment of Raphaëlle Deflesselle as a director for three years)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, appoints Raphaëlle Deflesselle as a director for three years, replacing Sandra Nombret whose term of office expires at the end of this Annual General Meeting. Raphaëlle Deflesselle's term of office shall expire at the end of the Annual General Meeting called to approve the financial statements for 2021.

Twentieth resolution

(Authorisation to the Board of Directors to trade in the company's shares, for a period of eighteen months)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings pursuant to Article L. 225-209 of the Commercial Code, and having acquainted itself with the Board of Directors' report including its description of the share buy-back programme:

1. authorises the Board of Directors to repurchase or arrange for the repurchase by the company of its own shares, under the conditions set out below, shares representing no more than 5% of the company's share capital at the date on which the authorisation is used, in compliance with the legal and regulatory conditions applicable at that date;
2. resolves this authorisation may be used for the purposes listed below, in relation to (i) a market practice accepted by the AMF, (ii) an objective specified in Article 5 of Commission Regulation (EU) No. 596/2014 on market abuse, or (iii) an objective mentioned in Articles L. 225-209 *et seq.* of the Commercial Code:
   a) reduce the share capital by cancelling shares under the conditions laid down by law, subject to authorisation by the Extraordinary General Meeting,
   b) fulfil the obligations arising from debt securities, in particular securities that grant the right to the allotment of company shares via redemption, conversion, exchange, presentation of a warrant or otherwise,
   c) grant or sell shares to employees or corporate officers of the company or related companies, in particular as part of profit-sharing schemes, stock option plans, company savings schemes and Group savings schemes or through allotment of shares,

d) improve market liquidity and the regularity of listings of the company's equity securities and avoid price discrepancies not supported by market trends, by implementing a liquidity contract managed by an investment service provider acting in compliance with a market practice accepted by the AMF,

e) retain shares and, as the case may be, deliver them subsequently as a medium of payment or exchange in an acquisition, merger, spin-off or asset-for-share exchange, in accordance with applicable regulations,

f) implement any market practice accepted by the AMF and generally carry out any other transaction in compliance with applicable regulations;

3. resolves that the acquisition, sale, transfer or exchange of such shares may be carried out, on one or more occasions, in compliance with rules issued by the AMF in its Position-Recommendation DOC-2017-04, on all markets or off-market, including on Multilateral Trading Facilities (MTFs) or via a systematic "internaliser", or over-the-counter, in any manner, including through the acquisition or sale of blocks of shares, using derivative financial instruments and at any time, including during the period of a public offer for the company's shares. All or part of the programme may be carried out through block trades;

4. resolves that the maximum purchase price be set at €55 (fifty-five euros) per share, subject to any adjustments in connection with share capital transactions. If the share capital is increased by incorporating share premium, earnings or reserves into capital and by allotment of free shares, 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 €1,000,000,000 (one billion euros) the maximum amount of funds that can be used for the share buy-back programme thus authorised;

6. notes that, in accordance with law, the total shares held at any given date may not exceed 10% of the share capital in issue at that date;

7. gives full powers to the Board of Directors, with power to sub-delegate in accordance with 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 steps, 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. sets the period of validity of this authorisation, which voids and replaces any unused portion of any previous authorisation granted for the same purpose, at eighteen months from the date of this meeting.

8.4.2 Extraordinary General Meeting

Twenty-first resolution

(Authorisation to the Board of Directors, for a period of eighteen months, to reduce the 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, pursuant to Article L. 225-209 of the Commercial Code and having acquainted itself with the Board of Directors' report and the auditors' report:

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 in any twenty-four month period of 10% of the total number of shares making up the company's share capital at the date of the transaction;
2. authorises the Board of Directors to charge the difference between the purchase value of the cancelled shares and their par value to all available share premium and reserve accounts;
3. delegates to the Board of Directors, with power to sub-delegate in accordance with law, full powers to carry out the capital reduction(s) resulting from cancellations of shares authorised by this resolution, to have the corresponding accounting entries made, to amend the articles of association accordingly, and generally to attend to all necessary formalities;
4. sets the period of validity of this authorisation, which voids and replaces any unused portion of any previous authorisation granted for the same purpose, at eighteen months from the date of this meeting.

Twenty-second resolution

(Delegation of powers to the Board of Directors, for a period of twenty-six months, to increase the share capital by way of public offering, with pre-emptive rights for existing shareholders maintained, 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 power to sub-delegate in accordance with 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 maintained, 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, immediately and/or in the future, at any time or on a set date, to ordinary shares, to be issued by the company or by any company of 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 immediately 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, as the case may be, the nominal amount of any 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 pursuant to the twenty-fourth, twenty-fifth, twenty-eighth, twenty-ninth and thirtieth resolutions of this 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 or be linked to the issuance of such securities, or allow such securities 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 by reference to a basket of currencies;

4. resolves that the nominal amount of all the debt securities that may be issued pursuant to this delegation may not exceed €7,000,000,000 (seven billion euros) or the equivalent in any other currency or any other unit of account on the date the issue is decided; such amount does not include above-par redemption premium, if provided for. The nominal amount of debt securities that may be issued pursuant to the twenty-fourth, twenty-fifth, twenty-eighth and twenty-ninth 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, in proportion to the number of shares they hold, an irreducible right to subscribe for ordinary shares and securities issued pursuant to this resolution,

   b) the Board of Directors shall also have the option to grant shareholders a reducible 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 using irreducible rights and any reducible subscriptions for excess shares do not account for the entirety of an 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 some of the unsubscribed securities,

      – offer all or some of the unsubscribed securities to the public 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, with power to sub-delegate in accordance with law, to implement this delegation, in particular by entering into any agreements for this purpose and specifically with a view to the successful completion of all issues; to proceed with the aforementioned issues on one or more occasions, in such amounts and at such times as it deems fit, in France and/or, as the case may be, abroad and/or on the international market (or, as the case may be, 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 those ordinary shares in the company to which any securities issued under this delegation may give entitlement;

7. sets the period of validity of this delegation, which voids and replaces any unused portion of any previous delegation granted for the same purpose, at twenty-six months from the date of this meeting.

Twenty-third resolution

(Delegation of powers to the Board of Directors, for a period of twenty-six months, to increase the share capital by incorporating share premium, reserves or earnings, or other amounts into capital)

The Annual General Meeting, having satisfied the quorum and majority requirements specified in Article L. 225-98 of the Commercial Code and 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 power to sub-delegate in accordance with law, the power to carry out, in such amounts and at such times as it deems fit, one or more capital increases by successively or simultaneously incorporating share premium, reserves, earnings or other amounts which may be incorporated into capital in accordance with applicable law and the articles of association, in the form of an allotment of free shares or by increasing the nominal value of the existing shares, or through a combination of those 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, as the case may be, the amount of any additional ordinary 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 twenty-second 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 free shares, fractional shares may not be traded or transferred and that the corresponding 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, with power to sub-delegate to any legally authorised person, to implement this delegation and generally to take all steps and carry out all formalities as may be necessary for the successful completion of each such capital increase, to confirm such increase has taken place and to amend the articles of association accordingly;
5. sets the period of validity of this delegation, which voids and replaces any unused portion of any previous delegation granted for the same purpose, at twenty-six months from the date of this meeting.

Twenty-fourth resolution

(Delegation of powers to the Board of Directors, for a period of twenty-six months, to increase the 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 and 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 power to sub-delegate in accordance with 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, immediately and/or in the future, to new ordinary shares to be issued by the company or by any company of 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 immediately and/or in the future pursuant to this resolution may not exceed €85,000,000 (eighty-five million euros) in nominal value, plus, as the case may be, the nominal amount of any 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 twenty-second resolution;
3. resolves that the securities giving access to ordinary shares in the company or a subsidiary so issued may consist of debt securities or be linked to the issuance of such securities, or allow such securities 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 by reference to a basket of currencies;
4. resolves that the nominal amount of all the debt securities that may be issued pursuant to this delegation may 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 twenty-second resolution and does not include above-par redemption premium, 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 securities that may be issued pursuant to this delegation and to give the Board of Directors power to grant shareholders a priority right to subscribe for the securities as of right and/or for any excess, pursuant to Article L. 225–135 of the Commercial Code. If subscriptions, including, as the case may be, any subscriptions made by shareholders, 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 those 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, as the case may be, 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 the allotment rights of holders of securities giving access to ordinary shares may be temporarily suspended in accordance with applicable law. Unless the provisions of the twenty-sixth resolution apply, the issue price of the ordinary shares and securities shall be such that the amount received immediately by the company or by a subsidiary that issues securities giving access to its ordinary shares, plus any amount receivable subsequently by the company or the subsidiary, as the case may be, is equal to or greater than the minimum amount required by the applicable regulations for each ordinary share, i.e. on this day, in accordance with the provisions of Article R. 225–119 of the Commercial Code, the weighted average price 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, with power to sub-delegate in accordance with law, to implement this delegation, in particular by entering into any agreements for this purpose, and specifically with a view to the successful completion of all issues; to make the aforementioned issues on one or more occasions, in such amounts and at such times as it deems fit, in France and/or, as the case may be, abroad and/or on the international market (or, as the case may be, 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. sets the period of validity of this delegation, which voids and replaces any unused portion of any previous delegation granted for the same purpose, at twenty-six months from the date of this meeting.

Twenty-fifth resolution

(Delegation of powers to the Board of Directors, for a period of twenty-six months, to increase the share capital by way of private placement, 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 and having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with the provisions of Article L. 411–2 II 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 power to sub-delegate in accordance with law, the power to carry out one or more capital increases, through one or more offers falling within the scope of paragraph II, 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, immediately and/or in the future, to ordinary shares to be issued by the company or by any company of 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 immediately or in the future pursuant to this resolution may not exceed 20% of the share capital over a twelve-month period or €75,000,000 (seventy-five million euros) in nominal value. The nominal amount of those capital increases shall count towards the overall ceiling set in the twenty-second resolution, plus, as the case may be, the nominal amount of any 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 or be linked to the issuance of such securities, or allow such securities 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 by reference to a basket of currencies;
4. resolves that the nominal amount of all the debt securities that may be issued pursuant to this resolution may not exceed €3,500,000,000 (three 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. This amount shall count towards the overall ceiling set in the twenty-second resolution and does not include above-par redemption premium, 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 those 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, as the case may be, 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 the allotment rights of holders of securities giving access to ordinary shares may be temporarily suspended in accordance with applicable law. Unless the provisions of the twenty-sixth resolution apply, the issue price of the ordinary shares and securities shall be such that the amount received immediately by the company or by a subsidiary that issues securities giving access to its ordinary shares, plus any amount receivable subsequently by the company or subsidiary, as the case may be, is equal to or greater than the minimum amount required by applicable regulations for each ordinary share, i.e. on this day, in accordance with the provisions of Article R. 225–119 of the Commercial Code, the weighted average price 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, with power to sub-delegate in accordance with law, to implement this delegation, in particular by entering into any agreements for this purpose, and specifically with a view to the successful completion of all issues; to make the aforementioned issues on one or more occasions, in such amounts and at such times as it deems fit, in France and/or, as the case may be, abroad and/or on the international market (or, as the case may be, 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. sets the period of validity of this delegation, which voids any unused portion of any previous delegation granted for the same purpose, at twenty-six months from the date of this meeting.

Twenty-sixth resolution

(Authorisation to the Board of Directors, for a period of twenty-six months, to set the price, in accordance with the terms decided by the Annual General Meeting, for immediate or future issues of equity securities, by way of public offering or private placement, without pre-emptive rights for existing shareholders)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings and 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 equity 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 power to sub-delegate in accordance with law, for each of the issues decided under the twenty-fourth and twenty-fifth resolutions and up to a limit of 10% of the share capital (based on the share capital as at the date of this meeting) for a period of twelve months, to derogate from the pricing conditions stipulated by 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 for immediate or future issues of equity securities by way of public offering or private placement, 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 amount received immediately by the company, plus any amount receivable subsequently by the company, will be equal to or greater than the amount referred to in sub-paragraph (a) above in respect of each share;
2. resolves that the Board of Directors shall have full powers to implement this resolution on the terms stipulated in the resolution pursuant to which such issue is decided;
3. sets the period of validity of this authorisation, which voids any unused portion of any previous authorisation granted for the same purpose, at twenty-six months from the date of this meeting.

Twenty-seventh resolution

(Authorisation to the Board of Directors, for a period of twenty-six months, 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 and 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 power to sub-delegate in accordance with 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. sets the period of validity of this authorisation, which voids any unused portion of any previous authorisation granted for the same purpose, at twenty-six months from the date of this meeting.

Twenty-eighth resolution

(Delegation of powers to the Board of Directors, for a period of twenty-six months, to increase the 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 and 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 power to sub-delegate in accordance with law, the power 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, immediately 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 that the total nominal amount of capital increases that may be implemented immediately or in the future pursuant to this delegation may not exceed 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 twenty-second resolution;
3. resolves that the nominal amount of all the debt securities that may be issued pursuant to this resolution may not exceed €1,750,000,000 (one billion seven hundred and fifty million euros) or the equivalent in

any other currency or any other unit of account on the date the issue is decided, it being stipulated that such amount does not include above-par redemption premium, if provided for. This nominal amount shall count towards the overall ceiling set in the twenty-second resolution;

4. resolves to the extent necessary to cancel the pre-emptive rights of shareholders to the shares and/or securities issued under this delegation, in favour of the holders of the equity securities or other securities that are offered as contributions in kind to the company;
5. notes that this delegation entails the waiver by shareholders of their pre-emptive rights to those ordinary shares in the company to which any securities issued under this delegation might give entitlement;
6. resolves that the Board of Directors shall have full powers, with power to sub-delegate in accordance with law, to implement this resolution, and in particular to determine the valuation of the contributions in kind based on the report of the expert appraiser(s), approve the granting of specific benefits, confirm the capital increases made pursuant to this delegation, amend the articles of association accordingly, carry out all formalities and declarations, 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. sets the period of validity of this delegation, which voids any unused portion of any previous delegation granted for the same purpose, at twenty-six months from the date of this meeting.

Twenty-ninth resolution

(Delegation of powers to the Board of Directors, for a period of twenty-six months, to increase the 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 and 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 power to sub-delegate in accordance with law, the power to issue ordinary shares of the company and/or securities, as consideration for securities tendered to a public exchange offer initiated by the company in France or abroad in accordance with local regulations, for securities of another 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 immediately and/or in the future pursuant to this resolution may not exceed €85,000,000 (eighty-five million euros) plus, as the case may be, the nominal amount of any 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 twenty-second resolution;
3. resolves that the nominal amount of all the debt securities that may be issued pursuant to this resolution may 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, it being stipulated that such amount does not include above-par redemption premium, if provided for. This nominal amount shall count towards the overall ceiling set in the twenty-second 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 those ordinary shares in the company to which any securities issued pursuant to this delegation may give entitlement;
6. resolves that the Board of Directors shall have full powers, with power to sub-delegate in accordance with law, to implement this resolution, and in particular:
   a) to set the exchange ratio and, as the case may be, any cash balance of the consideration to be paid,
   b) to confirm the number of securities tendered for exchange,
   c) to determine the dates, terms and conditions of the issue – in particular the price and date of first entitlement to dividends – of the new shares or, as the case may be, of the securities giving immediate and/or future access to ordinary shares in the company,
   d) 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,
   e) 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,
   f) if necessary, to charge to the share premium account all expenses, taxes and duties incurred in relation to any transaction authorised pursuant to this resolution,
   g) generally to take all useful steps and enter into all agreements to bring to successful completion any transaction authorised pursuant to this resolution, confirm the capital increase(s), and amend the articles of association accordingly;
7. sets the period of validity of this authorisation, which voids any unused portion of any previous authorisation granted for the same purpose, at twenty-six months from the date of this meeting.

Thirtieth resolution

(Delegation of powers to the Board of Directors, for a period of twenty-six months, to issue shares, without pre-emptive rights for existing shareholders, following the issue by a Bouygues subsidiary of securities giving access to shares in Bouygues)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings and 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 power to sub-delegate in accordance with law, the power to issue ordinary shares in Bouygues as a result of the issuance of securities by any company of which Bouygues directly or indirectly holds more than half of the capital ("subsidiaries") and expressly authorises the resulting capital increase(s);

   Such securities shall be issued by the subsidiaries with the consent 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 whatever manner to ordinary shares in Bouygues; such securities may be issued on one or more occasions, in France, on foreign markets and/or on the international market;
2. notes that Bouygues shareholders have no pre-emptive rights over the aforementioned securities issued by its subsidiaries;
3. notes that this resolution entails the waiver by Bouygues shareholders of their pre-emptive rights to ordinary shares to which the aforementioned securities issued by subsidiaries may give entitlement, in favour of the holders of those securities;
4. resolves that the nominal amount of the increase in the share capital of Bouygues resulting from all issues that may be carried out pursuant to this delegation may not exceed €85,000,000 (eighty-five million euros). This nominal amount shall count towards the overall ceiling set in the twenty-second resolution;
5. resolves that in all circumstances the amount payable to Bouygues, at the time of the issue or subsequently, for each ordinary share issued as a result of the issuance of such securities, shall be equal to or greater than the minimum amount provided for by law and regulations in force at the time this delegation is used, after any necessary adjustments to that amount to take account of differences in the dates of first entitlement to dividends;
6. resolves that the Board of Directors shall have full powers, with power to sub-delegate in accordance with 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, and 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 successful completion, in accordance with all applicable French and, as the case may be, 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. sets the period of validity of this delegation, which voids any unused portion of any previous delegation granted for the same purpose, at twenty-six months from the date of this meeting.

Thirty-first resolution

(Delegation of powers to the Board of Directors, for a period of twenty-six months, to increase the 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 and having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with the provisions of (i) the Commercial Code and in particular Articles L. 225-129-6 (paragraph 1) and L. 225-138-1 thereof and (ii) Articles L. 3332-1 *et seq.* of the Labour Code:

1. delegates to the Board of Directors the power to carry out one or more capital increases, at its own initiative, in such amounts and at such times as it deems fit, of up to 5% of the company's share capital on the day of the Board of Directors' decision, by issuing new shares for payment in cash and, as the case may be, by incorporating reserves, earnings or share premium into the capital and by allotting free shares or other securities giving access to the capital subject to applicable law; and 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 hereby issued for employees and corporate officers of Bouygues and for employees and corporate officers of all French and foreign companies related to Bouygues within the meaning of applicable law, who are members of any 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 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; or more than the maximum legally stipulated percentage below the average;
4. notes that this resolution entails the cancellation of the shareholders' pre-emptive rights in favour of the employees and corporate officers for whom the capital increase is reserved, and the waiver of any entitlement to the shares or other securities giving access to the capital that are allotted free of charge pursuant to this resolution;
5. delegates full powers to the Board of Directors to:

   a) set the date and terms and conditions of the issues that may 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 set the terms for allotting free shares or other securities giving access to the capital pursuant to the authorisation given in point 1 above; to set the issue price of the new shares to be issued in compliance with the above rules, the opening and closing dates for subscriptions and the dates of first entitlement to dividends, the payment period subject to a maximum period of three years; and, as the case may be, to set the maximum number of shares that can be subscribed per employee and per issue,

b) confirm that the capital increases have taken place, at an amount equal to the amount of shares actually subscribed for,

c) carry out all operations and formalities, directly or through an agent,

d) amend the articles of association to reflect the capital increases,

e) charge the expenses of the capital increases against the share premium arising on each increase and deduct from such amount the sums required to raise the legal reserve to one-tenth of the new share capital following each increase,

f) generally take all necessary measures.

The Board of Directors may, within the limits provided by law and any limits predetermined by the Board of Directors, 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. sets the period of validity of this delegation, which voids any unused portion of any previous delegation granted for the same purpose, at twenty-six months from the date of this meeting.

Thirty-second resolution

(Authorisation to the Board of Directors, for a period of twenty-six months, 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 and 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 corporate officers of the company and/or of companies and/or groupings that are directly or indirectly related to the company within the meaning of Article L. 225-180 of the Commercial Code, stock options giving the beneficiaries the right, at the discretion of the Board of Directors, to either (i) subscribe for new shares in the company to be issued through a capital increase or (ii) buy existing shares in the company sourced from buy-backs carried out by the company;
2. resolves that the total number of stock options granted under this authorisation shall not give the right to subscribe for or acquire a total number of shares representing, at the grant date and taking into account stock options already granted under this authorisation, more than 2% of the company's share capital on the day of the Board of Directors' decision, with the caveat that any shares allotted free of charge pursuant to the thirty-third resolution shall also count towards that ceiling;
3. resolves that the total number of stock options that may be granted to Executive Officers of the company under this authorisation shall not give the right to subscribe for or acquire a total number of shares representing, at the grant date and taking into account stock options already granted under this authorisation, more than 0.25% of the company's share capital on the day of the Board of Directors' decision, with the caveat that any shares allotted free of charge to Executive Officers pursuant to the thirty-third resolution shall also count towards that sub-ceiling;
4. resolves that if share subscription options are granted, the price that the beneficiaries pay to subscribe for shares shall be determined on the day the options are granted by the Board of Directors and shall not be less than the average share price quoted on the Eurolist of Euronext Paris, or on any other market that may 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 pay to purchase shares shall be determined on the day the options are granted by the Board of Directors and shall not be less than (i) the average share price quoted on the Eurolist of Euronext Paris, or on any other market that may replace it, for the twenty trading days preceding the day when the share subscription options are granted or (ii) the average purchase price of own shares 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, may not exceed ten years from the grant date, unless a subsequent Annual General Meeting resolves to set a longer exercise period;
7. notes that pursuant to Article L. 225-178 of the Commercial Code, this authorisation expressly entails the waiver by shareholders of their pre-emptive rights to the shares in the company issued as and when the stock options are exercised, in favour of the beneficiaries of the stock options;
8. delegates to the Board of Directors, with power to sub-delegate in accordance with law, full powers to determine the other terms and conditions for granting and exercising stock options, and in particular to:

a) determine the terms and conditions for granting and exercising the stock options, and draw up the list of beneficiaries of the options,

b) determine any length of service, performance and other criteria to be fulfilled by beneficiaries of stock options,

c) in particular, for any stock options granted to Executive Officers of the company, determine the performance criteria to be fulfilled by the beneficiaries, and stipulate that the stock options may not be exercised before the Executive Officers cease to hold office or specify the quantity of shares they must retain in registered form until they cease to hold office,

d) determine and, as the case may be, extend the exercise period(s), and establish any clauses prohibiting immediate resale of all or some of the shares,

e) set the date of first entitlement to dividend, which may be retroactive, of new shares arising from the exercise of stock options,

f) decide the conditions under which the price and the number of shares to be subscribed for or purchased must be adjusted, in particular under the circumstances specified in applicable laws and regulations,

g) allow the possibility of temporarily suspending the exercise of stock options in the event of corporate finance transactions or securities transactions,

h) limit, restrict or prohibit the exercise of stock options during certain periods or as from certain events, with the possibility that such decisions may apply to all or some of the stock options and all or some of the beneficiaries,

i) conclude all agreements, take all steps, and accomplish or arrange for the accomplishment of all acts or formalities to finalise the capital increase(s) carried out under this authorisation, amend the articles of association accordingly, and generally take all necessary measures,

j) if the Board of Directors deems fit, charge the expenses of the capital increases against the premium arising on each increase and deduct from such amount the sums required to raise the legal reserve to one-tenth of the new share capital following each increase;

9. sets the maximum period during which the Board of Directors may use this authorisation, which voids any unused portion of any previous authorisation granted for the same purpose, at twenty-six months from the date of this meeting.

Thirty-third resolution

(Authorisation to the Board of Directors, for a period of twenty-six months, to allot existing or new shares free of charge, entailing the waiver by shareholders of their pre-emptive rights, in favour of employees or corporate officers of the company or related companies)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings and having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with the provisions of Articles L. 225-197-1 *et seq.* of the Commercial Code:

1. authorises the Board of Directors to allot free of charge, on one or more occasions, existing or new shares in the company to the beneficiaries indicated below;
2. resolves that the beneficiaries of those shares, whom the Board of Directors shall designate, may include all or certain categories of salaried employees and/or all or certain corporate officers of Bouygues or of companies and economic interest groupings that are related to Bouygues within the meaning of Article L. 225-197-2 of the Commercial Code;
3. resolves that under this authorisation, the Board of Directors may allot a total number of shares representing up to 1% of the existing share capital of the company on the day of the Board of Directors' decision;
4. resolves in particular that the total number of shares allotted free of charge to Executive Officers of the company pursuant to this authorisation shall not represent more than 0.125% of the company's share capital on the day of the Board of Directors' decision;
5. resolves that the allotment of shares to beneficiaries shall only become definitive at the end of a vesting period, which shall be determined by the Board of Directors but may not be less than one year;
6. resolves that the Board of Directors may also set a minimum lock-up period for beneficiaries, starting from the date on which the shares are definitively allotted;
7. stipulates that, in accordance with law, the cumulative length of the vesting period and any lock-up period may not be less than two years;
8. resolves that free shares shall be allotted immediately prior to the end of the vesting period in the event of a category two or three disability suffered by the beneficiary as defined in Article L. 341-4 of the Social Security Code, in which case the lock-up period shall also end immediately;
9. authorises the Board of Directors to use existing or future authorisations granted by the Annual General Meeting, in accordance with the provisions of Articles L. 225-208 and L. 225-209 of the Commercial Code;
10. notes that this authorisation entails the automatic waiver by shareholders of their pre-emptive rights to subscribe for ordinary shares issued as and when the shares are definitively allotted, and of any entitlement to ordinary shares allotted free of charge under this authorisation, in favour of the beneficiaries of the allotment of free shares;
11. resolves that the Board of Directors shall have full powers to implement this authorisation in accordance with legal and regulatory requirements, and in particular to:

    a) determine the conditions and any criteria for the allotment of new or existing shares, and to draw up the list or categories of beneficiaries,

    b) determine the length of service conditions that beneficiaries must fulfil,

    c) allow for the possibility of temporarily suspending allotment rights,

    d) set all the other terms and conditions under which the shares will be allotted,

    e) accomplish or arrange for the accomplishment of all acts or formalities necessary to buy back shares and/or complete capital increase(s) that may be carried out pursuant to this authorisation, amend the articles of association accordingly, and in general take all necessary steps, with the option of sub-delegation under applicable law;
12. sets the period of validity of this authorisation at twenty-six months from the date of this meeting;
13. notes that this authorisation voids any unused portion of any previous authorisation granted for the same purpose.

Thirty-fourth resolution

(Delegation of powers to the Board of Directors, for a period of eighteen months, to issue equity warrants during the period of a public offer for the company' s shares, up to a limit of 25% of the share capital)

The Annual General Meeting, in extraordinary session but having satisfied the quorum and majority requirements for ordinary general meetings, in accordance with Article L. 233-32 II of the Commercial Code, and having acquainted itself with the Board of Directors' report and the auditors' report:

1. delegates to the Board of Directors the power to issue on one or more occasions, during the period of a public offer for the company's shares, warrants giving entitlement 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 either (i) one quarter of the number of shares comprising the share capital at the time the warrants are issued, or (ii) a nominal amount of €95,000,000 (ninety-five million euros), and that the maximum number of equity warrants that may be issued may not exceed one quarter of the number of shares comprising the share capital at the time the warrants are issued and €95,000,000 (ninety-five million);
3. resolves that the Board of Directors shall have full powers, with power to sub-delegate in accordance with 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 those ordinary shares in the company to which any warrants issued pursuant to this delegation may give entitlement;
5. sets the period of validity of this delegation, which voids and replaces any unused portion of any previous delegation granted for the same purpose, at eighteen months from the date of this meeting.

Thirty-fifth resolution

(Powers to accomplish formalities)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, gives full powers to the bearer of an original, excerpt or copy of the minutes of this Annual General Meeting to accomplish all legal formalities and to carry out all necessary filings, publications and declarations stipulated by the applicable legal and regulatory provisions.

GLOSSARY

4G consumption: data consumed on 4G cellular networks, excluding Wi-Fi.

4G users: customers who have used the 4G network during the last three months (Arcep definition).

ABPU (Average Billing Per User):

- In the mobile segment, it is equal to the total of mobile sales billed to customers (B2C or B2B) divided by the average number of customers over the period. It excludes MtoM SIM cards and free SIM cards.
- In the fixed segment, it is equal to the total of fixed sales billed to customers (excluding B2B) divided by the average number of customers over the period.

B2B (business to business): when one business makes a commercial transaction with another.

Backlog (Bouygues Construction, Colas): the amount of work still to be done on projects for which a firm order has been taken, i.e. the contract has been signed and has taken effect (after notice to proceed has been issued and suspensory clauses have been lifted).

Backlog (Bouygues Immobilier): sales outstanding from notarised sales plus total sales from signed reservations that have still to be notarised.

Under IFRS 11, Bouygues Immobilier's backlog does not include sales from reservations taken via companies accounted for by the equity method (co-promotion companies where there is joint control).

Construction businesses: Bouygues Construction, Bouygues Immobilier and Colas

EBITDA: current operating profit before net depreciation and amortization expense, net provisions and impairment losses, reversals of unutilised provisions and impairment losses and before effects of acquisition/loss of control.

EBITDA margin (Bouygues Telecom): EBITDA/sales from network.

Free cash flow: cash flow minus cost of net debt minus income tax expense minus net capital expenditures. It is calculated before changes in WCR. The calculation of free cash flow by business segment is set out in Note 16 "Segment information" to the consolidated financial statements at 31 December 2018 (see Chapter 7 of this document), available on bouygues.com

Free cash flow after WCR: cash flow minus cost of net debt minus income tax expense minus net capital expenditure. It is calculated after changes in WCR related to operating activities.

FTTH (Fiber-To-The-Home): optical fibre from the central office (where the operator's transmission equipment is installed) all the way to homes or business premises (Arcep definition).

FTTH premises secured: the horizontal deployed, being deployed or ordered up to the concentration point.

FTTH premises marketed: the connectable sockets, i.e. the horizontal and vertical deployed and connected via the concentration point.

Growth in sales like-for-like and at constant exchange rates:

- **at constant exchange rates:** change after translating foreign-currency sales for the current period at the exchange rates for the comparative period;
- **on a like-for-like basis:** change in sales for the periods compared, adjusted as follows:
  - for acquisitions, by deducting from the current period those sales of the acquired entity that have no equivalent during the comparative period;
  - for divestments, by deducting from the comparative period those sales of the divested entity that have no equivalent during the current period.

MtoM: machine to machine communication. This refers to direct communication between machines or smart devices or between smart devices and people via an information system using mobile communications networks, generally without human intervention.

Net surplus cash/(net debt): the aggregate of; cash and cash equivalents, overdrafts and short-term bank borrowings, non-current and current debt, and financial instruments. A positive figure represents net surplus cash and a negative one represents net debt. The main components of change in net debt are presented in Note 9 to the consolidated financial statements at 31 December 2018 (see Chapter 7 of this document), available at bouygues.com

Order intake (Bouygues Construction, Colas): a project is included under order intake when the contract has been signed and has taken effect (the notice to proceed has been issued and all suspensory clauses have been lifted) and the financing has been arranged. The amount recorded corresponds to the sales the project will generate.

PIN: Public-Initiative Network

Reservations by value (Bouygues Immobilier): the € amount of the value of properties reserved over a given period.

- **Residential properties:** the sum of the value of unit and block reservation contracts signed by customers and approved by Bouygues Immobilier, minus registered cancellations.
- **Commercial properties:** these are registered as reservations on notarised sale. For co-promotion companies: if Bouygues Immobilier has exclusive control over the co-promotion company (full consolidation), 100% of amounts are included in reservations; if joint control is exercised (the company is accounted for by the equity method), commercial activity is recorded according to the amount of the equity interest in the co-promotion company.

Sales from services (Bouygues Telecom) comprise:

- Sales billed to customers, which include:

IN MOBILE:

- For B2C customers: sales from outgoing call charges (voice, texts and data), connection fees, and value-added services.
- For B2B customers: sales from outgoing call charges (voice, texts and data), connection fees, and value-added services, plus sales from business services.
- Machine-To-Machine (MtoM) sales.
- Visitor roaming sales.
- Sales generated with Mobile Virtual Network Operators (MVNOs).

IN FIXED:

- For B2C customers: sales from outgoing call charges, fixed broadband services, TV services (including Video on Demand and catch-up TV), and connection fees and equipment hire,
- For B2B customers: sales from outgoing call charges, fixed broadband services, TV services (including Video on Demand and catch-up TV), and connection fees and equipment hire, plus sales from business services,
- Sales from bulk sales to other fixed line operators;

- Sales from incoming Voice and Texts;
- Spreading of handset subsidies over the projected life of the customer account, required to comply with IFRS 15;
- Capitalization of connection fee sales, which is then spread over the projected life of the customer account.

Other sales (Bouygues Telecom): difference between Bouygues Telecom's total sales and sales from services. It comprises:

- Sales from handsets, accessories and other;
- Roaming sales;
- Non-telecom services (construction of sites or installation of FTTH lines);
- Co-financing of advertising;

Very-high-speed: subscriptions with peak downstream speeds higher or equal to 30 Mbit/s. Includes FTTH, FTTLA, 4G box and VDSL2 (Arcep definition) subscriptions.

CONCORDANCE

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	21.1.3	Shares held by the issuer or subsidiaries of the issuer	245-247, 395
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	21.1.5	Terms of any acquisition rights and/or obligations over authorised but unissued capital or an undertaking to increase the capital	242-245, 249-254, 256, 396-401, 409-411, 415-424
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Historical financial information for 2016 and 2017

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:

- key financial information and the consolidated financial statements for the year ended 31 December 2016 and the auditors' reports relating thereto, presented respectively on pages 17 to 22 and 244 to 310 of the 2016 Registration Document filed with the Autorité des Marchés Financiers on 22 March 2017 under No. D. 17–0201;
- key financial information and the consolidated financial statements for the year ended 31 December 2017 and the auditors' reports relating thereto, presented respectively on pages 17 to 22 and 250 to 331 of the 2017 Registration Document filed with the Autorité des Marchés Financiers on 21 March 2018 under No. D. 18–0158.

These documents are available in the Finance/Regulated information section of the Bouygues website at www.bouygues.com.

Full-year Financial Report

The 2018 Full-year Financial Report, prepared pursuant to Article L. 451–1–2-I of the Monetary and Financial Code and Article 222–3 of the AMF General Regulation, comprises the following sections of the Registration Document:

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Management report	5-258, 391-401
Statement by the person responsible for the abovementioned documents	434
Auditors' report on the parent company financial statements	384-387
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Management report

The management report and the consolidated Group management report are presented as a single report as permitted under Article L. 225–100–1-II of the Commercial Code. The report is included in this Registration Document. It was approved by the Board of Directors at its meeting on 20 February 2019. 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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Bouygues' results over the last five years (R. 225–102)	258
Schedules of trade payables and receivables (L. 441–6–1, D. 441–4)	240
Share buyback programme (L. 225–211)	245-247
Loans with a maximum term of two years granted by Bouygues to micro-, small- and medium-sized companies (Article L. 511–6 of the Monetary and Financial Code)	not applicable
Injunctions or fines imposed by the French Competition Authority for anti-competitive practices which the Authority has required to be disclosed in the Annual Report (L. 464–2)	not applicable

Human resources, environmental and social information

The human resources, environmental and social information contained in the management report is included in chapter 3 of this Registration Document on the following pages:

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Report on corporate governance

The report on corporate governance prepared pursuant to Articles L. 225-37 and L. 255-37-2 to L. 225-37-5 of the Commercial Code can be found on pages 183 to 235 of this Registration Document. It was approved by the Board of Directors at its meeting on 20 February 2019.

Information to be provided in this report as required by Articles L. 225-37-2 to L. 225-37-5 of the Commercial Code and by the Afep-Medef Corporate Governance Code can be found on the following pages:

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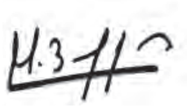
STATEMENT BY THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

I hereby declare that, to the best of my knowledge, the information in this Registration Document is correct and that all reasonable measures have been taken to that end. There are no omissions likely to alter the scope of this information.

I hereby declare that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial positions and results of the company and all the undertakings included in the consolidation taken as a whole; and that the management report on pages 5 to 258 and 391 to 401 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, and that it describes 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.

Paris, 19 March 2019



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On the Web

- You can access and download the Integrated Report, the Registration Document and *2018 At a Glance* on the www.bouygues.com website. You can access the website directly by scanning the QR code[a] with your smartphone or tablet.
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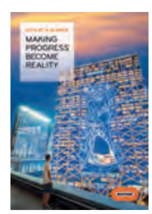
On tablets



2018 At a Glance[b] is also available on tablets (key videos and photos, and a guide of the Group's main sites around the world). Updated yearly.

Available on the iPhone App Store | ANDROID APP ON Google play

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(a) Specific app. and internet connection required.
(b) Languages available: Chinese (Mandarin), English, French, German, Japanese, Korean (publications available from March).

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