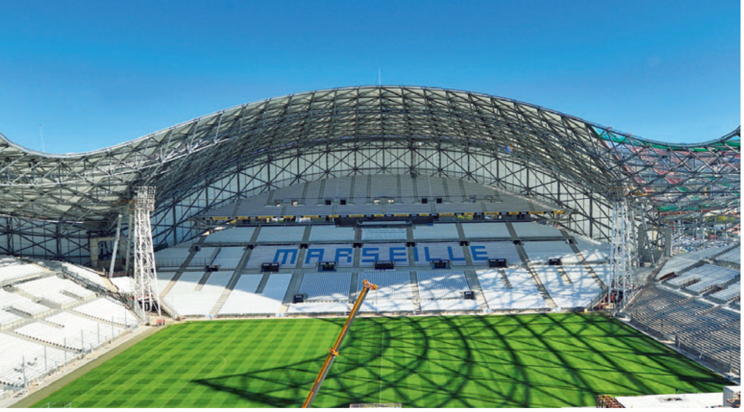
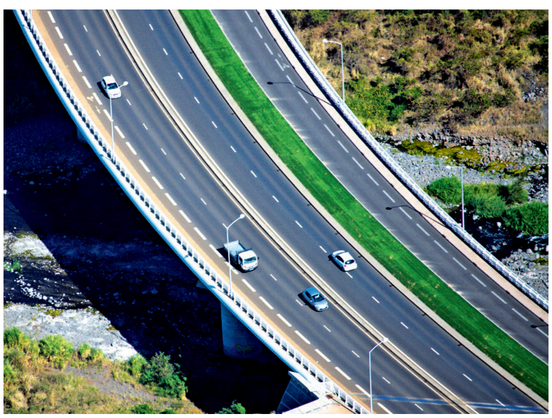


2013 REGISTRATION DOCUMENT

BUSINESS ACTIVITIES AND CSR – FULL-YEAR FINANCIAL REVIEW



BOUYGUES CONSTRUCTION

BOUYGUES IMMOBILIER

COLAS

TF1

BOUYGUES TELECOM

BOUYGUES

CONTENTS

2013 REGISTRATION DOCUMENT

BUSINESS ACTIVITIES AND CSR – FULL-YEAR FINANCIAL REVIEW

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

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This document is a free translation of the Registration Document filed with the Autorité des Marchés Financiers (AMF) on 19 March 2014, 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 with the Chairman and CEO

Martin Bouygues

How did the Group perform in 2013?

In 2013, the Group once again confirmed its competitiveness and its innovation capacity to the benefit of customers in its three sectors of activity: construction, telecoms and media. The construction businesses achieved an excellent commercial and financial performance. TF1 became France's leading television group and, having renewed its programming, strengthened its leadership position in a market under strong pricing pressure. Bouygues Telecom successfully launched 4G, which has been taken up by nearly 10% of customers.

Operating performances were in line with objectives. Sales were stable, current operating profit rose by 5% on 2012 and net debt remained under tight control.

The adaptation plans introduced in 2012 delivered the expected results. Bouygues Immobilier adjusted to the sharp fall in the property market and Colas reorganised its roads activity in France. TF1 continued phase II of its optimisation plan, while savings from the transformation plan at Bouygues Telecom exceeded expectations.

Why did you write down your investment in Alstom?

Alstom is an industrial group which operates on highly cyclical global markets. That is especially true of Alstom Power, its power generation division, which is currently facing persistently weak demand for new thermal power plants. That is partly because energy consumption has not yet returned to its pre-crisis level in mature economies, while growth rates have slowed in several emerging countries.

When Alstom reported its third-quarter orders and sales for FY 2013/14, the group announced that the persistent weakness in demand for new thermal power plants was weighing on its outlook for free cash flow and operating margin. This announcement caused Alstom's share price to fall by over 25% in the following two weeks, causing financial analysts to significantly scale back their forecasts. Those events caused us to recognise an accounting write-down of €1,404 million against our investment in Alstom in our 2013 financial statements.

This write-down has no impact on the Bouygues group's cash position or operating performance, both of which are very robust. The Group's capacity for future growth remains intact.

In 2013, the Group confirmed its competitiveness and its innovation capacity

Are you confident of a turnaround at Alstom?

I have every confidence in the ability of Patrick Kron and his staff to deal with a cyclical situation that is far from uncommon in this type of industry.

An ambitious savings programme has already been introduced with the aim of making Alstom more competitive and reducing its cost base. In order to gain in financial flexibility and strengthen its strategic mobility, Alstom is considering selling a minority stake in Alstom Transport and has started to dispose of some non-strategic assets.

How do you see the telecoms market in France?

Competition on the mobile market has increased since late 2013, characterised by intense price competition and a war of words surrounding 4G that has limited the potential for value creation. There is no leeway on the fixed broadband market in terms of offer and prices. Clearly, the French market cannot continue to function in this way, with such a regulatory imbalance in favour of one operator. One way or another, the situation will have to change.

How did Bouygues Telecom fare in this complicated environment?

Bouygues Telecom continued to implement its strategic priorities in 2013: overhauling its business model and repositioning its offering. Thus, the company optimised its distribution channels at the same time as negotiating a network sharing agreement with SFR and successfully launched the largest 4G network in France, covering 40 million people. Bouygues Telecom had 9,910,000 plan customers at end-2013, a year-on-year increase of 482,000, including 1,750,000 B&YOU customers, a year-on-year increase of 726,000. On the fixed broadband market, the company gained 167,000 new customers to give a total of 2,013,000.

Bouygues Telecom achieved its financial objectives thanks to its transformation plan. As expected, EBITDA amounted to €880 million, close to the 2012 level. The results of the transformation plan introduced in early 2012 significantly exceeded expectations, generating savings of €599 million on its mobile activity costs since the end of 2011.

How about the construction businesses, your core sector of activity?

The construction businesses — **Bouygues Construction, Bouygues Immobilier** and **Colas** — achieved an excellent commercial performance in 2013 and improved their financial results.

The order book stood at €27.5 billion at end-December 2013, up 3% versus end-2012. Over three years, the order book grew by 22%. This achievement underlines the Group's competitiveness, driven by recognised know-how, notably in value-added projects, and a strong and selective international presence. 50% of the order books at Bouygues Construction and Colas is to be executed in international markets. Bouygues Construction concluded a number of major projects, including the Tuen Mun-Chek Lap Kok tunnel in Hong Kong, Zagreb Airport in Croatia and the L2 bypass in Marseille. At Colas, successes included the Tangier-Kenitra high-speed rail link in Morocco, the Santiago metro in Chile and a roads maintenance contract in London, UK.

Financial results improved further in 2013. Consolidated sales rose 2% and current operating profit 9%, while free cash flow of €821 million remained at a high level.

> "Excellent commercial performance in the construction businesses"

Is sustainable construction still a priority for you despite the crisis?

More than ever. It is a key issue for us and one of the answers to the great environmental challenges of the 21st century. In order to meet them, the Group's construction businesses have made sustainable construction a strategic priority. Bouygues Construction and Bouygues Immobilier are developing solutions, at the level of both individual buildings and entire neighbourhoods. To give an example, Bouygues Immobilier's Green Office positive-energy office buildings show that it is possible to combine a very high level of energy efficiency, guaranteed by a contract, with optimum comfort for users. Several eco-neighbourhood projects, which aim to reduce consumption of resources while improving living conditions for residents, are being developed or are under construction, including Ginko in Bordeaux, Hikari in Lyon and Green City in Zurich.

What shape is the Group in as it enters 2014?

Our financial position is very robust. The upheaval on the telecoms market has had a negative impact on Bouygues' performance. However, the fundamentals remain intact, in particular our capacity to generate free cash flow on a regular basis thanks to the diversified range of our business activities. In addition, Bouygues can draw on a strong capacity to adapt and on the expertise and excellent mindset of its employees.

I am confident in the Group's medium-term prospects and in its ability to meet the challenges of today.

1 THE GROUP

1.1 Profile

1.1.1 A diversified industrial group

Founded in 1952, the Bouygues group now has operations in over 80 countries. With a strong and distinctive corporate culture, it has firm foundations on which to pursue growth.

With over 128,000 employees, the Bouygues group operates in three sectors of activity – construction (Bouygues Construction, Bouygues Immobilier and Colas), media (TF1) and telecoms (Bouygues Telecom). It is also the leading shareholder in Alstom (power generation, power transmission and rail transport).

1.1.1.1 STRATEGY

Bouygues is a diversified industrial group that targets markets with long-term growth potential, enabling its businesses to generate cash flows on a regular basis.

In each of its business areas, Bouygues aims to add value to all its products and services through constant innovation while remaining competitive.

One of the priorities for the construction businesses is to expand on international markets, especially in Asia and the Middle East. Bouygues Construction generates 46% of its sales on international markets, and Colas 43%.

1.1.1.2 STRENGTHS

A stable shareholder structure

A stable shareholder structure means that Bouygues can take a long-term approach to strategy. Its two largest shareholders are the Group's employees and SCDM, a holding company controlled by Martin and Olivier Bouygues.

- SCDM owned 20.8% of the capital and held 28.4% of the voting rights at 31 December 2013.
- Over 60,000 employees own shares in the Group, confirming Bouygues as the CAC 40 company with the highest level of employee share ownership. Employees owned 24.8% of the capital and held 30.2% of the voting rights at 31 December 2013.

A strong and distinctive corporate culture

The Group's corporate culture, shared by all five of its business areas, is distinguished by project management expertise and human resources management based on the principles of its human resources charter: respect, trust and fairness.

A focus on markets sustained by robust demand

In construction, very substantial infrastructure and housing needs exist in both developed and emerging countries. There is growing demand for sustainable construction, especially low-energy and positive-energy buildings and eco-neighbourhoods. Bouygues has developed innovative know-how on these markets that give it an acknowledged competitive edge. French telecoms and media markets will continue to expand, with future growth being driven by rapid technological advances and changing usage.

A very sound financial structure

Bouygues has a sound financial profile. Keeping capital expenditure under control while generating cash flows on a regular basis, the Group carries little debt and has a very substantial cash surplus.

Drawing on these strengths, Bouygues has paid out a dividend to its shareholders on a regular basis and for many years. The average dividend yield was 6.9% in 2013.

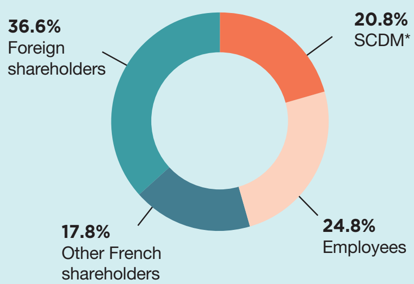
KEY DATES IN THE GROUP'S HISTORY

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

MAIN SHAREHOLDERS

at 31 December 2013

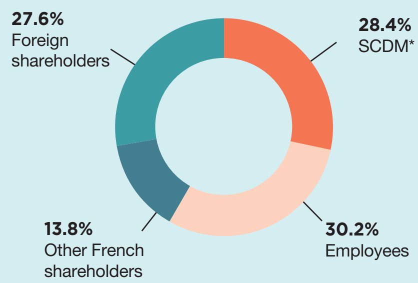
Number of shares: 319,264,996



VOTING RIGHTS

at 31 December 2013

Number of voting rights: 459,117,988



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

IN FIGURES

(at 31 December 2013)

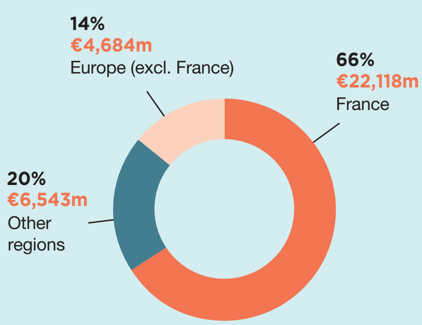
128,067
employees
in over 80 countries.

3
sectors of activity
construction (Bouygues Construction, Bouygues Immobilier and Colas), media (TF1) and telecoms (Bouygues Telecom). Bouygues is also the leading shareholder in Alstom.

43
years listed
on the Paris Stock Exchange (CAC 40 index, Euronext Paris Compartment A). Market capitalisation: €8.8 billion at 31 December 2013.

SALES BY REGION

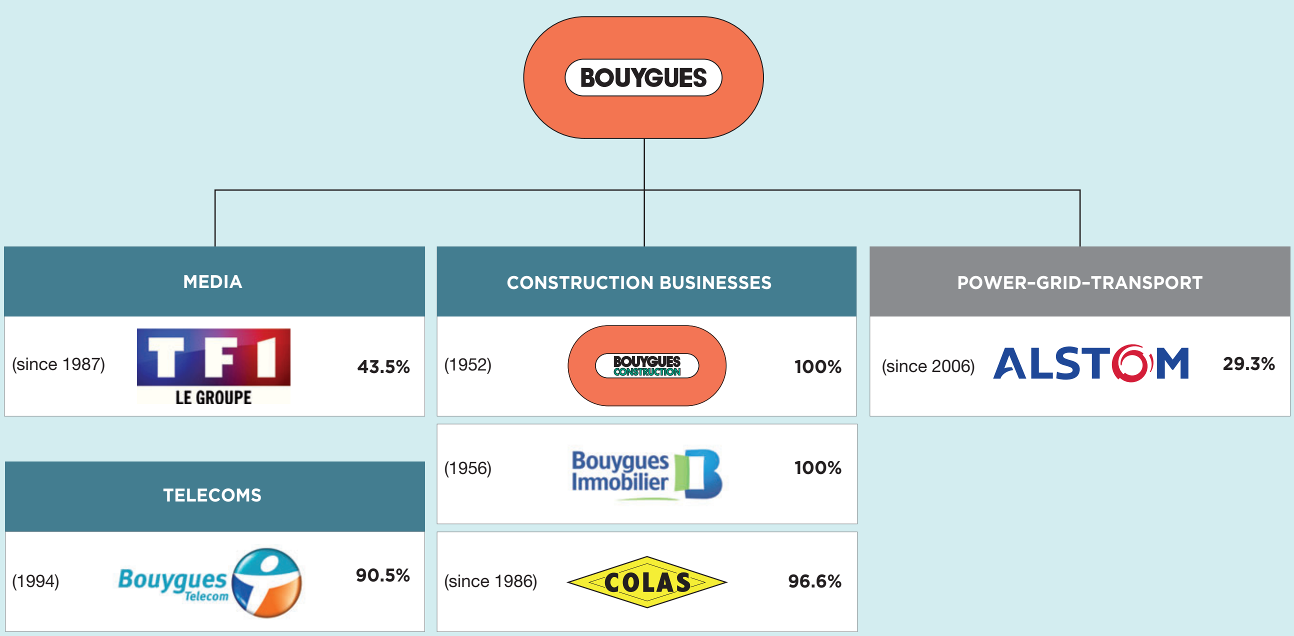
at 31 December 2013



Bouygues Immobilier, TF1 and Bouygues Telecom conduct most of their business in France. Bouygues Construction and Colas have operations in over 80 countries and generated 44% of their sales outside France in 2013. The main regions where they operate are Europe, followed by North America and the Asia-Pacific region.

SIMPLIFIED GROUP ORGANISATION CHART

at 31 December 2013



1.1.2 Organisation and governance

1.1.2.1 THE BOARD OF DIRECTORS AT 25 FEBRUARY 2014

Chairman and CEO

Martin Bouygues

Director and Deputy CEO

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

Directors




(LEFT TO RIGHT) **François Bertière,** Chairman and CEO, Bouygues Immobilier - **Mrs Francis Bouygues** -
Jean-Paul Chifflet, CEO, Crédit Agricole SA - **Georges Chodron de Courcel,** Chief Operating Officer, BNP Paribas




(LEFT TO RIGHT) **Yves Gabriel,** Chairman and CEO, Bouygues Construction - **Anne-Marie Idrac** (1)**,** Former Chair, SNCF -
Patrick Kron, Chairman and CEO, Alstom - **Hervé Le Bouc,** Chairman and CEO, Colas

(1) Independent director.

The Board of Directors refers to the recommendations of the Afep/Medef Corporate Governance Code. It draws on the work of four committees. The proportion of women with seats on the Board is one third. The proportion of women with seats on Board committees is 43%. The proportion of independent directors, excluding directors representing employee shareholders, is 37.5%.

More information is available in the Report by the Chairman (see chapter 5, section 5.2 of this Registration Document).

BOARD COMMITTEES

Accounts Committee

Helman le Pas de Sécheval (1) (Chairman)
Georges Chodron de Courcel
Anne-Marie Idrac (1)
Michèle Vilain (2)

Selection Committee

Jean Peyrelevade (1) (Chairman)
Jean-Paul Chifflet
Georges Chodron de Courcel
François-Henri Pinault (1)

Remuneration Committee

Colette Lewiner (1) (Chairwoman)
Helman le Pas de Sécheval (1)
François-Henri Pinault (1)

Ethics, CSR and Sponsorship Committee

Anne-Marie Idrac (1) (Chairwoman)
Sandra Nombret (2)
Rose-Marie Van Lerberghe (1)




Helman le Pas de Sécheval (1), General Counsel, Veolia Environnement - **Colette Lewiner (1),** Advisor to the Chairman, Capgemini - **Sandra Nombret,** Director representing employee shareholders - **Nonce Paolini,** Chairman and CEO, TF1




Jean Peyrelevade (1), Managing partner, Aforge Degroof Finance - **François-Henri Pinault (1),** Chairman and CEO, Kering - **Rose-Marie Van Lerberghe (1),** Chairwoman of the Board of Directors, Institut Pasteur - **Michèle Vilain,** Director representing employee shareholders

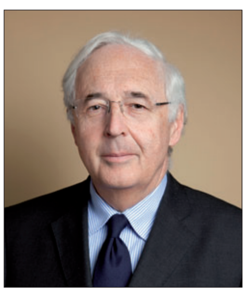
(1) Independent director.
(2) Director representing employee shareholders.

1.1.2.2 SENIOR MANAGEMENT TEAM AT 25 FEBRUARY 2014

Parent company

Martin Bouygues, Chairman and CEO

Olivier Bouygues, Deputy CEO




(LEFT TO RIGHT) **Jean-François Guillemin,** Corporate Secretary - **Philippe Marien,** Chief Financial Officer -
Alain Pouyat, Executive Vice-President, Information Systems and New Technologies - **Jean-Claude Tostivin,** Senior Vice-President, Human Resources and Administration

Heads of the five business areas





(LEFT TO RIGHT) **Yves Gabriel,** Chairman and CEO, Bouygues Construction - **François Bertière,** Chairman and CEO, Bouygues Immobilier
Hervé Le Bouc, Chairman and CEO, Colas - **Nonce Paolini,** Chairman and CEO, TF1 - **Olivier Roussat,** Chairman and CEO, Bouygues Telecom

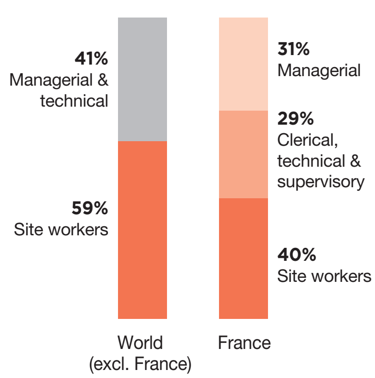
1.1.3 The Group's workforce

Human resources policy at Bouygues, founded in 1952, is based on three principles: respect, trust and fairness.

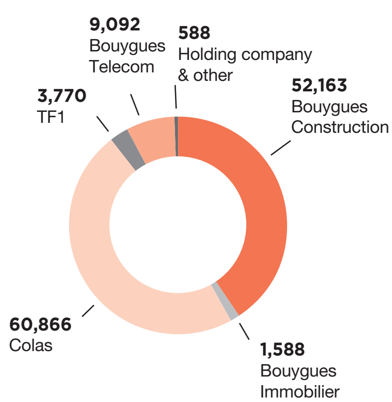
These values are reflected in the Group's Code of Ethics and Human Resources Charter. The Group's corporate social responsibility policy is described in Chapter 3 "Human resources, environmental and social information".

HEADCOUNT

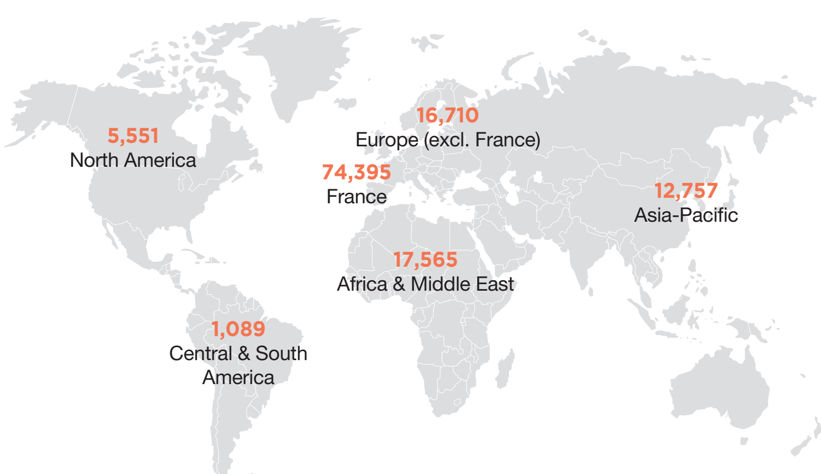
JOB CATEGORY



HEADCOUNT BY BUSINESS AREA



HEADCOUNT BY REGION



HEADCOUNT

128,067

Employees in France

74,395
(58% of the workforce)

Average age (France)

40

Average seniority (France)

11 years

Permanent contracts (France)

96% of employees

RECRUITMENT

People hired worldwide

25,453

In France

4,792

1.1.4 Innovation to serve the Group's customers

1.1.4.1 COMMON THEMES

Innovations for consumers

Consumers are the end-users of the products and services delivered by several of our business areas. As such, they inspire many innovations designed to address two of the key issues they face: reducing energy bills and improving comfort in their everyday lives, including through the use of digital technologies.

Three practical examples illustrate this approach to innovation in 2013.

- Bouygues Immobilier customers can now remote-control their dwelling, using a new service called Camel which gives them information about their energy consumption by type of use and offers them personalised advice on energy saving. The service will be extended so that it becomes the benchmark portal for residential properties.
- In another project targeted at new housing, in 2013 Bouygues Telecom teamed up with various partners and outside providers to launch a set of home automation services called B.Domo.
- On 2 February 2013, MYTF1 launched Connect, a service which synchronises TV with a second screen (smartphone, tablet or PC). Viewers can now interact in perfect synchronisation with live shows. Innovations include sharing instant replays on social networks, exclusive bonus features from shows synchronised with the live broadcast on TF1, taking part in chats on social networks without leaving the screen and an enhanced viewing experience through interactivity and games (reactions to news reports in order to enhance and step up analysis of current affairs, predictions about major sporting events, games, etc.).

Innovations such as these can help households save money. At Vitry-sur-Seine, south-east of Paris, as part of the first Energy Performance Contract for social housing belonging to social landlord LogiRep, Bouygues Construction carried out a rehabilitation project which, combined with the participation of tenants, helped to reduce energy, heating and domestic hot water consumption by 53%.

Innovations for local authorities

After having developed positive energy residential properties and office buildings, the next step is to create entire positive-energy districts. In order to speed up progress in this area, Bouygues Immobilier has developed a pilot neighbourhood energy management system, IssyGrid®, at Issy-les-Moulineaux, near Paris. Several large firms and start-ups, including Bouygues Energies & Services and Bouygues Telecom, have worked together on this project. These innovations provide much of the input for the energy component of UrbanEra®, Bouygues Immobilier's turnkey sustainable neighbourhood package.

1.1.4.2 SPECIFIC THEMES

Bouygues Construction

Bouygues Construction's partnership with Techniwood, a French SME specialising in timber construction, exemplifies its sustainable construction policy and won an award from the IE-Club, an organisation that works to strengthen relations between large corporations and innovative SMEs. The partnership has contributed to the development of a new generation of mass-produced, high-performance composite panels called Panobloc®. Consisting of timber and insulating materials, the product is designed for both construction and renovation. Nine patents were filed during development of the product, which is 100% French. The work on this new timber construction system is consistent with Bouygues Construction's R&D strategy relating to the industrialisation of construction methods and low-carbon construction.

Elsewhere, on Hong Kong's Tuen Mun-Chek Lap Kok subsea tunnel, where work will be carried out at high levels of atmospheric pressure, Bouygues Travaux Publics will be using Mobydic, an innovative system of sensors incorporated into a TBM's cutter disks, to permanently monitor the state of wear of the cutters without requiring human intervention.

Bouygues Immobilier

Much innovation at Bouygues Immobilier involves digital technologies.

- 3D models are used to design and market buildings.
- Smart buildings provide landlords, tenants and operators with real-time information about energy, comfort and interior air quality.
- Social networks are being increasingly used to market residential properties, capitalise knowledge within the company and help customers to communicate with each other in order to facilitate dialogue between co-owners.

Colas

Colas is continuing to develop new products in order to better serve its customers.

- Warm mix asphalts are made at temperatures 40° C lower than hot mix, reducing energy consumption for equivalent workability and virtually eliminating fumes.
- From emulsions initially designed for little-used pavement structures, the Campus for Science and Techniques (CST) has developed modified emulsions which ensure preventive maintenance of pavement subject to heavy use.
- The TRACES project (an engineering train which continuously surveys the structural state of track) aims to develop a method for assessing the condition of railway track formation, supporting maintenance decisions and estimating the residual mechanical potential of railway infrastructure.

TF1

A new version of Connect is planned for the first quarter of 2014, bringing a new design and features. The new Connect app offers a number of options for advertisers, including sponsorship of the feature and live synchronisation with the screening of an ad. In March 2013, Disneyland Paris scheduled a campaign on TF1 encouraging viewers to open the MYTF1 app on their second screen (smartphone, tablet or PC) and show their support for a charity initiative to enable families in need to spend a day at the park. 2,000 people were able to benefit from the operation, which conveyed an innovative, inventive image linked to a sense of brand community.

Bouygues Telecom

The highlight of 2013 came on 1 October with the nationwide launch of the 4G network, the most extensive in France, covering 63% of the population, equating to 40 million people. The new network offers Bouygues Telecom customers new mobile broadband services and opens up an ecosystem of services and applications that will stimulate new uses. As part of the "Best 4G Start-Up" challenge competition, Bouygues Telecom singled out 15 start-ups for their innovative work in encouraging such uses.

In fixed broadband R&D, the company is a member of Agora des Réseaux Domiciliares (Home Networking Forum) alongside EDF, Orange, Legrand, Numericable, Sagem, Schneider Electric, SFR and Technicolor. The Forum aims to define standardised means of communication for the development of new services in home networks.

1.1.4.3 ORGANISATION

In order to stay close to the operational level, the Bouygues group's research, development and innovation teams are mostly located in its subsidiaries. The Group's innovation culture is based on:

- **involving as many people as possible** in the search for innovative solutions,
- **creating centres of excellence** in key areas such as materials engineering, building and positive-energy districts,
- **promoting exchange** between players both inside and outside the Group.

The Bouygues Innovation Network

Many partnerships have been established with academic institutions in recent years, in construction (CSTB, ENPC, École Centrale, ESITC), digital technology (Inria, CEA, Rennes University) and energy (Supélec and Ines). The Group also has partnerships with start-ups, for example through the Bouygues Telecom Initiatives business incubator, and large firms such as Saint-Gobain (Bouygues Construction).

In order to encourage innovation in-house, each subsidiary organises one-day events or forums to showcase their latest developments and most innovative employees. In 2005, the Group set up the Bouygues Innovation Network, which brings together over 400 managers in theme-based committees and seminars. Cooperation between business areas is encouraged on practical projects put forward by subsidiaries with the aim of making best use of the expertise located in each one. In addition to these projects, structured work is carried out on strategic, groupwide themes. The focus in 2013 was on new construction methods, including timber, modular construction and 3D modelling, and the risks and opportunities associated with emerging business models.

e-lab

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

- **decision support** in order to make complex processes more efficient and adjust the pricing of offers to the market (e.g. filling advertising slots for TF1, rightsizing Bouygues Telecom's handset collection network, helping Bouygues Energies & Services to calculate prices for long-term public lighting contracts);
- **access to new technologies** to facilitate the design of innovative products and services (e.g. helping to make Colas site workers more productive by integrating digital technology into their equipment, especially hard-hats; perfecting energy consumption trackers for use in residential properties, for Bouygues Construction and Bouygues Immobilier; helping Bouygues Telecom to prototype next-generation gateways).

e-lab conducts its own decision-support R&D. In new technologies, e-lab is continuing its partnership with the CEA and major French industrial groups (Renault, STM, GDF Suez) as a member of the Ideas Lab in Grenoble. The programme in 2013 included experiments with autonomous buildings, focusing on both technologies, such as power distribution, and usage in order to assess how the general public would react to living in such a building.

e-lab also carries out two missions for the Group: organising and coordinating the Bouygues Innovation Network and fostering synergies between subsidiaries, especially concerning energy. It organises many cooperation initiatives and study visits to Asia, the Middle East and the United States, focusing on issues such as clean tech, eco-cities and energy. In order to do so, it draws on the Group's technology watch units around the world, in Tokyo and California's Silicon Valley for Bouygues Telecom and in Singapore for Bouygues Construction.

For further information, see also chapters 2 and 3 of this Registration Document.

CEA: French Alternative Energies and Atomic Energy Commission – CSTB: French building technology research centre – ENPC: École Nationale des Ponts et Chaussées – ESITC: École Supérieure d'Ingénieurs des Travaux de la Construction – Inria: French National Institute for Research in Computer Science and Control – Supélec: École Supérieure d'Électricité – Ines: French National Solar Energy Institute.

1.1.5 Bouygues group: main sites

Bouygues group's main sites	Location	Surface area	Environmental certification	Group-owned
BOUYGUES SA	32 avenue Hoche 75008 Paris France	7,600 m²	HQE®	Yes
BOUYGUES CONSTRUCTION	Challenger 1 avenue Eugène Freyssinet 78280 Guyancourt France	67,000 m²	Undergoing renovation (six phases of works). The first completed phase (10,769 m²) has triple certification: ■ HQE® Exceptional ■ LEED® Platinum ■ BREEAM® Outstanding The entire site will have certification when the renovation is completed in 2014.	Yes
BOUYGUES IMMOBILIER	3 boulevard Gallieni 92130 Issy-les-Moulineaux France	5,840 m²	HQE®	No
COLAS	Échangeur (South Wing) 7 place René Clair 92100 Boulogne-Billancourt France	4,735 m²		No
	(North Wing) 40 rue Fanfan la tulipe 92100 Boulogne-Billancourt France	3,400 m²		No
TF1	Tour 1 quai du Point du jour 92100 Boulogne-Billancourt France	27,852 m²		Yes
	As 54 avenue de la Voie lactée 92100 Boulogne-Billancourt France	7,315 m²		Yes
	Atrium 6 place Abel Gance 92100 Boulogne-Billancourt France	20,220 m²		No
	Delta 4 quai du Point du jour 92100 Boulogne-Billancourt France	3,377 m²	HQE® Operation	No
	Eurosport Amiral 3 rue Gaston et René Caudron 92130 Issy-les-Moulineaux France	10,593 m²		No
BOUYGUES TELECOM	Head office 37-39 rue Boissière 75016 Paris France	325 m²		No
	Sequana 82 rue Henry Farman 92130 Issy-les-Moulineaux France	42,090 m²	HQE® ISO 50001	No
	Technopôle 13-15 avenue du Maréchal Juin 92360 Meudon France	54,243 m²	HQE®	No

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. Throughout this period, the Group has been committed to involving its shareholders in its development, combining corporate responsibility with an entrepreneurial spirit.

1.2.1 Shareholder contacts

SHAREHOLDERS AND INVESTORS

Valérie Agathon

Investor Relations Director

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

REGISTERED SHARE SERVICE

Philippe Lacourt – Claudine Dessain

- Tel: +33 (0)1 44 20 11 07/10 73
- Toll free: 0 805 120 007 (from fixed lines in France)
- e-mail: servicetitres.actionnaires@bouygues.com
- Fax: +33 (0)1 44 20 12 42

1.2.2 Registered share service

FULLY REGISTERED SHARES

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

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

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

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

1.2.3 Investor Relations

2013 KEY FIGURES

- 4 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.
- Over 400 investors met with management or the Investor Relations team.
- 16 roadshows were held in 8 countries.
- 2 lunches specifically for bond investors were hosted in Paris and London.
- The Group attended 5 conferences on sector-specific and more broad-based themes.
- A meeting dedicated to individual shareholders was held in Montpellier.
- 20 brokers in France and around the world cover the Bouygues share.

1.2.4 The bouygues.com website

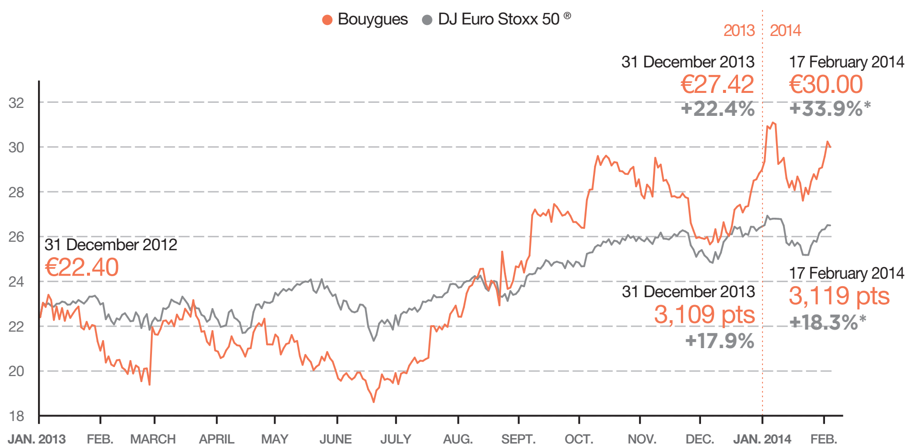
ALL THE INFORMATION YOU NEED

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

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

STOCK MARKET PERFORMANCE SINCE THE END OF 2012

Share price after market close
(€)

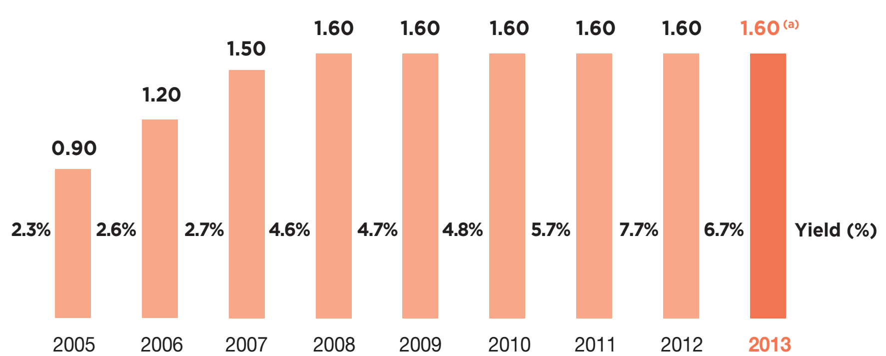


(*) Compared with 31 December 2012.

DIVIDEND PER SHARE

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

Ordinary dividend per share
(€)



(a) To be proposed to the Annual General Meeting on 24 April 2014.

Yield:

- 2005 to 2012: dividend per share relative to average share price between two successive ex-dates.
- 2013: dividend per share relative to the average share price over a rolling 12-month period to 7 February 2014.

BOUYGUES SHARE FACTSHEET

Listing
Euronext Paris (compartment A)

ISIN code
FR0000120503

Identification codes
Bloomberg: EN:FP
Reuters: BOUY.PA

Par value
€1

Average share price in 2013
€23.36 (average closing price – source: NYSE Euronext)

Average daily trading volume on Euronext
1.3 million shares (source: NYSE Euronext)

Market capitalisation
€8,754 million (at 31 December 2013)

Stock market indices
CAC 40, FTSE Eurofirst 80, Dow Jones Stoxx 600, Euronext 100

Sector classification
MSCI/S&P indices:
Construction and Engineering
FTSE and Dow Jones indices:
Construction & Materials

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

2014 KEY DATES

Thursday 24 April
Bouygues Annual General Meeting at Challenger (Saint-Quentin-en-Yvelines, France)

Monday 5 May
Payment of dividend

Thursday 15 May
First-quarter 2014 results

Thursday 28 August
First-half 2014 results

Friday 14 November
Nine-month 2014 results

1

1.3 2013 financial year

1.3.1 Key figures

Operating performances during 2013 were in line with objectives, and the adaptation measures initiated in 2012 delivered the expected results.

FINANCIAL HIGHLIGHTS

(€ million)	2013	2012	2013/2012
Sales	33,345	33,547	-1%
EBITDA[a]	2,835	2,822	=
Current operating profit	1,344	1,286	+5%
Operating profit	1,253 [b]	1,120 [c]	+12%
Net profit attributable to the Group before write-down of Alstom	647 [d]	633	+2%
Write-down of Alstom	(1,404)		n.m.
Net profit/(loss) attributable to the Group	(757)	633	n.m.
Earnings per share before write-down of Alstom *(€)*	2.03 [d]	2.00	+1%
Earnings per share after write-down of Alstom *(€)*	(2.37)	2.00	n.m.
Cash flow	2,742	2,777	-1%
Net capital expenditure	1,245 [e]	1,433 [f]	-13%
Free cash flow[g]	821 [e]	724 [f]	+13%
Shareholders' equity *(end of period)*	8,684 [h]	10,078	-€1,394m
Net debt *(end of period)*	4,427	4,172	+€255m
Net dividend per share *(€)*	1.6 [i]	1.6	=
Number of employees	128,067	133,780	-4%

(a) Current operating profit excluding net depreciation and amortisation expense, changes in provisions and impairment losses (after reversals of utilised and non-utilised provisions and of impairment losses).
(b) Includes €91m of non-current expenses (€80m at Bouygues Telecom and €11m at Colas).
(c) Includes €200m of non-current expenses at Bouygues Telecom and TF1, and €34m of capital gains on asset disposals at Bouygues Telecom.
(d) Excludes the write-down of Alstom for €1,404m.
(e) Excluding capitalised interest related to 4G frequencies for €33m at Group level (o/w €13m at Bouygues Telecom level and €20m at Holding company level).
(f) Excluding exceptional items related to Bouygues Telecom: acquisition costs and capitalised interest for €726m at Group level (o/w €696m at Bouygues Telecom level and €30m at Holding company level) and asset disposals for €207m.
(g) Cash flow before changes in working capital requirements, minus (i) cost of net debt, (ii) income tax expense for the year and (iii) net capital expenditure.
(h) Includes impact of the write-down of Alstom.
(i) To be submitted for approval by the Annual General Meeting on 24 April 2014.
n.m.: non-meaningful

SALES *(€ million)*

Sales generated by the **Bouygues group** reached €33.3 billion in 2013, down slightly by 1% versus 2012, but stable on a like-for-like basis and at constant exchange rates.

The construction businesses had a robust year, with sales (net of internal transactions) up 2% to €26.3 billion.

Sales at **Bouygues Construction** reached €11,111 million, up 4% (5% on a like-for-like basis and at constant exchange rates). France enjoyed a good year, achieving 7% growth to €6,005 million, while international sales rose by 2% to €5,106 million.

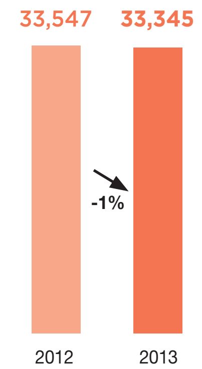
Bouygues Immobilier reported sales of €2,510 million, 5% higher than in 2012. Residential sales fell slightly to €2,128 million (down 1%) reflecting the drop in reservations in 2012, while commercial property sales saw strong year-on-year growth of 51% to €382 million thanks to contracts signed in 2012.

Sales at **Colas** were stable year-on-year at €13,049 million. There was modest growth in France (up 1% at €7,432 million), with weak demand in Colas' traditional markets more than offset by public transport and urban regeneration projects. International sales declined slightly by 1% to €5,617 million, with lower sales in North America largely offset by growth in Europe and the rest of the world.

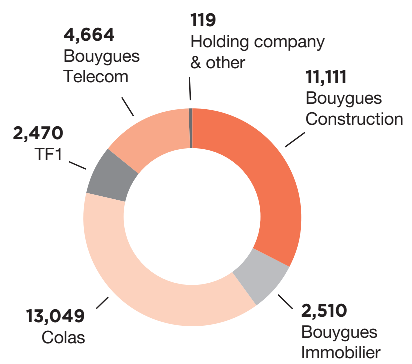
TF1 posted sales of €2,470 million (6% lower than in 2012), reflecting a contraction in the advertising market and more intense competition.

Total sales at **Bouygues Telecom** fell by 11% to €4,664 million, and sales from network were 10% lower at €4,182 million. In keeping with 2012, this trend reflects the upheaval in the mobile market, especially the sharp fall in prices and the growing proportion of SIM-only sales. Fixed broadband sales rose by 31% year-on-year, to €820 million.

€33.3 BILLION (-1%)



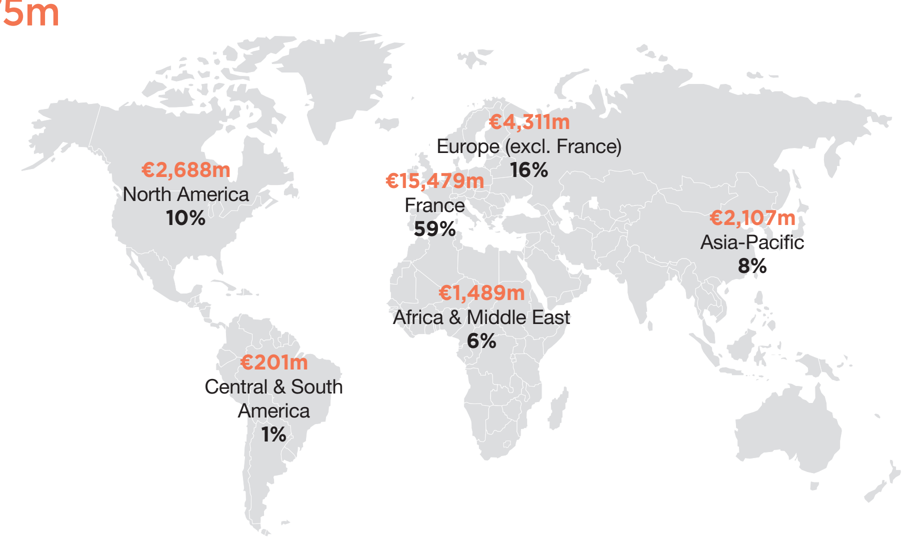
SALES BY BUSINESS AREA [(a)]



(a) Impact of intragroup eliminations: -€578m.

CONSTRUCTION BUSINESSES: SALES BY REGION

€26,275m



CURRENT OPERATING PROFIT *(€ million)*

The construction businesses improved their profitability in 2013: current operating profit rose by 9% to €1,030 million, and the current operating margin advanced by 0.2 points to 3.9% in 2013.

Very good execution of ongoing projects and the completion of major large-scale projects helped **Bouygues Construction** achieve a current operating profit of €435 million, 20% more than in 2012. Current operating margin was 0.5 points higher at 3.9%.

Current operating profit at **Bouygues Immobilier** held steady at €178 million thanks to the adaptation measures taken in 2012 in response to price pressures. Current operating margin was in line with expectations at 7.1% (down 0.4 points on 2012).

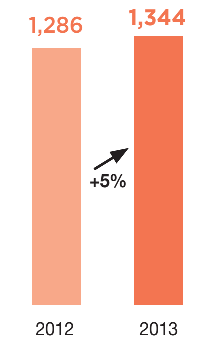
Colas posted a current operating profit of €417 million, 3% higher than in 2012, giving current operating margin of 3.2% (up 0.1 points). Good profitability at the roads activity in France (helped by the positive effects of the new organisational structure) and improvements in the railway and pipeline businesses more than offset the €46 million current operating loss at the sale of refined oil products activity and the lower profitability in North America.

Current operating profit at **TF1** amounted to €223 million. Despite a €151 million drop in sales, current operating profit fell by just €35 million thanks to a reduction in the cost of programmes and in other operating expenses. Current operating margin for 2013 was 9.0%, down 0.8 points year-on-year.

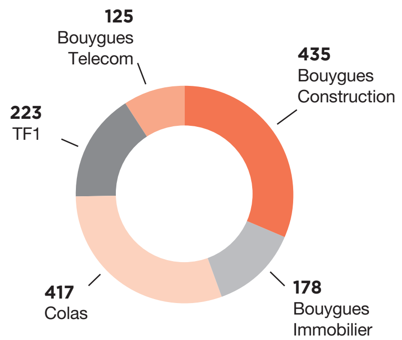
At **Bouygues Telecom,** EBITDA was virtually unchanged at €880 million, in line with expectations. Current operating profit was €125 million, up 2% on 2012.

After €91 million of non-current expenses (€80 million at Bouygues Telecom and €11 million at Colas), **Group operating profit** was €1,253 million, 12% higher than in 2012.

€1,344 MILLION (+5%)



CONTRIBUTION BY BUSINESS AREA[a]

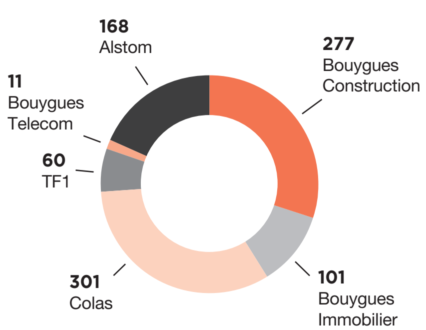


(a) "Holding company & other" reported a current operating loss of €34m.

NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP *(€ million)*

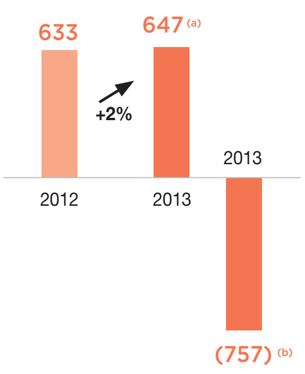
Before the write-down of Alstom, net profit attributable to the Group was €647 million, up 2% on 2012. After taking account of the €1,404 million write-down of the carrying amount of the Bouygues group's investment in Alstom, there was an overall net loss attributable to the Group of €757 million.

CONTRIBUTION BY BUSINESS AREA[a]



(a) "Holding company & other" reported a net loss, before the write-down of Alstom, of €271m.

€647[(a)] MILLION (+2%)



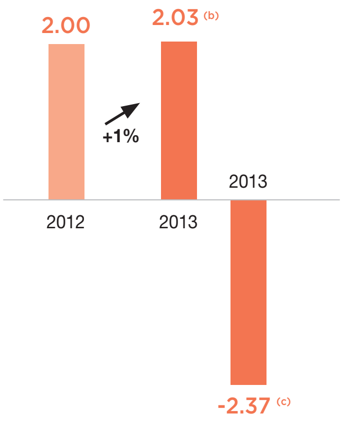
(a) Before the write-down of Alstom for €1,404m.
(b) After the write-down of Alstom for €1,404m.

EARNINGS PER SHARE [a] (€)

Before the write-down of Alstom, earnings per share for 2013 was €2.03, a slight improvement of 1% relative to 2012. After taking account of the €1,404 million write-down of the carrying amount of the Bouygues group's investment in Alstom, the Group reported negative earnings per share of €2.37 for 2013.

(a) Attributable to the Group, on continuing operations.
(b) Before the write-down of Alstom for €1,404m.
(c) After the write-down of Alstom for €1,404m.

€2.03 [b] (+1%)

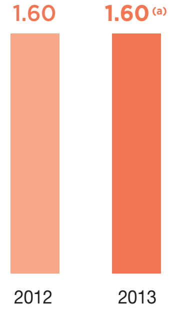


DIVIDEND [a] PER SHARE (€)

Given the achievement of operational objectives for 2013, the sound financial position, and the fact that the write-down of Alstom has no impact on the Group's cash position, the Board of Directors will ask the Annual General Meeting of 24 April 2014 to approve a dividend of €1.60 per share, unchanged from 2012. Based on the average stock market price on 7 February 2014, this would equate to a dividend yield of 6.7%.

(a) To be submitted for approval at the AGM of 24 April 2014.

€1.60 (=)

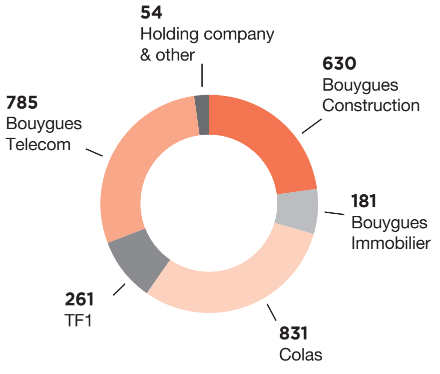


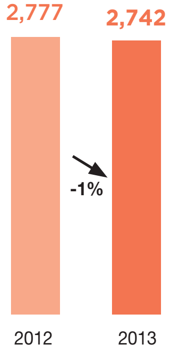
CASH FLOW (€ million)

Cash flow generated by the Group in 2013 was virtually unchanged year-on-year, at €2,742 million.

€2,742 MILLION (-1%)

CONTRIBUTION BY BUSINESS AREA



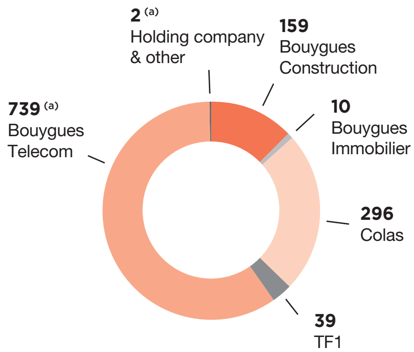


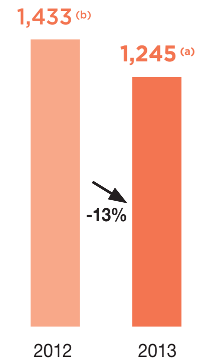
NET CAPITAL EXPENDITURE *(€ million)*

€1,245 MILLION [a] (-13%)

Net capital expenditure was kept under tight control, falling by €188 million to €1,245 million, mainly due to reduced capital expenditure at Bouygues Telecom.

CONTRIBUTION BY BUSINESS AREA





(a) *Excluding capitalised interest related to 4G frequencies for €33m at Group level (o/w €13m at Bouygues Telecom level and €20m at Holding company level).*
(b) *Excluding exceptional items related to Bouygues Telecom: acquisition costs and capitalised interest for €726m at Group level (o/w €696m at Bouygues Telecom level and €30m at Holding company level) and asset disposals for €207m.*

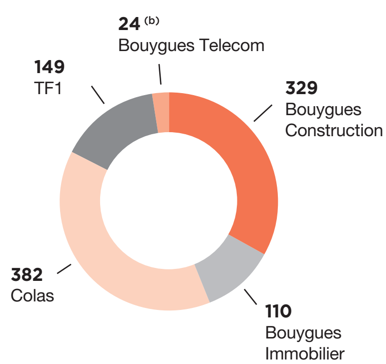
FREE CASH FLOW [a] *(€ million)*

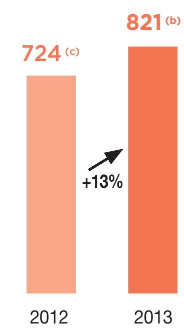
€821 MILLION [b] (+13%)

With cash flow virtually stable at €2,742 million and net capital expenditure under tight control (down €188 million year-on-year), the Group managed to increase free cash flow by €97 million in 2013, relative to 2012, to €821 million.

Free cash flow from the construction businesses (€821 million, a rise of €9 million versus 2012) and TF1 (€149 million, down €12 million versus 2012) remained high in 2013. Bouygues Telecom generated free cash flow of only €24 million[b] in 2013, but this was still an improvement of €113 million compared with 2012.

CONTRIBUTION BY BUSINESS AREA[d]





(a) *Free cash flow equals cash flow minus (i) cost of net debt, (ii) income tax expense, and (iii) net capital expenditure, and is calculated before changes in working capital requirements.*
(b) *Excluding capitalised interest related to 4G frequencies for €33m at Group level (o/w €13m at Bouygues Telecom level and €20m at Holding company level).*
(c) *Excluding exceptional items related to Bouygues Telecom: acquisition costs and capitalised interest for €726m at Group level (o/w €696m at Bouygues Telecom level and €30m at Holding company level) and asset disposals for €207m.*
(d) *"Holding company & other" generated negative free cash flow of €173 million, excluding capitalised interest of €20m related to 4G frequencies.*

NET DEBT *(€ million)*

€4,427 MILLION (+€255M)

Net debt remained under tight control in 2013, standing at €4.4 billion at end-December 2013 (€255 million more than at end-December 2012). The 2013 year-end figure does not include the proceeds of the sale by Colas of its interest in Cofiroute for €780 million on 31 January 2014.

Operating activities generated a net cash inflow of €610 million in 2013 (€11 million more than in 2012), more than covering the dividend payout of €591 million.

Given the erosion in shareholders' equity as a result of the write-down of the Bouygues group's investment in Alstom, the net gearing ratio increased by 10 points to 51%, but remains at a sound level.

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

- Net surplus cash held by **Bouygues Construction** remains at the very high level of €3,006 million (€87 million less than at the end of 2012);
- **Bouygues Immobilier** had net surplus cash of €271 million at the end of the year (€87 million less than at the end of 2012), a good performance given the crisis in the French property market;
- Net surplus cash held by **Colas** was €39 million at year-end, a year-on-year improvement in the net cash position of €209 million;
- **TF1** had net surplus cash of €188 million at 31 December 2013, €49 million less than at the end of the previous year. This reflects the reclassification of the cash held by Eurosport International (€67 million) ahead of the probable sale of an additional 31% of this business to Discovery Communications;
- Net debt at **Bouygues Telecom** was €783 million, an increase of €133 million versus the end of 2012.

Net debt at "Holding company & other" level was €7,148 million, €108 million more than at the end of 2012.

Bouygues has a credit rating of A3/negative outlook from Moody's, and BBB+/negative outlook from Standard & Poor's.

The Group has excellent liquidity (€8.7 billion at 31 December 2013, comprising €3.2 billion of cash and cash equivalents and €5.5 billion of undrawn credit facilities), and a very well-spread maturity profile.

OUTLOOK FOR 2014 *(€ million)*

Group sales in 2014 should be close to the 2013 level(1).

The construction businesses enjoy major strengths: strong momentum in international markets, good visibility thanks to their order book, a wide range of business activities and expertise and a great capacity to adapt. The financial results of the construction businesses should therefore remain robust in 2014.

In a context of low visibility on the television advertising market, TF1 will continue to transform its business model and will prioritise growth.

Bouygues Telecom has faced heightened competition on the mobile market since late 2013, characterised by intense price competition and a war of words surrounding 4G which has intensified repricing of the customer base and limited the potential for value creation. And there is no leeway on the fixed broadband market in terms of offer and prices. Under these circumstances, Bouygues Telecom's priorities are to continue to capitalise on the increase in data use encouraged by 4G and to launch multiple breakthroughs in the fixed segment.

Given its strategy, its commercial performance in 2013 and the uncertainty weighing on the telecoms market in terms of both pricing and regulation, Bouygues Telecom is initially calling for slightly positive cash flow generation (EBITDA minus capex) in 2014 and is stepping up its transformation plan, which should improve short- and medium-term visibility from the second quarter of 2014.

(1) At constant accounting methods after application of IFRS 11 and reclassification of Eurosport International.

1.3.2 Highlights

Index. In December, the Bouygues group officially enters the Carbon Disclosure Project's CDLI France index for the first time with a rating of 95 B (see chapter 3, section 3.3.4). Bouygues' scores in 2013 show a very significant improvement in its transparency rating for greenhouse gas emissions.

1.3.2.1 CONSTRUCTION BUSINESSES

January

London. Together with consortium partners Volker Fitzpatrick and URS-Scott Wilson, Colas Ltd, a UK subsidiary of Colas, wins an eight-year contract for upgrading and maintenance of the main roads of central London.

Cultural infrastructure. Bouygues Construction wins the contract for the Congress Centre and Theatre & Concert Centre project in the capital of Turkmenistan, Ashgabat.

Offices. Bouygues Construction is building the headquarters of Crédit Agricole Corporate Investment Bank (Cacib) on the Evergreen site in Montrouge, just south of Paris. The €215-million operation, called Eole, counts 72,000 m² of floor space and 18,000 m² of trading rooms. The project is aiming for double certification: HQE® and BREEAM® as well as the new Effinergie+ label

February

Tunisia. Colas Rail, as part of a consortium with Siemens and Somatra-Get, wins the contract to build the first two lines of the Tunis "Réseau Ferroviaire Rapide" 20-km long rapid rail network.

March

Tower block. In Lyon, Bouygues Construction starts work on the Incity office block in Lyon, which will be the city's tallest building.

Myanmar. In a consortium with SPA Project Management, Bouygues Construction wins a contract in Rangoon to design and build the second phase of Star City, a residential complex featuring 4,980 apartments, which includes car parks and communal facilities.

School. Bouygues Immobilier opens the Paris appeal court's new Bar Law School in Issy-les-Moulineaux, near Paris.

April

Rail transport. In a consortium with Egis Rail, Colas Rail wins the design-and-build contract for the 185-km-long twin-track high-speed rail line between Tangier and Kenitra in Morocco. It will connect Tangier to Casablanca in 2 hours 10 minutes in 2020.

May

Campus. In the UK, the Uliving consortium, comprised of Bouygues Development (lead firm) amongst others, wins a contract to finance, design, build, (entrusted to Bouygues UK) and operate, for a period of 50 years, the University of Hertfordshire campus north of London.

Corporate sponsorship. Colas signs a multi-annual corporate sponsorship agreement with Domaine Nationale de Chambord in central France for the renovation of the pedestrian walkways and avenues surrounding the Château de Chambord.

June

University. Bouygues Construction wins the design-and-build contract for Ashgabat International University in the capital of Turkmenistan. The new university will welcome 1,500 students in almost 40,000 m² of premises when the 2014 academic year begins.

Eco-neighbourhood. Bouygues Immobilier opens Fort d'Issy, in Issy-les-Moulineaux, near Paris. This hi-tech eco-neighbourhood is equipped with a geothermal network that meets around 70% of its heating and hot domestic water requirements.

Safety. As part of its worldwide "Safety Attitude" campaign, Colas holds a "Global Safety Week", dedicated to safety on construction sites and roads for all its subsidiaries.

Positive energy. In Lyon, Bouygues Immobilier lays the foundation stone of Hikari, the first positive-energy, mixed-use development in Europe.

July

City of Music. A consortium made of Bouygues Bâtiment Ile-de-France (lead firm), TF1, Sodexo, and OFI InfraVia signs a public-private-partnership (PPP) contract for the financing, design and construction of the "City of Music" on Seguin Island in Boulogne-Billancourt, near Paris. TF1 and Sodexo are to provide the management and operation services for a period of 27 years. The works will begin in March 2014.

August

Tunnel. Bouygues Construction wins the biggest design-build contract ever awarded in Hong Kong for the construction of the 4.2-km long, twin-tube subsea Tuen Mun-Chek Lap Kok road tunnel. Two tunnel-boring machines will be used for the tunnel drives at depths of 50 metres below sea level. It will link the Tuen Mun district to Lantau Island, where the international airport is located. Handover is scheduled for the end of 2018.

Miami. Bouygues Construction wins a contract for the construction of the first phase of a development project close to downtown Miami - the Brickell City Centre will include a luxury shopping centre, two residential towers, a hotel, a wellness centre, and an office building.

September

Site workers. The Minorange Guild, founded by Francis Bouygues in 1963 to foster loyalty and reward the best site workers, celebrates its 50th anniversary.

Eco-neighbourhood. Bouygues Immobilier inaugurates Ginko, one of the largest eco-neighbourhood operations carried out in France to date. Its main features are bioclimatic architecture, low-energy buildings, a biomass heating network as well as functional, social and generational diversity.

Poland. Bouygues Immobilier opens the headquarters of Orange Polska in Warsaw. The 45,000-m² building is the first commercial property development undertaken by Bouygues Immobilier Polska.

October

Beaugrenelle. The new shopping centre in the 15th *arrondissement* of Paris opens. The development boasts glass façades, which incorporate dynamic mood lighting, cupolas of photosensitive glass, and a 7,000-m² green roof, the largest in Paris.

Bypass. Société de la Rocade L2 de Marseille, a company founded by Bouygues Construction and which includes Bouygues TP, Bouygues Energies & Services, Colas Midi-Méditerranée and DTP Terrassement amongst others, signs a partnership contract to build the new Marseille bypass. Handover will be in 2017.

Airport. In Lyon, under a public–private-partnership deal, Bouygues Construction wins the contract to carry out the extension of terminal 1 and replace terminal 3 of the city's airport.

Canada. In the Arctic North of Canada, Bouygues Construction and Colas are to modernise Iqaluit International Airport (Nunavut territory). The public-private partnership covers the financing, design, construction and operation-maintenance of a new airport terminal for a period of 34 years.

November

Chile. In a consortium with ETF (Vinci), Colas Rail wins the Santiago metro contract. It is for the construction of lines No. 3 and 6 followed by their maintenance for a period of twenty years.

China. Bouygues Construction is to build a 6-star luxury hotel in the heart of Macao's City of Dreams resort. The 151,000 m^2-project, spread out over 39 stories, includes the design and construction of 783 bedrooms, penthouses, a casino, restaurants, conference rooms and a sky pool.

December

Viaduct. The construction of the "Nouvelle Route du Littoral" coastal highway on Reunion Island, by a consortium made up of Bouygues Construction, Vinci and its subsidiaries, and Demathieu Bard, starts. This 5,400-m offshore viaduct will connect Saint Denis to La Grande Chaloupe via the coastal route. The construction of an elevated road and an interchange at La Possession will be carried out by another consortium that includes Colas (lead firm) and subsidiaries of Vinci.

Divestment. Colas sells its 16.67% stake in Cofiroute to Vinci Autoroutes. The deal is expected to be completed in January 2014.

Croatia. The ZAIC-A-Ltd consortium, made up of Bouygues Construction, Aéroports de Paris Management, TAV Airports, Viadukt (a Croatian construction contractor), the Marguerite fund, and IFC, and which is the sole shareholder of concession company MZLZ (Medunarodna Zracna Luka Zagreb d.d.), signs the agreements for the financing of the concession deal for Zagreb Airport with the lenders and the Croatian Minister for Sea, Transport and Infrastructure. This step marks the financial closing of the concession contract, the start of the management of the existing airport by the MZLZ company, and the start of work on the new terminal.

1.3.2.2 MEDIA AND TELECOMS

January

Alliance. TF1 and the US media group Discovery Communications sign a strategic alliance covering three key areas: Eurosport, four pay-TV channels and production. Accordingly, Discovery acquires a 20% stake in Eurosport.

Innovation. TF1 launches Connect via MYTF1 for smartphones, tablets and computers in order to enhance interactivity with the public and encourage social media networking during the airing of TF1 programmes.

Tablets. Bouygues Telecom launches the Bbox Tab app, which enables Bbox customers to enjoy TV on their tablets while also offering user-friendly interaction with their televisions.

May

Cloud. Bouygues Telecom Entreprises launches its business user cloud solutions, which offer business clients (companies of up to 10 employees) easy access to a wide range of online computing services. Bouygues Telecom also offers a service for its retail customers in partnership with the Pogoplug platform.

Digital. TF1's digital news offer expands with a new brand, MYTF1 News, available on computers, smartphones, tablets.

July

Network sharing. Bouygues Telecom and SFR start exclusive negotiations to define an agreement to share part of their 2G, 3G and 4G mobile networks (outside high population density areas) in order to provide their respective customers the best geographical coverage as well as the best quality of service.

City of Music. See "Construction businesses", July 2013.

September

Twitter. TF1 Publicité and Twitter sign an unprecedented partnership in France with the Amplify programme for the sponsoring of videos related to TF1 programmes and their transmission on Twitter.

October

On 1 October, Bouygues Telecom launches its 4G network, which now already covers 63% of the population, or 40 million people. Bouygues Telecom Entreprises also unveils its new fully 4G-compatible range.

November

Mountains. As part of the French government's very-high-speed internet initiative, Bouygues Telecom is to participate in trials that will test 4G on 800 MHz frequencies in mountainous regions.

Double-play. B&YOU, Bouygues Telecom's SimOnly-WebOnly service, launches its own double-play offer for €15.99/month and with no minimum term.

Ultym 4. In order to expand access to 4G, Bouygues Telecom launches the Ultym 4, its first own-branded 4G smartphone.

December

4G. Bouygues Telecom widens access to 4G by making France's biggest 4G network even more accessible by including 4G in its full range of plans (non-capped plans).

Ratings. TF1 scores 99 of the top 100 TV audience ratings in 2013, according to Médiamat by Médiamétrie. The TF1 group, which boasts 20 million fans on social networks, clocked up 35 million tweets on Twitter (a 42% share of voice).

To find out more, see chapter 2 "Business activities".

1.4 Main events since 1 January 2014

1.4.1 Construction businesses

On 22 January 2014, **Bouygues Construction** and the city of Grenoble signed a research, development and innovation partnership agreement for the construction of an experimental demonstrator in the form of a residential building, comprised of around 90 housing units, intended to achieve self-sufficiency in terms of water and energy and to optimise waste management. This first-ever demonstrator of the ABC (Autonomous Building for Citizens) concept will be built by Bouygues Construction on the Presqu'île mixed development zone in the heart of the "eco-city" of Grenoble in the French Alps.

On 13 January 2014, the D3-Société de la déviation de Troissereux company signed a 25-year public-private partnership (PPP) contract with the Oise department local authority worth €62 million for the financing, design, construction, maintenance, and operation of the Troissereux bypass in northern France. The D3-Société de la déviation de Troissereux company is comprised of Colas Nord-Picardie (a subsidiary of **Colas),** DTP Terrassement and Bouygues TP Régions France (both subsidiaries of **Bouygues Construction),** and Liri, an indirect wholly-owned subsidiary of HICL Infrastructure Company Limited, an investment company listed on the London Stock Exchange.

On 31 January 2014, **Colas** sold its 16.67% stake in Cofiroute to Vinci Autoroutes, in accordance with the agreement announced on 20 December 2013. Cofiroute, which is the concession company of 1,100 km of motorways in western France and of the A86 Duplex tunnel in the Paris region, is now fully owned by Vinci Autoroutes.

1.4.2 Media: TF1

On 21 January 2014, the TF1 group announced that Discovery Communications had acquired its controlling stake in Eurosport International, the benchmark sports broadcaster. This operation, which took place around a year before the date planned in the initial agreement, will allow Discovery to increase its interest in Eurosport International from 20% to 51%. This transaction will pave the way to creating one of Europe's leading pay-TV portfolios.

1.4.3 Telecoms: Bouygues Telecom

Bouygues Telecom and SFR signed an agreement on 31 January 2014 to share a part of their mobile access networks, following a period of negotiations that started in July 2013. This agreement will enable both operators to provide their respective customers better coverage outside and inside buildings as well as better quality of service by optimising their shared network. It will also enable the two companies to generate significant savings.

Since 24 February, Bouygues Telecom has freed up smartphone use in Europe by including calls, texts and mobile internet from all of Europe and the French overseas departments in its Sensation mobile plans. From €29.99 per month, subscribers will enjoy unlimited calls and texts to mainland France and the French overseas departments and an extra 3GB of mobile internet data every month.

On 26 February 2014, Bouygues Telecom launched a new triple-play (internet-television-fixed telephony) offer on the fixed broadband market for €19.99 per month and with no minimum term commitment.

1.4.4 Bouygues SA

On 17 February 2014, the Bouygues group announced that it would recognise an accounting write-down against its investment in Alstom in its 2013 financial statements, with no impact on its cash position or operating performances.

On 6 March 2014, Bouygues published a press release announcing that it had submitted an offer to Vivendi to start negotiations with a view to merging Bouygues Telecom with SFR.

On 9 March 2014 Bouygues published a press release announcing that it had entered into exclusive negotiations for the sale to Free of a mobile phone network and a portfolio of frequencies. This transaction was conditional on the merger between Bouygues Telecom and SFR being completed.

On 14 March 2014, Vivendi informed the market that it had decided to start exclusive negotiations with Altice, which had also submitted an offer.

1.4.5 Alstom

On 31 January 2014, Alstom announced the signature of several contracts in Poland worth around €1.25 billion with Polimex, Rafako and Mostostal Warsawa, members of the consortium in charge of the supply of two 900 MW generating sets to major Polish utility PGE (Polska Grupa Energetyczna). This project concerns units 5 and 6 of the new ultra-supercritical (USC) coal-fired power plant in Opole, south-western Poland. Once operational, it will be the country's largest coal-fueled facility, and will supply electricity to the equivalent of two million homes.

In January 2014, Alstom gained two new contracts in Israel totalling around €120 million with PSP Investment Ltd for the supply of two pump-turbines, the associated plant equipment and Alstom's Distributed Control System (DCS), for the 300 MW Gilboa pumped storage power plant. Alstom also signed an operation & maintenance agreement for Gilboa, which will be the country's first pumped storage power station.

BUSINESS ACTIVITIES 2

2.1 Bouygues Construction, a global player in construction and services

A global player in construction and services with operations in 80 countries, Bouygues Construction designs, builds and operates structures – public and private buildings, transport infrastructure and energy and communication networks – which improve people's daily living and working environments.

Leading the way in sustainable construction, Bouygues Construction and its 52,000-plus employees develop long-term relationships with their customers in order to help them shape a better life.

Condensed balance sheet

Assets

(at 31 December, € million)	2013	2012
Property, plant and equipment and intangible assets	675	713
Goodwill	483	491
Non-current financial assets and taxes	465	479
NON-CURRENT ASSETS	**1,623**	**1,683**
Current assets	3,821	3,749
Cash and equivalents	3,813	3,845
Financial instruments [a]		
CURRENT ASSETS	**7,634**	**7,594**
Held-for-sale assets and operations		
TOTAL ASSETS	**9,257**	**9,277**

Liabilities and shareholders' equity

(at 31 December, € million)	2013	2012
Shareholders' equity attributable to the Group	902	814
Non-controlling interests	12	10
SHAREHOLDERS' EQUITY	**914**	**824**
Non-current debt	460	503
Non-current provisions	888	884
Other non-current liabilities	29	33
NON-CURRENT LIABILITIES	**1,377**	**1,420**
Current debt	10	9
Current liabilities	6,619	6,784
Overdrafts and short-term bank borrowings	337	235
Financial instruments [a]		5
CURRENT LIABILITIES	**6,966**	**7,033**
Liabilities related to held-for-sale operations		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**9,257**	**9,277**
NET SURPLUS CASH	**3,006**	**3,093**

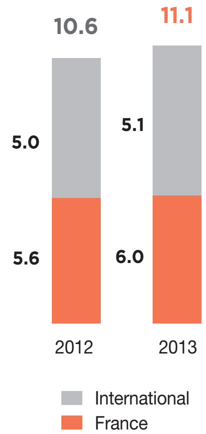
(a) Fair value of hedges of financial liabilities.

Condensed income statement

(€ million)	2013	2012
SALES	**11,111**	**10,640**
Net depreciation and amortisation expense	(192)	(212)
Net charges to provisions and impairment losses	(265)	(278)
Other income and expenses	(10,219)	(9,786)
CURRENT OPERATING PROFIT	**435**	**364**
Other operating income and expenses		
OPERATING PROFIT	**435**	**364**
Income from net surplus cash	20	16
Other financial income and expenses	(4)	17
Income tax expense	(162)	(129)
Share of profits and losses of associates	(11)	(6)
NET PROFIT	**278**	**262**
Net profit/(loss) attributable to non-controlling interests	1	(5)
NET PROFIT ATTRIBUTABLE TO THE GROUP	**277**	**267**

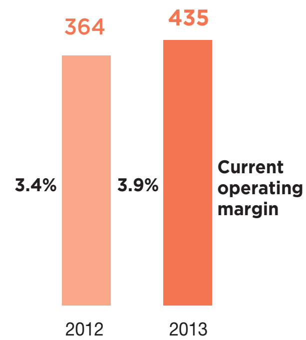
SALES

(€ billion)



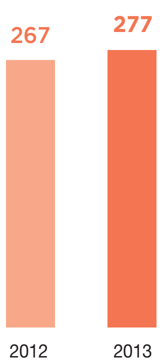
CURRENT OPERATING PROFIT

(€ million)



NET PROFIT (a)

(€ million)



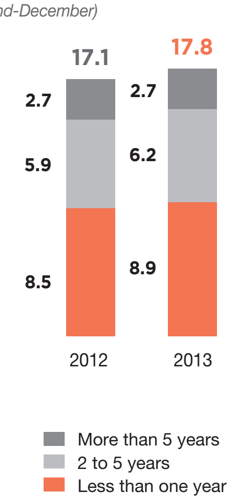
(a) *Attributable to the Group.*

NET CASH

(€ billion at end-December)

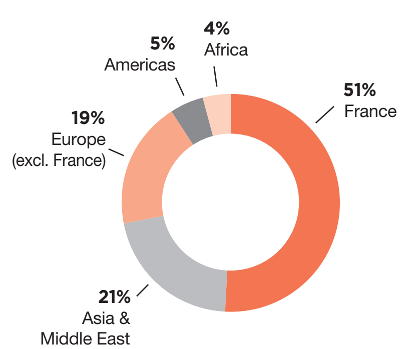
ORDER BOOK

(€ billion at end-December)



ORDER BOOK BY REGION

(at end-December)



2013 KEY FIGURES

Employees at 31/12/2013

52,163

Sales

€11,111m (+4%)

Current operating margin

3.9% (+0.5 points)

Net profit att. to the Group

€277m (+4%)

Order book
at 31/12/2013

€17.8bn (+4%)

2013 HIGHLIGHTS

Major contracts concluded

- Tuen Mun-Chek Lap Kok Tunnel in Hong Kong.
- L2 Marseille bypass.
- Zagreb Airport (Croatia).
- Crédit Agricole's Eole offices in Montrouge.
- Brickell City Centre property development complex in Miami (United States).

Projects under construction

- Sports Hub complex in Singapore.
- French Ministry of Defence in Paris.

Completed projects

- Hong Kong Cruise Terminal Building.
- Beaugrenelle shopping centre in Paris.

Sustainable construction

- 51% of the R&D budget was devoted to sustainable construction (49% in 2012).

2.1.1 Profile

2.1.1.1 GROWTH STRATEGY AND OPPORTUNITIES

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

- **the development of skills and activities throughout the value chain, upstream and downstream of construction,** which remains the company's core business: namely urban planning, property development, design, legal and financial engineering and long-term services for the project and its users.
- **sustainable construction:** Bouygues Construction offers customers a responsible approach which factors in the technical, environmental and social issues associated with a project. In technical terms, it offers effective solutions spanning the entire lifecycle of a structure or neighbourhood and gives customers long-term commitments to high-level performance, especially in low-energy and high environmental quality buildings.

Complementing each other, these two strategic priorities have driven the company's growth both in France and on international markets for more than ten years.

Underpinning this strategy, Bouygues Construction's growth priorities are founded on:

- **high value-added projects:** Bouygues Construction has developed high-level expertise in property development, public-private partnerships, concessions and technically complex projects;
- **international markets:** 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 mobilise its resources quickly on high-potential markets. As a result of this strategy, Bouygues Construction generates half its sales on international markets;
- **energies and services:** complementary to construction, energies and services form an integral part of Bouygues Construction's strategic priorities. Bouygues Construction is staking out positions on markets ranging from energy performance and smart grids to intelligent and automated buildings, designing comprehensive solutions which generate recurring business and long-term visibility.

2.1.1.2 STRENGTHS AND ASSETS

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

- **an international presence and experience in managing complex projects:** motivated people with high-level technical skills enable the company to meet the needs of its public and private customers and make the most of future opportunities;
- **a robust financial situation and good performance:** over the last ten years, Bouygues Construction has demonstrated its capacity to generate revenue growth while preserving profitability, backed up by a healthy and robust financial situation;
- **the capacity to adapt to changing markets:** the value and depth of its order book give the company visibility that enables it to promptly adjust costs and focus investment on the most buoyant markets;
- **a policy of controlling operating and financial risks:** strict application of procedures at all levels of the company guarantees that the right projects are selected and carried out smoothly.

2.1.1.3 MARKET POSITION

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

- Based on the 2012 ranking published by trade magazine *Le Moniteur* in December 2013, the Bouygues group's construction activity (Bouygues Construction, Bouygues Immobilier, Colas) is the **third largest in Europe** after the Spanish firm ACS (Hochtief, Germany's leading construction firm, has been a subsidiary of ACS since 2011) and Vinci's Contracting and Property Development division, and ahead of the Swedish contractor Skanska and the French contractor Eiffage.
- The Bouygues group's construction activity, comprising its three subsidiaries, **is placed seventh in the 2012 ENR ranking of international contractors** based on the share of sales generated on international markets.
- In a French building and civil works market worth about €210 billion according to a Euroconstruct estimate in November 2013, Bouygues Construction (excluding Bouygues Energies & Services) **is one of the top three French contractors** ahead of Eiffage Construction and behind Vinci Construction (2012 ranking published by *Le Moniteur* in December 2013). The market also includes many small and medium-sized firms. In energy and services, Bouygues Energies & Services is in sixth place after Cofely (GDF Suez), Vinci Energies, Dalkia, Spie and Eiffage Énergie (2012 ranking published by *Le Moniteur* in December 2013).

2.1.2 Business activity in 2013

2.1.2.1 A VERY HIGH LEVEL OF COMMERCIAL ACTIVITY, A SIGNIFICANT INCREASE IN THE OPERATING MARGIN AND A SOUND FINANCIAL STRUCTURE

A very high level of order intake: €11,839 million

Order intake in 2013 amounted to a very high €11,839 million. It included 17 contracts worth more than €100 million each (11 on international markets), with one worth more than €1 billion.

Order intake in France amounted to €5,706 million and included contracts for the L2 Marseille bypass and the Eole office complex in Montrouge, south of Paris. Order intake was 21% lower than in 2012. This was due to a high comparative base following the conclusion of two very large public-private partnership (PPP) contracts in 2012, the Paris law courts complex and the Nîmes-Montpellier railway bypass.

On international markets, order intake jumped 28% to €6,133 million, driven by the order for the Tuen Mun-Chek Lap Kok tunnel in Hong Kong and more generally by commercial successes in countries less hard-hit by the economic crisis, such as Switzerland, Singapore and Canada.

Buildings with environmental certification accounted for 58% of the order intake, compared with 57% in 2012.

Growth in the order book (up 4%)

The order book rose 4% year-on-year to stand at €17.8 billion at end-2013, with international markets accounting for 49%. For the first time, the order book in the Asia-Pacific zone is broadly the same level as the one for the Europe excluding France zone. Orders booked at end-2013 to be executed in 2014 amounted to €8.9 billion, giving good visibility for future activity.

Sales growth: €11,111 million (up 4%)

Sales rose by 4% in 2013 to €11,111 million, with building and civil works accounting for 86% and energies and services for 14%. Sales in France saw significant growth, rising by 7% to €6,005 million to represent 54% of total sales.

Sales outside France rose slightly, up 2% to €5,106 million, reflecting the favourable impact of Thomas Vale, a UK contractor acquired in June 2012, and an unfavourable exchange-rate effect.

Like-for-like and at constant exchange rates, sales rose by 5%.

Highly satisfactory net profit: €277 million (up 4%)

Current operating profit rose significantly to €435 million, €71 million more than in the previous year, an increase of 20%. The operating margin improved by 0.5 points in relation to 2012, reaching 3.9% thanks to the very good execution of ongoing projects and the completion of major large-scale projects. With surplus cash generating relatively little interest income, financial income fell €17 million versus 2012 to €16 million. The net margin amounted to 2.5%, the same level as in 2012, yielding net profit attributable to the Group of €277 million.

A substantial cash surplus: €3,006 million

With a net cash surplus of €3.0 billion, Bouygues Construction has a robust financial structure.

2.1.2.2 DEVELOPMENTS IN BOUYGUES CONSTRUCTION'S MARKETS AND ACTIVITIES

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

In industrialised countries, Bouygues Construction draws on its expertise throughout the value chain, upstream and downstream of construction (design, build, operate), to offer customers increasingly competitive solutions for complex major projects. Markets in emerging countries are more buoyant due to factors such as high growth rates and sovereign wealth funds, holding out attractive prospects for Bouygues Construction's businesses. The company can rapidly mobilise its resources on high-potential markets, as demonstrated by the major contracts concluded in Asia in 2013.

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

Building and civil works

In 2013, sales in the building and civil works segment rose to €9,596 million, 6% higher than in 2012 (€9,073 million [1]). Sales amounted to €4,934 million in France and €4,662 million on international markets (80 countries).

(1) restated 2012 sales figure, comparable to 2013.

FRANCE

The overall economic environment in France remained depressed. Capital spending in the public and private sector continued to be affected by pressure on government budgets and hesitation on the part of private and industrial investors. However, markets in the Paris region held up better than in the rest of the country.

Business in the Paris region was buoyed by strong demand for social and private housing. The appeal of the capital combined with new environmental requirements helped to sustain the commercial property construction and renovation markets, though demand has flagged in an uncertain economic environment. Considerable potential for major infrastructure projects remains, especially within the framework of the *Grand Paris* project.

In the rest of France, the building market remained under pressure, with projects tending to become smaller. Difficulties in raising finance made the conclusion of large-scale projects longer and more complex. Prospects for growth exist, in particular as a result of government initiatives to support housing construction, such as tax incentives, streamlined procedures and the transformation of office buildings into residential complexes.

2013 sales: €4,934 million (up 9%) (1)

Bouygues Construction's building activity in the Paris region was sustained by the major functional building projects booked in 2011, such as the French Ministry of Defence in Paris (Balard district), the Beaugrenelle shopping centre, handed over in 2013, the Paris Philharmonic Hall and the Paris Zoological Park. The Saint-Quentin-en-Yvelines Vélodrome, a PPP project booked in 2012, was handed over in early 2014. The company's expertise in refurbishing luxury hotels in Paris was illustrated by an order for the renovation of Hôtel de Crillon and the start of works on the Ritz Paris Hotel.

Activity in the office segment held firm, both for new-build (Saussure Cardinet office building in Paris, Campus Val de Bièvre in Gentilly, south of Paris) and for renovation projects (Quai le Gallo office complex in Boulogne-Billancourt, handed over in 2013, Tour Athéna in La Défense, Rue de Vienne office building in Paris).

Work continued on two major mixed-use (residential and office) projects: the transformation of Laennec Hospital in Paris into offices and flats and the Fort d'Issy eco-neighbourhood in Issy-les-Moulineaux. Demand for the construction and refurbishment of multi-unit and private housing remained generally buoyant.

Commercial activity continued at a satisfactory level in 2013, especially as a result of private-sector orders such as those for the Eole office complex in Montrouge, south of Paris, and Les Saisons shopping centre in Meaux, to the east of Paris. A PPP contract for the City of Music on Seguin Island in Boulogne-Billancourt was signed in 2013. Financed by project bonds, it will be booked in 2014.

Elsewhere in France, Bouygues Construction's five regional building subsidiaries held up well in a depressed economic environment. The construction of functional buildings helped to cushion the decline in activity, with demand for public healthcare infrastructure playing an important part (Orléans, Amiens-Picardie and Belfort-Montbéliard hospitals). The ongoing reconfiguration of Stade Vélodrome in Marseille is a showcase example of Bouygues Construction's expertise in the construction of leisure facilities and the execution of works on occupied sites. Construction work has started on the municipal authority complex in Bordeaux.

Despite the difficulties related to a flagging economy, orders were taken for a number of major projects, including the Incity tower block in Lyon, which will be the city's highest, renovation of Bordeaux University buildings under an innovative design, build, maintain contract, and PPP contracts for five secondary schools for the Loiret department authority in central France.

In civil works, Bouygues Construction has regional agencies all over France that specialise in smaller-scale civil engineering projects and earthworks. In addition to its core business, the company also carries out complex major projects like ongoing civil engineering works for the Flamanville EPR nuclear power plant, LNG storage tanks in Dunkirk and the Nîmes-Montpellier railway bypass. The highlight of the year was the order, in the framework of a PPP contract, for the L2 Marseille bypass, the largest infrastructure project awarded in France in 2013.

EUROPE

The construction market in Europe continued to contract in 2013.

In Western Europe, Bouygues Construction subsidiaries are particularly active in the UK, where the market is worth approx. €170 billion, and in Switzerland (approx. €55 billion). Hopes of a return to growth are emerging in the UK, though budgetary pressures continue to crimp public-sector investment. The construction market in Switzerland is firm, especially for housing, boosted by historically low interest rates.

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

2013 sales: €1,874 million (down 4%) (1)

Activity in the UK was sustained by housing: Bouygues Construction is building a three-tower complex in Southampton and a residential complex in Chelmsford (Essex) and has won the contract to build a large-scale residential and commercial complex in Lewisham (south-east London). Bouygues Construction also strengthened its leading position in the UK student accommodation segment, booking an order to build the University of Hertfordshire campus, the first such operation in Europe to be financed by project bonds.

Demand in Switzerland remained strong, especially on the housing market. Bouygues Construction drew on its expertise in putting together complex property development projects: the company continued work on the Eikenøtt eco-neighbourhood in Gland and won contracts to build two more eco-neighbourhoods, Erlenmatt in Basel and Im Lenz in Lenzburg. Bouygues Construction also has acknowledged expertise in "multi-product" projects including offices, shops, housing and leisure facilities, as illustrated by the complexes currently under construction in Monthey, Thun and Zurich. The company continued to expand in the German-speaking part of the country with, for example, the building of offices for the Swiss post office in Bern since 2012.

In Central Europe, Bouygues Construction has acquired a number of well-established local firms in recent years, notably in Poland and the Czech Republic, which continued to expand their building activities, as illustrated by Telekom Polska's new headquarters building in Warsaw, handed over in 2013.

(1) restated 2012 sales figure, comparable to 2013.

Elsewhere in Europe, Bouygues Construction is also involved on a one-off basis in major infrastructure projects such as the new confinement shelter for the damaged nuclear reactor at Chernobyl in Ukraine, which is being built in partnership with Vinci, and Zagreb Airport in Croatia, the order for which was booked in 2013.

ASIA

Construction markets in Asia are particularly buoyant, with continuing high growth rates sustained by effective government intervention, even though slower growth in China had a knock-on effect on the entire region. Bouygues Construction benefits from its position as a long-standing player in Hong Kong, though local and foreign competition is intensifying. Strong economic growth in Thailand and Singapore benefits all sectors, especially construction. Attractive possibilities also exist in some other emerging regions, though the risk factor is high.

2013 sales: €1,565 million (up 7%)

In Asia-Pacific, Bouygues Construction benefits from a strong local presence, especially in Hong Kong, Singapore and Turkmenistan. In Hong Kong, the Kai Tak Cruise Terminal building was handed over and work continued on the Trade & Industry Tower, the order for which was booked in 2012. Civil works activity was particularly buoyant: the company handed over a rainwater drainage tunnel and continued to build complex major projects such as two sections of the rail tunnel for the Hong Kong to Guangzhou high-speed rail link and a section of the giant bridge linking Hong Kong, Zhuhai and Macao, the orders for which were booked in 2012. From a commercial standpoint, the highlight of the year was the order for the Tuen Mun-Chek Lap Kok subsea tunnel.

Bouygues Construction remains a recognised player on the Asian building market, especially for high-rise structures. A number of major residential complexes are under construction in Singapore and orders for two new condominiums were taken in 2013. In Bangkok, the company is building three residential tower blocks in a highly desirable shopping district and the Mahanakhon tower which, on handover, will be the highest in the Thai capital. In Macao, Bouygues Construction won the contract to build a 39-storey, 6-star luxury hotel in the heart of the City of Dreams entertainment complex.

In Singapore, work is continuing on the Sports Hub, the world's largest sports-related PPP project. In Australia, work has started on the construction of a tunnel and new railway lines in the west of Sydney. In Turkmenistan, Bouygues Construction handed over the 5-star Yyldyz Hotel and the Finance Ministry, for which the orders were booked in 2011. The company also took orders for two new major projects in the capital Ashgabat: the Congress Centre and the International University. In Myanmar, Bouygues Construction won the contract for the second phase of Star City, a major residential complex in Rangoon, the company's first project in the country.

AFRICA – MIDDLE EAST

Economic growth has slowed significantly in North Africa as a result of strong social and geopolitical pressures, the resulting decline in tourist revenue and the ongoing troubles of the euro zone economies, on which North African countries depend for much of their trade. Growth has been strong in sub-Saharan Africa, driven amongst other things by a massive influx of foreign capital, though South Africa, hit by social strife, remains an exception. Oil-exporting Middle Eastern countries are taking advantage of high oil prices to step up their investment in major infrastructure projects. Qatar in particular is investing in preparation for the FIFA World Cup which will take place there in 2022.

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

2013 sales: €823 million (up 16%)

In Africa, Bouygues Construction's building and civil engineering firms work together on major infrastructure projects.

In Morocco, work continued on the second container port in Tangier. In Ivory Coast, work continued on the Riviera Marcory bridge in Abidjan. The project will be one of the first concessions in West Africa.

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

Bouygues Construction is involved in roadbuilding projects in several African countries in response to considerable demand. In Equatorial Guinea, as part of the government infrastructure modernisation programme, the company handed over a section of two-lane dual-carriageway motorway linking the port city of Bata to the centre of the country and continued to build and develop the Bata seafront road. In Cameroon, Bouygues Construction started work on the Ngaoundéré-Garoua road and handed over the Figuil-Magada road. In Burkina Faso, the company carried out work to strengthen part of the RN1 highway linking Ouagadougou to the western part of the country.

In the Middle East, Bouygues Construction continued work on the Qatar Petroleum District, a vast complex that includes nine high-rise office buildings.

AMERICAS – CARIBBEAN

The economic situation in the Americas is contrasted, differing very considerably from one country to another. Bouygues Construction is involved in major facilities and infrastructure projects in the region (United States, Canada and Cuba).

2013 sales: €400 million (down 3%)

Bouygues Construction has a long-term presence in Cuba, where it is a recognised specialist in the construction of turnkey luxury hotel complexes. The company continued construction work on luxury hotel complexes on Laguna del Este on Cayo Santa Maria and on Cayo Coco, and took an order for the Playa Las Conchas hotel complex at Varadero.

In the United States, work continued on the Miami port tunnel within the framework of a 35-year public-private partnership. Also in Miami, Bouygues Construction won the contract to build the Brickell City Centre property development project. In Canada, the company is building a set of sporting facilities in Ontario for the 2015 Pan American Games and took an order for Iqaluit International Airport in the country's Arctic north.

Energies and Services

Bouygues Energies & Services contributed €1,515 million to Bouygues Construction's consolidated sales, 3% less than in 2012 (€1,567 million [1]). Bouygues Energies & Services has three business lines: network infrastructure (54% of sales), facilities management (26%) and electrical and HVAC engineering (20%).

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

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

FRANCE

2013 sales: €1,071 million (down 1%) [1]

Bouygues Energies & Services, through its network infrastructure subsidiary, is a leading player in the development of digital networks in France and operates in 15 departments and four major urban areas, representing 12,000 kilometres of optical fibre serving 6.5 million people. In 2013, the subsidiary won contracts to roll out very-high-speed broadband networks in the Oise department to the north of Paris (first phase) and the Eure-et-Loir department in western France, and continued to develop and manage the network in the Vaucluse department in the south of France under a 25-year contract awarded in 2011.

Bouygues Energies & Services continued the public lighting contracts begun in 2011, especially the major energy performance contract with the City of Paris that aims to achieve a 30% reduction in the city's energy consumption by 2020 in comparison with the level in 2004. It started a 20-year public lighting contract in Valenciennes, in northern France.

In electrical and HVAC engineering, Bouygues Energies & Services concluded a design-build contract for a thermal power plant in the French part of the Caribbean island of Saint-Martin and a contract for mechanical and electrical equipment for the L2 Marseille bypass. Work continued on the Amiens-Picardie hospital.

In partnership with Bouygues Construction's building subsidiaries, Bouygues Energies & Services' facilities management subsidiary is involved in a number of PPP contracts, including the maintenance and operation of the French Ministry of Defence and the Paris law courts complex, the municipal authority complex in Bordeaux, the Saint-Quentin-en-Yvelines Vélodrome, five secondary schools for the Loiret department authority, the University of Bordeaux and the University of Burgundy.

INTERNATIONAL

2013 sales: €444 million (down 9%) [1]

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

On international markets, Bouygues Energies & Services is an expert in major turnkey power grid infrastructure projects. It won the contract for a second direct-current line in Finland. In Thailand, in partnership with Bouygues Construction's local construction subsidiary, it won a contract to build three photovoltaic solar power plants and operate and maintain them for five years. In Mozambique, Bouygues Energies & Services concluded a contract to build a high-voltage line for the Brazilian mining firm Vale.

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

In Canada, Bouygues Energies & Services provides facilities management (FM) for Surrey Hospital and has started a 25-year FM contract for the RCMP headquarters. The subsidiary has concluded hard and soft FM contracts with the Alstom group covering 20 facilities in the UK and Italy as well as in France. Both in France and internationally, FM contracts guarantee Bouygues Energies & Services recurring long-term income.

(1) Restated 2012 sales figure, comparable to 2013.

2.1.3 Outlook for 2014

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

- **orders at 31 December 2013 to be executed in 2014** worth €8.9 billion;
- **sustained international activity outside Europe,** especially in places less affected by the economic crisis, such as Hong Kong, Singapore, Qatar and Canada;
- **a long-term order book** (more than five years) worth €2.7 billion at 31 December 2013;
- **a sound financial structure,** with a net cash surplus of €3.0 billion;
- **an expanding range of sustainable construction products and services,** to which the company devotes over half its R&D budget.

Tight control over the execution of major projects and a selective approach to orders in the face of competitive pressure will continue to be central priorities for Bouygues Construction in 2014.

2.2 Bouygues Immobilier, France's leading property developer

With 35 branches in France and five international subsidiaries, Bouygues Immobilier develops residential, commercial, retail and sustainable neighbourhood projects.

The company has confirmed its position as a player committed to urban sustainability.

Condensed balance sheet

Assets

(at 31 December, € million)	**2013**	**2012**
Property, plant and equipment and intangible assets	36	27
Goodwill		
Non-current financial assets and taxes	36	38
NON-CURRENT ASSETS	**72**	**65**
Current assets	1,578	1,597
Cash and equivalents	286	384
Financial instruments [a]		
CURRENT ASSETS	**1,864**	**1,981**
Held-for-sale assets and operations		
TOTAL ASSETS	**1,936**	**2,046**

Liabilities and shareholders' equity

(at 31 December, € million)	**2013**	**2012**
Shareholders' equity attributable to the Group	504	538
Non-controlling interests	6	6
SHAREHOLDERS' EQUITY	**510**	**544**
Non-current debt	6	14
Non-current provisions	108	99
Other non-current liabilities	2	2
NON-CURRENT LIABILITIES	**116**	**115**
Current debt	4	12
Current liabilities	1,301	1,375
Overdrafts and short-term bank borrowings	5	
Financial instruments [a]		
CURRENT LIABILITIES	**1,310**	**1,387**
Liabilities related to held-for-sale operations		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**1,936**	**2,046**
NET SURPLUS CASH	**271**	**358**

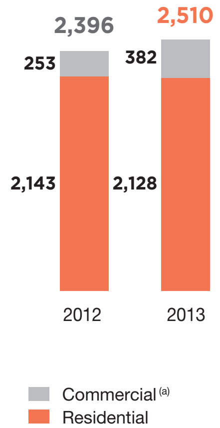
(a) Fair value of hedges of financial liabilities.

Condensed income statement

(€ million)	**2013**	**2012**
SALES	**2,510**	**2,396**
Net depreciation and amortisation expense	(7)	(5)
Net charges to provisions and impairment losses	(32)	(23)
Other income and expenses	(2,293)	(2,189)
CURRENT OPERATING PROFIT	**178**	**179**
Other operating income and expenses		
OPERATING PROFIT	**178**	**179**
Income from net surplus cash		1
Other financial income and expenses	(12)	(7)
Income tax expense	(61)	(61)
Share of profits and losses of associates	(3)	(2)
NET PROFIT	**102**	**110**
Net profit attributable to non-controlling interests	1	3
NET PROFIT ATTRIBUTABLE TO THE GROUP	**101**	**107**

SALES

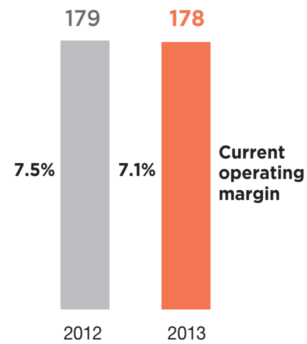
(€ million)



(a) Office and retail.

CURRENT OPERATING PROFIT

(€ million)



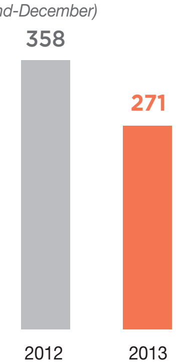
NET PROFIT (a)

(€ million)

(a) Attributable to the Group.

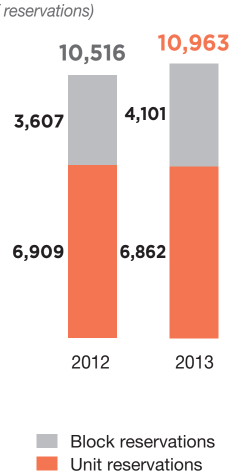
NET CASH

(€ million, at end-December)



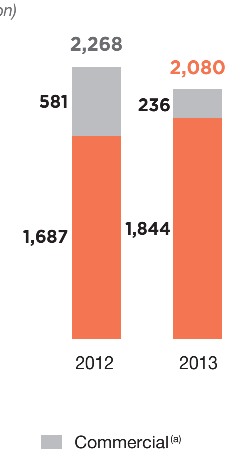
RESIDENTIAL

(number of reservations)



RESERVATIONS

(€ million)



(a) Office and retail.

2013 KEY FIGURES

Employees at 31/12/2013

1,588

Sales

€2,510m (+5%)

Current operating margin

7.1% (-0.4 points)

Net profit att. to the Group

€101m (-6%)

2013 HIGHLIGHTS

Residential

- Handover of L'Avance in Montreuil, the first positive-energy residential building in the Paris region.
- Three Bouygues Immobilier projects – Ginko in Bordeaux, Cap Azur in Roquebrune-Cap-Martin (French Riviera) and the Pompidou Le Mignon mixed development zone in Bois-Colombes, near Paris – recognised as "Committed to 'EcoQuartier' Eco-Neighbourhood Labelling" by the French Ministry of Housing.
- Inauguration of Fort d'Issy at Issy-les-Moulineaux, near Paris, and of the first tranche of Ginko, the Bordeaux Lake eco-neighbourhood.

Commercial

- Handover of the headquarters of Orange Polska in Warsaw, Bouygues Immobilier's first commercial property project in Poland.
- Launch of the Peri XV rehabilitation project in Paris under the Rehagreen® initiative.
- Creation of a unit specialising in city-centre and town-centre retail development projects.

CSR

- 2013: a year of constructive dialogue between employees and management with the renegotiation of nine agreements or supplements, including three diversity agreements covering disability as well as gender equality and intergenerational equity.
- Extension of the Bouygues Immobilier corporate foundation for a further five years.

2.2.1 Profile

2.2.1.1 STRATEGY

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

Innovation for sustainable development

Implementing a pioneering sustainable development strategy, Bouygues Immobilier confirmed its leadership in this area in 2013.

- In a context where many are looking for energy savings, green property development is a strategic element of Bouygues Immobilier's innovation policy. In the office property segment, Green Office® projects are under way at Rueil-Malmaison and Nanterre in the Paris region and in Bordeaux, for the future headquarters of the Caisse d'Épargne Aquitaine Poitou-Charentes bank. In the residential segment, after Vert Eden at Aix-en-Provence in the south of France, in 2013 Bouygues Immobilier handed over L'Avance in Montreuil, the first positive-energy residential development in the Paris region featuring bioclimatic architectural design. Bouygues Immobilier is going even further, building ultra-low energy apartments inspired by the German Passivhaus energy performance label.
- The green rehabilitation of commercial buildings under the Rehagreen® initiative continued to make progress, with the Sanofi Campus Val de Bièvre at Gentilly and the sites occupied by AG2R La Mondiale (Peri XV) and CNP in Paris and La Française AM at Montrouge.

At neighbourhood level, Bouygues Immobilier offers UrbanEra® to local authorities. An innovative service package, it spans the design and development of often mixed-use sustainable neighbourhoods combining residential properties, offices and shops.

Technical and architectural quality: a key priority

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

Bouygues Immobilier also teams up with leading names in contemporary architecture. Valode & Pistre designed the future Clarins headquarters in Paris and the Sanofi Campus Val de Bièvre at Gentilly, Jean-Michel Wilmotte designed the Paris Bar Law School, while the second phase of Ginko, the Bordeaux Lake eco-neighbourhood, was designed by 2011 Pritzker Prize winner Eduardo Souto de Moura.

Customer satisfaction

Customer satisfaction is at the centre of Bouygues Immobilier's concerns. A customer call centre has been opened in order to provide the best response to customer enquiries. It took over 62,000 incoming calls in 2013, 18% more than in 2012, thus ensuring ongoing dialogue between the company and its customers.

In 2013, Bouygues Immobilier created Bien Plus, a charter of commitments to support residential customers from the time they reserve their property until ten years after they take possession of it. Customers can also consult their profile online. Accessible via the internet, the profile provides customers with all the relevant information about their project.

2.2.1.2 ASSETS AND OPPORTUNITIES

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

- Extensive geographical coverage via 35 branches in France keeps the company close to customers and strengthens ties with stakeholders;
- Operations in all segments of property development (residential, commercial, retail and urban development) enable the company to cushion cyclical effects within each segment;
- Affordable housing. The company aims to offer an increasingly extensive range of affordable products that meet the needs of first-time buyers, who account for two-thirds of demand. For example, some programmes have been marketed at a price of only €2,000 per m² at 7% VAT;
- Commercial properties tailored to business users' new expectations. Bouygues Immobilier's strategy in the commercial property segment is based on three priorities: turnkey projects, positive-energy buildings with Green Office® and the rehabilitation of existing office buildings with Rehagreen®;
- Genuine expertise in sustainable neighbourhoods. With UrbanEra®, Bouygues Immobilier aims to give local authorities long-term support in their development projects and offers a wide range of services to improve quality of life for residents;
- A proven capacity to adapt to changing market conditions, with risk control a priority;
- A robust business model that guarantees Bouygues Immobilier a healthy financial structure.

2.2.1.3 MARKET POSITION

With a market share of 11.8% (1), Bouygues Immobilier is France's leading residential property developer with Nexity, well ahead of its other main rivals, Icade, Cogedim and Kaufman & Broad (1). In the commercial segment, Bouygues Immobilier is a benchmark player which has opened up a real lead over its main competitors, Icade, Nexity, Sogeprom and BNP Immobilier, proposing products at the cutting edge of environmental innovation (Green Office®, Rehagreen®). At neighbourhood level, Bouygues Immobilier set up a specific unit focussed on retail developments and confirmed its leading position in sustainable urban development with its UrbanEra® initiative.

(1) Source: ECLN (new housing survey) – Data from developers (February 2014).

2.2.2 Business activity in 2013

In a sluggish market, in 2013 Bouygues Immobilier took 10,963 residential property reservations (4% more than in 2012) worth €1,844 million, up 9% on 2012. In the commercial property segment, despite particularly difficult market conditions, reservations came to €236 million (this includes the Peri XV property complex belonging to AG2R La Mondiale in Paris).

Total reservations (residential and commercial) were worth €2,080 million, 8% lower than in 2012. The drop was mainly due to the postponement until 2014 of some commercial property reservations initially planned for 2013.

The order book stood at €2.61 billion, down 12%, though it still represents over one year's sales.

Consolidated sales in 2013 amounted to €2,510 million, up 5% on the previous year. Residential property sales amounted to €2,128 million, virtually the same as in 2012, while commercial property sales jumped 51% to €382 million.

Current operating profit was stable at €178 million, representing 7.1% of sales compared with 7.5% in 2012. In line with expectations, the decline in the operating margin reflected pressure on the price of new residential developments, though the adjustment measures taken since 2012 meant that the impact remained limited.

Net profit attributable to the Group amounted to €101 million, which was 6% lower than 2012.

The number of completed but unsold units at end-2013 remained very small (only 62 units), representing about two days of marketing.

Shareholders' equity at end-December 2013 stood at €510 million.

Bouygues Immobilier had a net cash surplus of €271 million at 31 December 2013, showing tight control over its working capital requirement despite a lower sell-off rate for residential properties in France.

2.2.2.1 ACTIVITY

Residential property

A FLAT-LINING MARKET

After an 18% drop in sales in 2012, the residential property market in France continued to shrink in 2013, with 87,721 housing units sold compared with 89,000 in 2012 [1].

There were several reasons for this decline.

- The Duflot buy-to-let tax incentive scheme took longer than planned and did not have the expected effects. Zoning arrangements were not decided until September and final rent ceilings had still not been set by the end of the year.
- Certain measures contained in the "Alur" housing law, such as a universal rent guarantee and rent controls, have made private investors even more wary, with the result that many of them have turned away from buy-to-let properties.
- French households lost purchasing power in 2013, making access to mortgage credit more difficult, especially for first-time buyers, even though interest rates on mortgage lending remained low.

Against this background of uncertainty Bouygues Immobilier outperformed the market, taking 10,340 reservations in France (4% more than in 2012) worth a total of €1,761 million. This commercial performance reflects an increase in block sales, which accounted for 39% of housing reservations in France compared with 36% in 2012, and a 16% rise in sales to first-time buyers to 3,485 units. In contrast, sales to investors fell back 16% to 2,812 units.

A record 13,359 residential properties were handed over in 2013, compared with 11,386 in 2012, reflecting the high level of commercial activity in recent years.

CONTINUING TO CREATE MORE ADDED VALUE FOR CUSTOMERS

In a tough market, Bouygues Immobilier has adapted its products to ensure that they are affordable and meet the needs of buyers, adopting a mainly entry- to mid-level positioning.

In 2013, the company continued to work hard to optimise design and construction costs while improving the quality of its housing and keeping prices competitive. The overall aim is to provide innovative products which offer customers greater value for the fairest possible price.

Several affordable housing programmes were marketed in 2013:

- The Concerto development at Saint-Fons, south of Lyon, offered 166 housing units at an average reservation price of €2,000 per m² with 7% VAT.
- Green Home in Nanterre, the first positive-energy residential development in the Hauts-de-Seine department to the west of Paris, was singled out by the French environment and energy management agency Ademe in connection with a call for positive-/passive-energy [1] building projects [2]. Situated in an urban renewal zone where low-income households can, under certain conditions, acquire a new primary residence with a preferential VAT rate, the project comprises 147 housing units marketed at 5.5% VAT.
- The Osmuz development at Orvault, north of Nantes in western France, comprises 44 passive-energy properties, including 12 affordably-priced units at €2,450 per m².

On the market for detached houses, Bouygues Immobilier continued its programme under a contract with EDF and SNI to build homes for EDF employees near 15 production sites all over France. A total of 1,472 houses were sold in the year to 31 December 2013, with the first homes being handed over at Cany-Barville and Yvetot, in Normandy. The objective is to deliver over 3,000 homes by the end of 2015.

HOUSING AT THE CUTTING-EDGE OF INNOVATION

After deciding in 2010 to seek BBC-effinergie® certification for all its residential programmes, in 2013 Bouygues Immobilier delivered properties that are even more energy-efficient. In Toulouse, south-west France, Bouygues Immobilier subsidiary Urbis inaugurated L'Héméra, the first passive-energy private apartment building in France. The development comprises 22 two- to five-room apartments designed according to

(1) Source: ECLN (new housing survey) – Data from developers (February 2014).
(2) Positive-energy buildings (buildings which produce more energy than they consume). Passive-energy buildings (buildings which produce the energy they consume).

the Passivhaus principle. As well as maximising the building's thermal inertia, L'Héméra is equipped with a gas absorption heat pump linked to a dual-flow controlled mechanical ventilation system, cutting heating consumption to 15 kWh/m²/year compared with about 30 kWh/m²/year for a standard BBC low-energy building design.

At Montreuil, to the east of Paris, Bouygues Immobilier handed over L'Avance, the first positive-energy residential development in the Paris region. One of the distinctive features of the building is that each apartment is fitted with a touch-screen from which residents can track their energy consumption directly and control their heating and lighting. This innovation, combined with a bioclimatic architectural design, means that L'Avance produces 3% more energy than it consumes.

Les Lodges, a positive-/passive-energy project at Chanteloup-en-Brie, south-east of Paris, was described by the French environment and energy management agency Ademe as "an exceptional building in the Paris region" in connection with a call for projects designed to highlight the region's best energy-efficiency initiatives. As well as ultra-high levels of energy efficiency, the programme has an innovative design. Adaptable and modular, the houses can be enlarged by adding on prefabricated timber modules. As a result, a three-room house can be extended to four, five or even six rooms according to the occupants' needs. The high quality of the housing combined with financial support for buyers from EpaMarne, the local development agency, ensured that the commercial launch of Les Lodges was a great success. Bouygues Immobilier was also able to conduct an experiment in social innovation on the project: 5% of working hours on-site were earmarked for people in difficulty in order to help them back into regular employment.

In order to enhance its eco-construction expertise, in 2013 Bouygues Immobilier acquired 100% of Ossabois, a leading maker of timber-framed houses and small apartment buildings.

BOUYGUES IMMOBILIER STEPS UP ITS COMMITMENT TO CUSTOMER SUPPORT

Bouygues Immobilier went further in its quest for customer satisfaction in 2013 by rolling out its Bien Plus service. The rationale behind the service is based on a simple fact: against a background of economic uncertainty, buying an apartment or a house is increasingly complicated and worrying. That is why Bouygues Immobilier has made seven practical commitments designed to strengthen the relationship of trust with its customers, extending from reservation until ten years after handover of the property.

Customer support also continued in the digital world as customers were given the possibility of consulting their profile online. With this service, home-buyers can visit the Bouygues Immobilier website to find extensive information relevant to their project, such as the dates of calls for funds, reminders of appointments and interior decoration options.

Commercial property

GREEN PROPERTY: A WINNING STRATEGY

Closely correlated to conditions in the economy, the commercial property market fell significantly in terms of take-up rates, especially for buildings of over 10,000 m². In an uncertain economic and tax environment, companies tended to postpone decisions about their property projects. Investment remained stable, since most transactions related to existing assets.

In these difficult conditions, Bouygues Immobilier sold 87,000 m² of office and retail space in France in 2013, worth a total of €236 million. The order book stood at €427 million at end-December 2013.

A number of large-scale projects marked Bouygues Immobilier's activity in the commercial property segment in 2013, endorsing its strategy based on three priorities:

Rollout of the Green Office® concept

In its second year of operation, Green Office® Meudon, let to Steria, again fulfilled its promises and showed that it is truly positive-energy, consuming 65.3 kWh/m²/year and producing 67 kWh/m²/year. Building on this success, Bouygues Immobilier is now working on almost a dozen Green Office® projects around France.

Continuing the Rehagreen® initiative

After the launch in 2012 of the 50,000-m² rehabilitation project for the Sanofi Campus Val de Bièvre at Gentilly, south of Paris, in February 2013 Bouygues Immobilier concluded a €115-million property development contract to refurbish a complex belonging to AG2R La Mondiale in Paris. Designed by the architect Christian de Portzamparc, the project involves rehabilitating three buildings with a net area of 41,420 m². A real showcase for the Rehagreen® initiative, the site is aiming for BREEAM® Excellent and HQE® Exceptional certification.

Successful turnkey projects

The outcome of ongoing dialogue with users, the turnkey strategy aims to design projects tailored to a specific customer. Major achievements in 2013 included handover of Miasteczko, the headquarters of Orange Polska in Warsaw, Poland. Offering nearly 45,000 m² of net area, the building is Bouygues Immobilier's first office development in Warsaw. Designed by the Franco-Polish architect Stanislaw Fiszer, Miasteczko, with its stone and aluminium façade, blends into the urban landscape. The building, which obtained BREEAM® Very Good certification for the design phase, will accommodate 3,300 employees and consume 30% less energy than a Polish A-class building.

Sustainable urban development

Aware of the many demographic, environmental, economic and social challenges facing local authorities in relation to urban development, Bouygues Immobilier offers its tailored UrbanEra® service, which defines tangible, measurable targets to suit each local context. This innovative approach is based on seven pillars, namely energy management, soft mobility, building performance, services, biodiversity, waste management and water management. A number of UrbanEra® projects showed their first results in 2013.

GINKO: THE FIRST FAMILIES MOVE IN

Nearly 500 families moved into Ginko, the Bordeaux Lake eco-neighbourhood, in 2013, coinciding with the arrival of the first shops and the opening of a community centre. In September, Ginko was recognised as "Committed to 'EcoQuartier' Eco-Neighbourhood Labelling" by the French Ministry of Housing. One of the largest eco-neighbourhood projects in France to date, Ginko spans 32 hectares and includes 2,200 housing units for 6,000 residents in the longer term, 21,350 m² of public amenities, 30,000 m² of retail space and 25,180 m² of office space.

Ginko represents a comprehensive, cross-cutting approach to urban development and the creation of a model neighbourhood, giving particular consideration to factors such as architectural quality, integration into the local environment, soft mobility, renewable energies, social diversity, management of natural resources and biodiversity.

ISSYGRID®: THE FIRST OPERATIONAL DISTRICT SMART GRID IN FRANCE

The IssyGrid® project, begun in May 2011 in Issy-les-Moulineaux near Paris and overseen by Bouygues Immobilier, started to become a reality in 2013. An information system designed by Embix (a joint venture between Alstom, Bouygues Energies & Services and Bouygues Immobilier), Microsoft and Steria was implemented to analyse all energy production resources as well as energy consumption in the district in relation to the power grid. 94 housing units were equipped with smart meters to collect data relating to their energy consumption in real time. In another innovation, smart street lamps were installed on three streets in the area so that street lighting can be adjusted to traffic conditions, the time of day and the season. Sequana, Bouygues Telecom's headquarters building, is now equipped with a building management system to help smooth out energy consumption peaks.

HANDOVER AND OFFICIAL INAUGURATION OF FORT D'ISSY

In 2013, Bouygues Immobilier handed over the 680 housing units in the Fort d'Issy programme at Issy-les-Moulineaux, near Paris. The eco-neighbourhood has an innovative pneumatic waste collection system: the first of its kind in France, it complies with the requirements of recent environmental regulations. Another innovation at Fort d'Issy is the installation of the town's first geothermal district heating network. Two geothermal wells have been bored to a depth of 750 metres in order to tap into the Albien aquifer. The buildings are connected to the general heating network which supplies hot water and heating to the development's 1,623 housing units. All the apartments are equipped with a home automation system which allows residents to track their energy consumption in real time. Fort d'Issy also has a nursery, two schools, a cultural centre and a swimming pool designed according to *feng shui* principles.

CAP AZUR AT ROQUEBRUNE-CAP-MARTIN

The 280-unit Cap Azur eco-neighbourhood at Roquebrune-Cap-Martin, on the French Riviera, is the second Bouygues Immobilier project to be recognised as "Committed to 'EcoQuartier' Eco-Neighbourhood Labelling" by the French Ministry of Housing. Cap Azur includes social housing, affordable units for first-time buyers, a serviced residence for tourists, offices and a nursery.

Several other eco-neighbourhoods are being developed:

- at Éragny, to the north-west of Paris, the Belles Rives neighbourhood will include 650 housing units, a nursery and an innovative pooled parking scheme;
- at Toulon, southern France, the former Font-Pré hospital will be replaced in 2017 by an eco-neighbourhood comprising 750 new housing units, a residence for senior citizens, landscaped gardens and shops;
- at Saint-Jean-de-Braye, near Orléans in central France, the Eclo neighbourhood features social diversity, various types of housing (detached houses, low-density and conventional apartment buildings), shops and nearby soft transport.

MOROCCO

Services for sustainable urban development projects have also been rolled out in other countries. In 2013, Bouygues Immobilier and Bouygues Bâtiment International, a Bouygues Construction subsidiary, set up a joint venture to work on a neighbourhood development project in Casablanca. The project comprises 13,498 m² of office space and 450 housing units in three phases. The site is being developed by Auda, a Moroccan subsidiary of the Caisse des Dépôts et Consignations, and will host Casablanca's future financial centre.

2.2.3 Outlook for 2014

Conditions on the property markets on which Bouygues Immobilier operates are likely to remain tough in 2014 due to the overall economic situation and the approach of municipal elections in France, when construction permits are not easy to obtain quickly, especially for large-scale projects. However, Bouygues Immobilier is counting on an adaptable organisation, innovation, cost reductions and value creation for customers to differentiate itself from its competitors and continue to grow and increase its market share.

- **Residential:** given the considerable need for housing, Bouygues Immobilier will endeavour to offer customers the best products and services at the fairest possible price. With the Bien Plus service, Bouygues Immobilier aims to remain the benchmark property developer in France. At the same time, the company will explore new opportunities for growth in the markets for detached houses, serviced residences, affordable family housing and adaptable housing which enables older people to live at home for longer.
- **Commercial:** on a sluggish market, Bouygues Immobilier will continue to focus its growth strategy on innovation, offering highly efficient buildings which meet the requirements of environmental regulations through its Green Office® range, Rehagreen® green rehabilitation package and turnkey buildings.
- **Urban development:** particular attention will be paid to the development of urban services to revitalise city and town centres and improve the quality of life within the scope of projects to develop sustainable neighbourhoods.

At the same time, Bouygues Immobilier will continue its policy of aiming to maintain a robust financial structure.

2.3 Colas, a worldwide leader in transport infrastructure construction and maintenance

Colas operates in transport infrastructure and maintenance in 50 countries worldwide. Completing nearly 110,000 projects a year, the group also spans the full range of production activities in most of its lines of business.

Colas meets the challenges of mobility, urbanisation and the environment.

Condensed balance sheet

Assets

(at 31 December, € million)	2013	2012
Property, plant and equipment and intangible assets	2,440	2,563
Goodwill	548	480
Non-current financial assets and taxes	477	817
NON-CURRENT ASSETS	**3,465**	**3,860**
Current assets	3,965	4,009
Cash and equivalents	531	435
Financial instruments [(a)]	13	21
CURRENT ASSETS	**4,509**	**4,465**
Held-for-sale assets and operations [(b)]	358	
TOTAL ASSETS	**8,332**	**8,325**

Liabilities and shareholders' equity

(at 31 December, € million)	2013	2012
Shareholders' equity attributable to the Group	2,496	2,504
Non-controlling interests	38	40
SHAREHOLDERS' EQUITY	**2,534**	**2,544**
Non-current debt	231	258
Non-current provisions	796	818
Other non-current liabilities	92	98
NON-CURRENT LIABILITIES	**1,119**	**1,174**
Current debt	61	50
Current liabilities	4,405	4,239
Overdrafts and short-term bank borrowings	191	285
Financial instruments [(a)]	22	33
CURRENT LIABILITIES	**4,679**	**4,607**
Liabilities related to held-for-sale operations		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**8,332**	**8,325**
NET SURPLUS CASH/(NET DEBT)	**39**	**(170)**

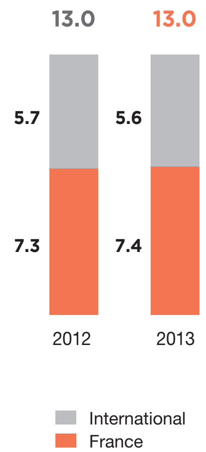
(a) Fair value of hedges of financial liabilities.
(b) Relating to Cofiroute.

Condensed income statement

(€ million)	2013	2012
SALES	**13,049**	**13,036**
Net depreciation and amortisation expense	(417)	(457)
Net charges to provisions and impairment losses	(125)	(109)
Other income and expenses	(12,090)	(12,064)
CURRENT OPERATING PROFIT	**417**	**406**
Other operating income and expenses	(11)	
OPERATING PROFIT	**406**	**406**
Cost of net debt	(26)	(24)
Other financial income and expenses	(2)	6
Income tax expense	(127)	(137)
Share of profits and losses of associates	64	59
NET PROFIT	**315**	**310**
Net profit attributable to non-controlling interests	3	8
NET PROFIT ATTRIBUTABLE TO THE GROUP	**312**	**302**

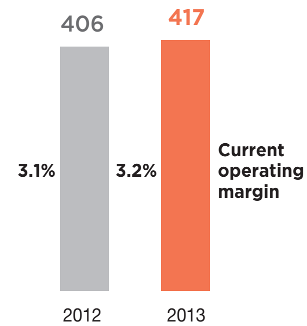
SALES

(€ billion)



CURRENT OPERATING PROFIT

(€ million)



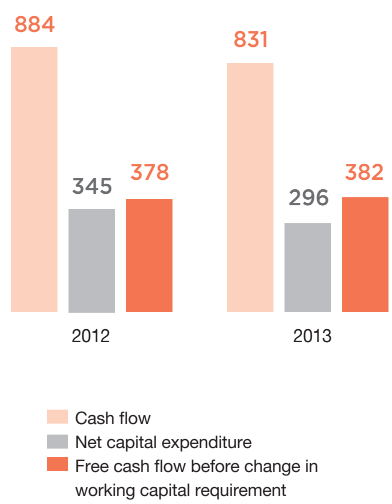
NET PROFIT (a)

(€ million)

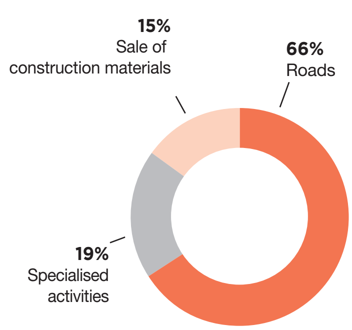
(a) *Attributable to the Group.*

CASH-FLOW

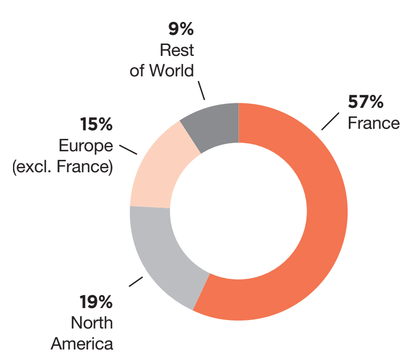
(€ million)



SALES BY SEGMENT



SALES BY REGION



2013 KEY FIGURES

Employees at 31/12/2013

60,866

Sales

€13,049m (=)

Current operating margin

3.2% (+0.1 points)

Net profit att. to the Group

€312m (+3%)

Order book
at 31/12/2013

€7.1bn (+6%)

2013 HIGHLIGHTS

- Introduction of a new organisation for the roads activity in mainland France.
- Acquisition of asphalt mix production and road maintenance companies: Tropic Asphalts in Australia and Furfari Paving in Ontario, Canada.
- Handover of the A63 motorway in south-west France, seven months ahead of schedule.

Major contract gains

- L2 Marseille bypass (public-private partnership).
- Iqaluit International airport in Canada's Arctic North (public-private partnership).
- Sections of the M85 motorway in Hungary and the R2 motorway in Slovakia.
- Rail works on the Tangiers-Kenitra high-speed link in Morocco, and lines 3 and 6 of the Santiago metro in Chile.

2.3.1 Profile

With 800 profit centres and 1,400 materials production units in some 50 countries around the world, Colas is a leader in transport infrastructure construction and maintenance and spans the full range of production and recycling activities associated with most of its lines of business. The group completes nearly 110,000 projects each year and much of its core business is of a recurrent nature.

With over 60,800 employees, Colas reported sales of €13.0 billion in 2013, of which France accounted for 57%, Europe (excl. France) for 15%, North America for 19% and other countries for 9%.

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

2.3.1.1 BUSINESS AREAS

Roads (81% of sales)

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

ROADBUILDING AND MAINTENANCE (66% OF SALES)

Each year, Colas completes around 77,000 projects worldwide involving the construction and/or maintenance of roads and motorways, airport runways, ports, industrial logistics and commercial hubs, urban roads and amenities, reserved-lane public transport (bus lanes and tramways), recreational facilities and environmental projects. Alongside the highly seasonal roads business (though the seasonal influence is more marked in some countries than others), Colas has a civil engineering activity spanning both small and large projects, and a marginal building activity in some regions.

Colas' business covers many small-scale contracts as well as major projects that may involve complex contractual structures such as concessions, PPP (public-private partnership), PFI (private finance initiative) or MAC (Managing Agent Contract). In that context, Colas sometimes takes interests, generally minority shareholdings, in companies that hold motorway, urban road or urban public transport concessions. For example, Colas has a 16.6% interest in Atlandes, holder of the concession for a 105-kilometre section of the A63 motorway in south-western France.

PRODUCTION AND SALE OF CONSTRUCTION MATERIALS (15% OF SALES [1])

Upstream of roadbuilding, Colas produces and recycles construction materials through an extensive international network of 707 [2] quarries and gravel pits, 138 emulsion and binder plants, 566 asphalt plants, 205 ready-mix concrete plants and two bitumen production plants. In 2013, Colas produced 100 million tonnes of aggregates, 1.7 million tonnes of emulsions and binders, 41 million tonnes of asphalt mix, 2.8 million m^3 of ready-mix concrete and 1.0 million tonnes of bitumen [3]. The world's leading producer of emulsions and asphalt mixes, Colas can also count on authorised reserves [4] of 2.6 billion tonnes of aggregates (29 years' output), plus additional potential reserves [5] of 1.9 billion tonnes.

Specialised activities (19% of sales)

Colas has five specialised activities.

WATERPROOFING (5.2% OF SALES)

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

RAILWAYS (5.9% OF SALES)

The railways activity (Colas Rail) comprises the design and engineering of complex, large-scale projects and the construction, renewal and maintenance of rail networks (conventional and high-speed lines, trams and subways), covering both installations and infrastructure, including track laying and maintenance, electrification, safety and signalling systems, specific works, the manufacture of sleepers and a rail freight business. Colas Rail operates in France and the UK, though it also has operations in Belgium, Romania, Venezuela, Chile, Egypt, Algeria, Tunisia, Morocco and Malaysia.

SALE OF REFINED OIL PRODUCTS [6] (3.7% OF SALES)

From a raw material called "reduced crude oil", the company Société de la Raffinerie de Dunkerque (SRD) makes bitumen (294,000 tonnes produced in 2013) used in the manufacture of road products and waterproofing membranes for the needs of the Colas group, as well as base oils, paraffin and fuel oils used in non-road industries. SRD produced 258,000 tonnes of base oils, 304,000 tonnes of fuel oils and 48,000 tonnes of paraffin in 2013.

(1) Sales to third parties.
(2) 2012 figure.
(3) This figure corresponds to the entire output of the SRD plant at Dunkirk in northern France and the Kemaman plant in Malaysia.
(4) Authorised reserves (data at end-2012) correspond to the annual tonnages authorised by the government multiplied by the number of years remaining before the operating licence expires, for all the sites under the group's control. An upper limit is set on this figure according to the economically viable quantities (in number of tonnes) within the scope of the licence.
(5) Potential reserves (data at end-2012) correspond to existing tonnages not already counted as authorised reserves on sites under the group's control for which there is a reasonable likelihood of obtaining a licence. The figure is limited to 50 years' output on the assumption that a licence will be granted or an existing licence renewed.
(6) Colas has operated the business alone since a processing contract under which Total marketed 40% of SRD's output expired on 1 January 2013. A specialist division within Colas is responsible for internal sales of bitumen to group subsidiaries and for selling the other products to third parties.

ROAD SAFETY AND SIGNALLING (2.6% OF SALES)

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

PIPELINES (1.6% OF SALES)

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

2.3.1.2 GROWTH STRATEGY AND OPPORTUNITIES

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

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

2.3.1.3 STRENGTHS AND ASSETS

Colas' main strengths are:

- **positions on long-term growth markets, given the substantial needs for transport infrastructure worldwide,** underpinned by structural factors such as population growth, urbanisation, increased global trade, lack of infrastructure in emerging countries, renewal of existing infrastructure in developed countries, mobility and environmental challenges. Colas' core business mix includes a substantial proportion of upkeep and maintenance activities that meet recurring needs and generate a large number of projects, helping to spread risk;
- **vertical integration** upstream of the production chain and a policy of controlling the supplies of materials required by its activities (aggregates, binders, asphalt mixes, ready-mix concrete and bitumen) that contributes to the group's operating performance;
- **a network of over 800 profit centres and 1,400 materials production units** in some 50 countries around the world, some of them dating back over a hundred years. The density of this network is an advantage in businesses where maintaining a local presence and keeping close to customers are key success factors;
- **a decentralised organisation** with strong local roots that is flexible, responsive and adapted to market needs. Having a limited number of levels of management means that decisions can be taken at the most appropriate and effective level. Its organisational structure enables the group to react flexibly in operational terms and to adapt to changing market conditions;
- **human capital** that creates collective intelligence, with values and a passion shaped by a long common history shared by more than 60,800 employees, handed down from one generation to the next and enhanced by an appropriate human resources policy;
- **a technical innovation policy** implemented by a 2,000-strong international network comprising a Campus for Science and Techniques (CST) which is the road industry's leading private R&D centre, some 50 laboratories and 100 engineering consultancies;
- **acknowledged technical, legal and financial skills in the execution of complex projects.** Capable of offering end-to-end services wherever it operates, including the design, construction, engineering and maintenance of major transport infrastructure projects, Colas has achieved a number of major commercial successes and is able to grasp the opportunities associated with complex types of project (concessions, PPP, PFI, MAC, etc.) that offer an optimised response to customers' needs;
- **a capacity to expand through both external and organic growth;**
- **a robust financial structure** and a capacity to generate cash flow which, as well as being advantages in tendering for certain projects, enable the Colas group to pursue further growth by continuing to invest in targeted assets.

2.3.1.4 MARKET POSITION

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

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

2.3.2 Business activity in 2013

Sales in 2013 amounted to €13 billion, the same level as last year, against a background of low economic growth in most countries where Colas operates. The roads activity fell back 2%, remaining stable in France and Europe and rising slightly in the "Rest of the World" but dropping 5% in North America, like-for-like and at constant exchange rates. Colas' specialised activities grew by 8%, driven by a 21% rise in the railway business, like-for-like and at constant exchange rates.

Overall, sales rose slightly by 1% in France and fell marginally by 1% on international markets.

Like-for-like and at constant exchange rates, sales were very slightly up (0.5%) on last year.

Current operating profit amounted to €417 million, compared with €406 million in 2012, and the current operating margin stood at 3.2%, compared with 3.1% in 2012. These developments were due to:

- a robust performance:
  - by the roads activity in France, which benefited from the positive impact of the new organisation (increase in mainland France and in French overseas departments), in Europe and in the Rest of the World (Africa, Indian Ocean, Asia and Australia);
  - by specialised activities, with an increase in railways, a return to profitability in pipelines and stability in waterproofing and road safety and signalling;
- lower profitability in the roads activity in North America, following:
  - a tough year in the United States, with the expected upturn in the core business failing to materialise and difficulties on civil engineering projects;
  - less business in some Canadian provinces (compounded by a very high comparative base in 2012) and particularly poor weather, especially in the west of the country;
- a current loss of €46 million at the sales of refined oil products activity, which was higher than in 2012, with a collapse in the price of base oils linked to a sharp fall in global industrial demand against the background of a refining sector in crisis.

Net profit attributable to the Group amounted to €312 million, compared with €302 million in 2012.

Net capital expenditure was kept under control and deliberately restricted to €296 million, €49 million less than in 2012.

Colas continued a policy of proactive, targeted external growth in 2013, strengthening its position in the roadbuilding sector in Australia and making its first acquisition in the province of Ontario in Canada, where the subsidiary did not previously have an established base. The net cost of acquisitions in 2013 amounted to €97 million, compared with €59 million in 2012.

Colas had a robust financial structure with a high level of shareholders' equity (€2.5 billion) and a net cash surplus of €39 million at end-December 2013 compared with net debt of €170 million a year earlier. The improvement was due in particular to tight control over the working capital requirement.

Post-closure event: At end-January 2014, Colas sold its 16.7% interest in motorway concession-holder Cofiroute. The transaction is priced between a minimum of €780 million and a maximum of €800 million, subject to certain operational assumptions being realised over the 2014-2015 period.

2.3.2.1 ROADS (2013 SALES: €10,567 MILLION)

Sales were 2% lower than in 2012.

Roads Mainland France (2013 sales: €5,183 million)

Sales in 2013 remained at the same level as in 2012. After particularly poor weather in the first half of the year, the lag was caught up in the second half. Features of the market in the core roads activity were a continuing decline in activity by volume, considerable differences between regions and between urban and rural areas, and the postponement of some projects, all against a background of fierce competition and low prices. Private-sector business picked up slightly. Public transport projects (tramways, high service bus routes), high-quality urban development and major projects helped to maintain a high level of activity. The major A63 motorway project in south-western France, under the framework of the Atlandes motorway concession, was completed in November, seven months ahead of schedule. Work (mobilisation and studies) started on two other major projects (construction of the Nîmes-Montpellier railway bypass and of the L2 Marseille bypass) in which Colas is involved.

The new organisation of the roads activity in mainland France, which came into effect on 1 January 2013, was implemented operationally in record time while maintaining a high level of economic performance.

Roads Europe (2013 sales: €1,448 million)

Sales fell 2% in relation to 2012 but remained stable like-for-like and at constant exchange rates.

Sales in **Northern Europe** fell by just under 2% but remained stable like-for-like and constant exchange rates despite very poor weather. Sales rose in the **UK,** thanks to a diverse portfolio of activities that combines long-term road maintenance contracts with the production of emulsions and airport runway maintenance, in **Ireland** and in **Denmark.** Sales were stable in **Switzerland** but fell in **Belgium.**

In **Central Europe,** Colas consolidated its positions in contrasting markets and substantially increased its order book while remaining highly selective in its choice of projects. Sales stabilised after falling for several years. Sales in **Hungary** benefited from a recovery in the roads market and the company won a number of contracts to build motorway sections. Sales also rose in **Croatia** and the **Czech Republic.** Business remained slow in **Slovakia,** but the company won a major motorway section construction contract at the end of the year.

Roads North America (2013 sales: €2,422 million)

Sales fell 6% (down 5% like-for-like and at constant exchange rates).

In the **United States,** sales fell back 2% like-for-like and at constant exchange rates. The roads market did not benefit from the expected upturn, despite an improving economy and the US Highway Bill. Considerable market disparities emerged between states, compounded by difficulties with the execution of a number of civil engineering projects. However, order intake picked up significantly towards the end of the year as the economic recovery gained pace and as a result of increases in local taxes in some states to fund infrastructure projects.

In **Canada,** sales fell by 8% like-for-like and at constant exchange rates, due to particularly poor weather in the first half of the year, especially in the west of the country, a historically high base of comparison and cutbacks in infrastructure spending in some provinces, especially Quebec but also Alberta. ColasCanada gained a foothold in Ontario with the acquisition of Furfari Paving, which produces and lays asphalt mix. One of the commercial highlights was winning a public-private partnership contract, as part of a consortium, to modernise Iqaluit International Airport in the country's Arctic North.

Roads "Rest of the World" (2013 sales: €1,514 million)

A slight increase in sales, up 2% both overall and like-for-like and at constant exchange rates, reflected contrasting situations.

- Sales were up 6% in **French overseas departments.** A fall in sales in the **Antilles** and **French Guiana** was offset by higher sales in **Reunion Island** and **Mayotte,** which benefited from an upturn in both the roads and building markets, and the execution of two major projects in Mayotte;
- Sales fell 8% in **Africa** and the **Indian Ocean region.** Sales fell sharply in **Morocco** due to a downturn on the company's core market and the completion of major projects in 2012. Sales rose in **West Africa,** with a good year in **Gabon** and a recovery in the second half of the year in **Benin, Ivory Coast** and **Burkina Faso.** In **Southern Africa,** the manufacture and sale of emulsions activity was stable. Sales fell in **Mauritius** following the completion of major projects there but rose in **Madagascar,** thanks to the activity focused on services to mining firms as well as ongoing roads projects;
- Sales rose by 10% in **Asia/Australia/New Caledonia** (up 12% in Asia/Australia alone, like-for-like and at constant exchange rates). In Asia, activity focuses on the production, distribution and sale of bitumen products via a network comprising a bitumen production plant in Malaysia, 17 emulsion plants and 18 bitumen depots. Sales fell back slightly in **Indonesia** and **Thailand** but rose in the region as a whole, especially in **Vietnam** and **India.** Sales rose sharply in **Australia,** where activity now also includes roadbuilding following the acquisition of Tropic Asphalts, a company which produces and lays asphalt mix. In **New Caledonia,** roads and building activities fell back sharply in a depressed economic environment.

2.3.2.2 SPECIALISED ACTIVITIES (2013 SALES: €2,466 MILLION)

Overall sales rose 8%, with trends differing from one line of business to another.

- **Waterproofing** held up well, with sales rising by 4% on 2012 to €672 million despite a sluggish building market in mainland France and poor weather in the first half of the year;
- Sales in the **railways** business rose sharply by 19% to €767 million, driven in France by ongoing tramway projects and track renewal projects and on international markets by multiyear track renewal contracts in the UK, ongoing construction of line 2 of the Los Teques metro in Venezuela and extension of the Kelana Jaya light railway in Malaysia.
- **Sales of refined oil products** rose 13% to €487 million due to an automatic increase in amounts sold following the end on 1 January 2013 of a processing contract with Total, which used to sell 40% of SRD's output. However, this impact was limited by a sharp fall in prices caused by a rapid deterioration in global demand for base oils.
- Sales in **road safety and signalling** fell back 3% to €337 million in a shrinking market.
- Sales in the **pipeline** business remained virtually the same as in 2012 at €203 million.

2.3.2.3 PROJECTS

Nearly 110,000 projects were completed in 50 countries in 2013. The following examples illustrate the range and diversity of Colas' operations and projects.

Mainland France

- Completion seven months ahead of schedule of a project to upgrade a 105-km section of the A63 motorway in south-west France and widen it to 2x3 lanes under a concession agreement.
- Resurfacing of sections of the A9, A21, A35, A36 and A40 motorways.
- Resurfacing of runway 1 at Toulouse-Blagnac airport.
- Construction or extension of tramways in Besançon, Tours, Toulouse, Bordeaux, Grenoble, Valenciennes, Clermont-Ferrand, Lyon and Le Mans.
- Deconstruction of a thermal power plant at Ambès, near Bordeaux.
- Continuation of an energy performance contract for street lighting and traffic lights in the city of Paris.
- Laying of 88 kilometres of pipeline for GRT Gaz as part of the Hauts de France II project.

International and French overseas departments

- **Northern Europe:** start of works to upgrade and maintain the road network in central London under an eight-year contract, extension of the main runway at Birmingham airport, railway track renewal under multiyear contracts in the UK; resurfacing and widening to 2x3 lanes of a 21-kilometre section of the E42 motorway in Belgium; refurbishment of a six-kilometre section of the A16 motorway in Switzerland; resurfacing of the runway at Aalborg airport in Denmark.
- **Central Europe:** completion of the 2x3-lane widening of the M0 ring-road and reconstruction of line 1 of the tramway in Budapest, and start of construction work on two sections of the M85 Motorway in Hungary; renovation of two sections of the D1 motorway in the Czech Republic.
- **United States:** refurbishment of a section of Interstate 71 in Ohio; renovation and widening to 2x3 lanes of a section of Interstate 57 in Illinois; widening to five lanes of a section of the Seward Highway in Alaska; construction of a container storage yard for the Port of Los Angeles in California.
- **Canada:** upgrading of Route 185 to Highway 85 in Quebec; construction of the access road to Fort McMurray airport in Alberta; supply of 140,000 m^3 of ready-mix concrete to an aluminium smelting plant in British Columbia.
- **French overseas departments:** construction of bus lanes in Martinique; reinforcement and widening of the runways at Roland Garros airport on Reunion Island; extension and renovation of Majicavo remand centre in Mayotte as part of a design-build contract.
- **Africa and the Indian Ocean region:** refurbishment and widening of a 20-kilometre section of the RN1 road in Gabon; refurbishment of a 20-kilometre section of the Northern Motorway in Ivory Coast; completion of the refurbishment of a 52-kilometre section of the RN43 road in Madagascar; construction of the RN32 road extension in the Comoros; construction of the Terre-Rouge to Verdun road in Mauritius.
- **Asia and Australia:** maintenance of the Bengkalis provincial road on the island of Sumatra in Indonesia under a multiyear contract; surfacing of the Kempsey bypass in Australia, construction of an extension of the Kelana Jaya light railway in Malaysia.

2.3.3 Outlook for 2014

In 2013, the group recorded a number of significant commercial successes, including:

- In the roads activity: the contracts for the L2 Marseille bypass PPP (Colas share: €66 million), for the construction of sections of the M85 (€91 million), M4 (€78 million) and M89 (€43 million) motorways in Hungary, and of the R2 motorway (€80 million) in Slovakia, and the PPP contract for Iqaluit International airport in Canada (Colas share: €70 million).
- For the railways activity: the contracts for the designing and building of Tangier-Kenitra (€124 million) high-speed rail link in Morocco and for the construction and maintenance of lines 3 and 6 (€67 million) of the Santiago metro in Chile.

Colas is therefore starting 2014 in good shape, with a substantial order book worth €7.1 billion at end-December 2013, up 6% versus end-December 2012, including €3.3 billion in mainland France, down 5%, and €3.8 billion in international markets and in French overseas departments (up 18%).

At the beginning of 2014, the group was awarded a PPP contract for the Troissereux bypass, north of Paris (Colas share: €20 million), and a contract to build an elevated road and interchange for the New Coastal Road on Reunion Island (Colas share: €318 million), but these were not factored into the order book at end-December.

The following assumptions have been made concerning trends on Colas' main markets in 2014.

- Roads
  - The market in mainland France will be smaller than in 2013, due to the general economic climate, cuts in central government grants to local authorities and municipal elections in March 2014,
  - In North America, the US market has shrunk by volume over the last few years but should benefit from a gradual revival in the economy and the current US Highway Bill. The Canadian market will grow more slowly than in recent years (some provincial budgets are shrinking) but will continue to be supported by a robust economy,
  - In Europe, the overall market is likely to be stable, with contrasting situations from one country to another. In Central Europe, the order book should help to boost activity,
  - Asia, Australia and Africa, especially southern Africa, are likely to hold up well.
- In specialised activities, the situation is likely to vary between businesses. The market for refined oil products will remain stable, whereas the railway business should continue to expand on buoyant markets. There are good prospects for the pipeline business, with some opportunities on international markets. Waterproofing, which follows the trend in the building sector, and road safety and signalling, closely linked to the roads business, will probably be operating on shrinking markets.

In this environment, Colas will continue to take action to improve its operations and profitability. The new organisation of its roads activity in mainland France into seven regional subsidiaries, effective since 1 January 2013 and implemented in record time, has been a success and should help the company to adapt to the anticipated contraction of the market. Action plans are in progress to improve the two activities which weighed on results in 2013, namely refining and civil engineering in the United States. Profitability will be given priority over growth.

Colas' sale of its 16.67% stake in motorway concession-holder Cofiroute on 31 January 2014 will have the following consequences in 2014:

- the booking of proceeds from the sale of €780 million;
- the booking of a net capital gain after tax of €385 million in Colas' financial statements and of around €240 million in the financial statements of Bouygues;
- a fall in income from associates (€49 million in 2013).

On the basis of available information, sales in 2014 are likely to remain virtually stable versus 2013 [1].

(1) At constant accounting methods after application of IFRS 11.

2.4 TF1, the leading* television group in France

With its 3,770 employees TF1 operates France's leading mainstream television channel. It is also an integrated media group that has developed activities in high-growth segments alongside its core business.

The corporate mission of the TF1 group is to inform and entertain a broad audience.

Condensed balance sheet

Assets

(at 31 December, € million)	2013	2012
Property, plant and equipment and intangible assets	299	347
Goodwill	483	874
Non-current financial assets and taxes	100	187
NON-CURRENT ASSETS	**882**	**1,408**
Current assets	1,843	1,951
Cash and equivalents	289	259
Financial instruments (a)		
CURRENT ASSETS	**2,132**	**2,210**
Held-for-sale assets and operations (b)	646	
TOTAL ASSETS	**3,660**	**3,618**

Liabilities and shareholders' equity

(at 31 December, € million)	2013	2012
Shareholders' equity attributable to the Group	1,711	1,685
Non-controlling interests	131	117
SHAREHOLDERS' EQUITY	**1,842**	**1,802**
Non-current debt	1	14
Non-current provisions	41	39
Other non-current liabilities	9	10
NON-CURRENT LIABILITIES	**51**	**63**
Current debt	2	4
Current liabilities	1,501	1,745
Overdrafts and short-term bank borrowings	98	4
Financial instruments (a)		
CURRENT LIABILITIES	**1,601**	**1,753**
Liabilities related to held-for-sale operations (b)	166	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**3,660**	**3,618**
NET SURPLUS CASH	**188**	**237**

(a) Fair value of hedges of financial liabilities.
(b) Relating to Eurosport International.

Condensed income statement (a)

(€ million)	2013	2012
SALES	**2,470**	**2,621**
Net depreciation and amortisation expense	(67)	(72)
Net charges to provisions and impairment losses	(37)	(13)
Other income and expenses	(2,143)	(2,278)
CURRENT OPERATING PROFIT	**223**	**258**
Other operating income and expenses		(48)
OPERATING PROFIT	**223**	**210**
Cost of net debt		
Other financial income and expenses	1	6
Income tax expense	(73)	(71)
Share of profits and losses of associates	1	(6)
NET PROFIT	**152**	**139**
Net profit attributable to non-controlling interests	15	3
NET PROFIT ATTRIBUTABLE TO THE GROUP	**137**	**136**

(*) Source: Médiamat by Médiamétrie – Consolidated audience share at 31 December 2013, individuals aged 4 and over.

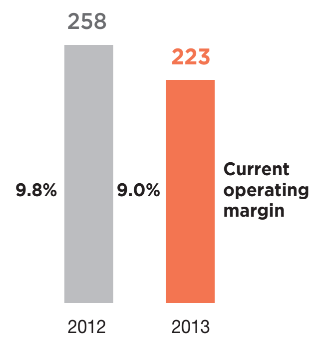
(a) The income statement as presented includes the contributions from Eurosport International. In the consolidated financial statements published by TF1, Eurosport International was treated as a held-for-sale operation and classified (in accordance with IFRS 5) on a separate line, "Net profit/(loss) from discontinued or held-for-sale operations".

SALES

(€ million)

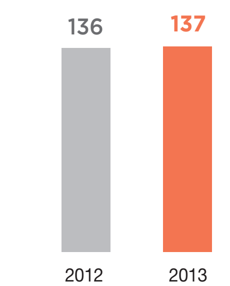
CURRENT OPERATING PROFIT

(€ million)



NET PROFIT [(a)]

(€ million)



(a) Attributable to the Group.

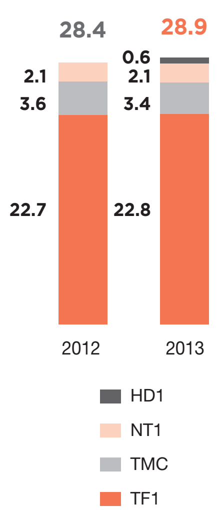
PROGRAMMING COSTS FOR THE FOUR FREEVIEW CHANNELS

(€ million)

GROUP AUDIENCE SHARE [(a)]

(as %)

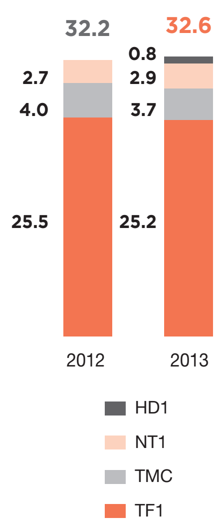
Individuals aged 4 and over



GROUP AUDIENCE SHARE [(a)]

(as %)

Women under 50 who are purchasing-decision makers



(a) Source: Médiamétrie. HD1 was launched in December 2012.

2013 KEY FIGURES

Employees at 31/12/2013

3,770

Sales

€2,470m (-6%)

Current operating margin

9.0% (-0.8 points)

Net profit att. to the Group

€137m (+1%)

2013 HIGHLIGHTS

Key figure

- TF1 scored 99 of the top 100 audience ratings* in 2013, all channels combined.

Ratings

- HD1 is the leader of the six new DTT channels launched in France in late 2012.

Eurosport

- A further increase in profitability and ramp-up of the partnership with Discovery Communications.

Integration

- Thirteen candidates will form the sixth intake of the TF1 Corporate Foundation.

(*) Source: Médiamat by Médiamétrie.

2.4.1 Profile

The TF1 group is present via four freeview television channels: TF1, France's number-one channel; TMC, the number-one digital terrestrial television (DTT) channel and fifth most popular channel in France; NT1, a DTT channel targeting young adults; HD1, one of the new HD DTT channels launched in December 2012.

The TF1 group is also present in pay-TV with over ten channels, including: Eurosport, the leading pan-European platform reaching over 130 million households; TV Breizh, the leading cable and satellite channel; Ushuaïa TV, Histoire and Stylía, special-interest channels setting the standard for multi-channel offerings in France; LCI, a news analysis and current affairs channel; TF6 and Série Club, jointly owned with M6.

Since 1987, when it was privatised and became part of the Bouygues group, TF1 has created new activities based on its core business of programme production and broadcasting. The group's businesses today cover the entire audiovisual chain:

- upstream, from television and film production to the acquisition and trading of broadcasting rights;
- downstream, from the sale of advertising slots to the publication and distribution of DVDs and music CDs.

TF1 has also created a broad range of channel-based merchandising, with home shopping, catch-up and VOD content, licences, musicals and board games. In 2013 the group won the contract to become a concert hall operator in 2016 at the new City of Music venue on Seguin Island, near Paris (see also section 2.1 Bouygues Construction).

Harnessing the growth of the internet and new technologies, TF1 produces, develops and publishes interactive content and services for new media, including the web, smartphones, tablets, connected TV, and freesheets.

The TF1 group's strategy for the years ahead is to combine the efficiency of mass media with the strengths of personal digital media, offering top-notch content while developing opportunities to reach a wide audience through fixed and mobile digital technologies.

2.4.1.1 DEVELOPMENT STRATEGY AND OPPORTUNITIES

In response to sweeping market change since 2005, TF1 is transforming its model and asserting its status as the leader in freeview television through the strength of its brands and continuous innovation.

The group's strategy is based on the following objectives:

Optimising content management

Top-notch content targeting all viewer categories enables the TF1 group to develop a singularly powerful model, the promotion of which is a priority. The group takes an innovative approach to managing its content, focusing on television and by extension on a range of fixed and mobile media.

Strengthening the leadership position in freeview television

The group has an unrivalled programme offering with controlled costs, rolled out through four complementary channels. TF1, TMC, NT1 and HD1 together took an average 28.9% [1] audience share in 2013, making the TF1 group the number-one broadcasting group in France.

Stepping up growth in other activities

The TF1 group is adapting its pay-TV model in France to bring operators content that meets TV viewer expectations.

To step up the growth of the Eurosport International platform, the TF1 group has formed a strategic partnership with the Discovery Communications group.

The TF1 group is also forging ever closer bonds with consumers by bringing them a broader range of products (including films, music and home shopping) and distribution outlets.

Adapting its business model

In a market undergoing sweeping change, the TF1 group is continuing to adapt its business model. Phase II of the optimisation plan aims to generate €85 million in recurring savings by the end of 2014, following the €155 million unlocked between 2008 and 2011.

Promoting issues specific to the media sector

The TF1 group is aware of the social responsibilities that stem from the fact that it is the leading broadcasting group in France. It makes sure that ethical and responsible principles are applied to all of its stakeholders both in its corporate governance and the management of its business activities.

2.4.1.2 STRENGTHS AND ASSETS

With its positioning and unique offering, the TF1 group is ideally poised to take full advantage of the opportunities offered by the changes in its markets and will do so by harnessing the following strengths:

- A unique position in the French broadcasting sector. In 2013, amid heightened competition, the TF1 channel stabilised its audience share and once again scored unrivalled ratings, especially in prime time;
- Numerous synergies between television and digital, the development of which is extending the reach of the brands featuring on the channels. The group is responding to changes in use with a multi-channel offering, "second-screen" apps fostering interactivity, and robust presence in the social networks, creating a closer relationship with the public;
- The ability to adapt and innovate enabling, on the one hand, to deal with structural and cyclical change in the market, whether this be via long-term optimisation plans or specific short-term measures, and, on the other hand, to create the conditions most conducive to new developments;

(1) Source: Médiamat by Médiamétrie.

- An international exposure, based on a robust and complementary business model thanks to the Eurosport group. The latter is backed by the Discovery Communications group, a top-level partner that secures its long-term development;
- A robust financial structure. The group has the means to finance its growth and profitability ambitions.

2.4.1.3 MARKET POSITION

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

The group remains the most powerful private player, with an audience share of 28.9% at 31 December 2013 [1] compared with 14.0% for its main private-sector rival. The TF1 TV channel alone attracts 35.1% of the total gross advertising spend in the television market.

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

The TF1 group has rolled out its MYTF1 digital brand across all media. The website registers 8.0 million unique visitors a month [2] and 8.0 million mobile apps have been downloaded [3] since launch. The group is developing a strong presence in the social networks by forming major partnerships. At end-November 2013 the TF1 group ranked second on time spent watching videos on line, behind Google and ahead of Dailymotion [4].

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

TF1 has a comprehensive range of pay-TV channels in France, including TV Breizh and LCI, and internationally, with Eurosport. The strategic partnership signed in late 2012 with the US group Discovery Communications is aimed at further accelerating the growth of these activities.

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

2.4.2 Business activity in 2013

The initiatives undertaken by the TF1 group in the last several years have enabled it to limit the fall in profitability in a deteriorated economic environment and despite extremely strong competition in its main markets.

2.4.2.1 A HIGHLY COMPETITIVE TELEVISION MARKET

In 2013 the French television market saw the ramp-up of the six new HD DTT channels, launched on 12 December 2012 and received by over 66% of French households at 31 December 2013. Their combined audience share for 2013 was 2.3% for individuals aged 4 and over and 3.1% of women under 50 who are purchasing-decision makers. In an increasingly competitive market, some channels have made considerable investments in programmes to boost their ratings.

Against this backdrop, the TF1 group posted a remarkable performance by increasing its group audience share and extending the lead over its main private-sector rival. For the first time in its history, TF1 became the number-one broadcasting group in France in terms of audience share (Médiamétrie, consolidated audience share at 31 December 2013, individuals aged 4 and over). This success was driven by effective and complementary programming between the group's four freeview channels and especially on TF1, the leading channel in France.

Digital technology has been a core TF1 group focus since 2008. Continuous innovation in this field has paid off, with the group now enjoying strong and recognised digital presence. In 2013 TF1 focused on programme interactivity, launching the Connect app, which extends the live experience to second screens, and a new-look MYTF1News site. TF1 Publicité and Twitter signed an unrivalled commercial partnership agreement in France.

The group achieved this strong operational performance in a particularly difficult economic environment that weighed on advertising spend in television.

The gross advertising market, all channels combined (incumbent, DTT, cable and satellite) rose 6.6% in 2013 to €9.6 billion, driven by growth in DTT revenues. Television was the number-one media in France in terms of advertising spend (source: Kantar Media). The gross revenues of the TF1 channel increased 2.6% year on year and the channel took a 35.1% share of the gross market, all television channels combined.

However, the competitive environment in 2013 led to considerable price pressure. Net advertising spend was down 5% at the end of September (source: Irep advertising research institute) and is expected to be down year on year. The net revenues of the TF1 group's freeview channels fell 5% on 2012 to €1,488 million.

(1) Source: Médiamat by Médiamétrie.
(2) Panel Médiamétrie NNR (December 2013).
(3) XiTi, estat Médiamétrie, iTunes Connect, Google Play.
(4) Médiamétrie/NetRatings (November 2013).

2.4.2.2 KEY FIGURES IN 2013

Consolidated sales down 6% in 2013

The TF1 group posted consolidated sales of €2,470 million in 2013, down 6% on 2012.

The decrease mainly resulted from a fall in Broadcasting sales, impacted by strong price pressure in a fiercely competitive market and by the worsened economic environment. The advertising revenues of the four freeview channels fell 5% to €1,488 million. Strong performances were posted by the digital subsidiary, e-TF1, and in advertising sales for third parties, with an increase in annual revenues. Sales were down slightly for the *Metronews* freesheet.

Sales for the Content activity fell 1% owing to a downturn in business for TF1 Droits Audiovisuels.

Consumer services were impacted in 2013 by lacklustre consumer spending and unfavourable comparison bases, with sales in the segment down 15%. TF1 Vidéo, operating in a challenging market, posted a 31% fall in sales. This was mainly the result of an unfavourable comparison basis, following the 2012 success of DVD and VOD for the *Intouchables* (Untouchable) film. Téléshopping was impacted by a drop in orders stemming from a less favourable product mix in 2013. TF1 Entreprises put in a strong year, however, with an 8% increase in sales.

The pay-TV offer posted a 6% fall in sales, impacted in particular by the sharp decrease in the advertising revenues of the theme channels marketed in France. The Eurosport group also posted a slight year-on-year drop in revenues due to the unfavourable comparison base stemming from the particularly strong line-up of sports events in 2012, including the UEFA Euro 2012 soccer tournament and the London Olympic Games.

In 2013 TF1 group sales were generated 83% in France, 15% in Europe (excluding France) and 2% in other countries.

Continued adaptation of the business model

Intent on continuing to adapt its business model in what remains an unstable environment, the TF1 group stepped up the roll-out of phase II of its optimisation plan in 2013. The group generated €41 million in recurring savings over the year, taking the total recurring savings generated to €56 million, compared with the €85 million group objective for the end of 2014. This amount is to be added to the €155 million in recurring savings already made between 2008 and 2011.

The TF1 group reduced current operating expenses €115 million year on year in 2013 through the optimisation plan and the generation of additional non-recurring savings. The cost of programmes for the four freeview channels was down €57 million to €947 million. The substantial savings achieved by the TF1 channel enabled the launch of HD1 and were reinvested in TMC and NT1 programming in response to heightened competition in DTT. The optimisation of costs did not weigh unfavourably on audience ratings, which increased year on year.

Other current operating expenses (including depreciation and impairments) were down €58 million.

Operating profit came to €223 million. The TF1 group managed to limit the decline in its profitability in a context of falling sales, with a current operating margin of 9.0% compared with 9.8% in 2012.

The cost of net financial debt was low, the TF1 group being debt-free. Other financial income and expenses stood at €1 million at the end of 2013, down €5 million on 2012. The TF1 group's stake in AB Group was re-measured in 2012 to fair value at €6 million. The share of profits and losses from associates rose €7 million to €1 million.

Net profit attributable to the group totalled €137 million, up €1 million on 2012.

Robust financial structure

At 31 December 2013, shareholders' equity attributable to the group came to €1,711 million, for total assets of €3,660 million. The group's net cash position stood at €188 million at end-December 2013.

2.4.2.3 BUSINESS REVIEW IN 2013

A leading audiovisual group

TF1 became France's number-one broadcasting group in terms of audience ratings in 2013. The group achieved this performance despite heightened competition in the freeview television market (marked by the ramp-up of the six new DTT channels launched in December 2012), increased investments in programmes by some players, and competition from new and expanded digital offers.

Nevertheless, the combined audience share of the TF1 group's four freeview channels increased 2% on 2012 to 28.9% for individuals aged 4 and over and rose 1% to 32.6% for women under 50 who are purchasing-decision makers.

Faithful to its remit as a family and mainstream television channel, the TF1 TV channel retained its leadership position with a 22.8% [(1)] share, up 0.1 points, extending the lead over its main private-sector rival. The programming innovation strategy, launched several years ago, is producing results. The TF1 channel scored 99 of the top 100 ratings in 2013, all channels combined. It also claimed the best audience ratings of the year with the *Les Enfoirés La Boîte à Musique* gala concert, which drew 13.6 million viewers on 15 March 2013.

TMC confirmed its status as France's fifth most popular channel and number-one DTT channel with an audience share of 3.4%[(1)], down 0.2 points. NT1 held up strongly and posted a stable audience share of 2.1% [(1)]. And with a 0.6% [(1)] audience share, HD1 is the leader of the six new HD DTT channels launched in December 2012. The increase in viewer numbers was driven by the TF1 group's strategy on original programming with a complementary fit between the four freeview channels.

(1) Source: Médiamétrie, consolidated audience share at 31 December 2013, individuals aged 4 and over.

A benchmark digital offer

The TF1 group also reaped the rewards of its digital strategy through a benchmark multi-screen offer including web, mobiles, tablets and connected TVs. The development of innovative digital services further strengthened the power of the group's cross-cutting and complementary free offer. In 2013, 1.4 billion free videos were watched on group sites. The TF1 group also has strong presence in the social networks. The TF1 channel scored a 42% share of voice among broadcasting groups on Twitter. At end-2013, nine million MYTF1 and MYTF1 News apps had been downloaded.

Mixed results for other activities

Consumer services were impacted in 2013 by lacklustre consumer spending. The division has nevertheless safeguarded its profitability by taking a number of operational and streamlining initiatives in the last few years.

TF1 Vidéo implemented an ambitious strategy in a VOD market that is expected to contract in 2013 and which is increasingly impacted by illegal offers. TF1 Entreprises continued to expand, notably through its achievements in music publishing.

Lastly, the partnership with Discovery Communications in pay-TV was reflected in 2013 by several operational and organisational initiatives, particularly at Eurosport. TF1 and Discovery Communications signed an agreement in January 2014 whereby the latter will shortly become the majority shareholder of Eurosport International.

A responsible and committed company

The TF1 group continues its socially-responsible initiatives through a range of actions on social integration and diversity. The TF1 Foundation pursued its remit by offering 13 young people from underprivileged areas a two-year professional integration experience at the TF1 group in the form of an apprenticeship contract combined with training and individual tutoring. Since its creation in 2007, the TF1 Foundation has helped 72 young people from underprivileged areas.

The TF1 group purchasing department won an award in June at the 2013 Purchasing Awards organised by the French purchasing managers association (CDAF), winning in the "Purchasing and Diversity" category.

2

2.4.3 Outlook for 2014

In a gloomy economic environment, with no signs of recovery and visibility still low, the net television advertising market could contract in 2014.

For the TF1 group, 2014 will feature two outstanding events:

- the Soccer World Cup, a strong and attractive event, though one whose rights, acquired in 2005 for €130 million, will weigh on TF1 group profitability;
- the probable sale of an additional 31% of Eurosport International to Discovery Communications, which is expected to generate a capital gain of between €300 million and €350 million in the financial statements of TF1.

With its robust financial structure, the TF1 group remains in a strong position to pursue its transformation:

- by continuing to upgrade its core business;
- by completing phase II of the optimisation plan, aimed at generating the remaining €29 million in recurring savings by end-2014;
- by focusing on growth with caution and determination.

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

Bouygues Telecom is a major player in the French electronic communications market, committed to making ongoing advances in digital technology available to the largest possible number of people.

Condensed balance sheet

Assets

(at 31 December, € million)	**2013**	**2012**
Property, plant and equipment and intangible assets	4,595	4,553
Goodwill	5	25
Non-current financial assets and taxes	27	26
NON-CURRENT ASSETS	**4,627**	**4,604**
Current assets	1,122	1,221
Cash and equivalents	16	41
Financial instruments [(a)]		
CURRENT ASSETS	**1,138**	**1,262**
Held-for-sale assets and operations		
TOTAL ASSETS	**5,765**	**5,866**

Liabilities and shareholders' equity

(at 31 December, € million)	**2013**	**2012**
Shareholders' equity attributable to the Group	2,863	2,843
Non-controlling interests		
SHAREHOLDERS' EQUITY	**2,863**	**2,843**
Non-current debt	792	684
Non-current provisions	254	237
Other non-current liabilities	61	51
NON-CURRENT LIABILITIES	**1,107**	**972**
Current debt	3	4
Current liabilities	1,788	2,044
Overdrafts and short-term bank borrowings		
Financial instruments [(a)]	4	3
CURRENT LIABILITIES	**1,795**	**2,051**
Liabilities related to held-for-sale operations		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**5,765**	**5,866**
NET DEBT	**(783)**	**(650)**

(a) Fair value of hedges of financial liabilities.

Condensed income statement

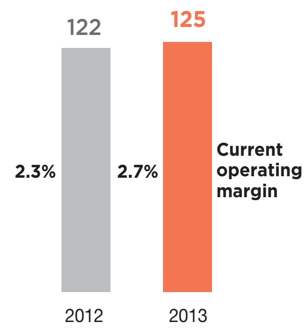
(€ million)	**2013**	**2012**
SALES	**4,664**	**5,226**
Net depreciation and amortisation expense	(725)	(713)
Net charges to provisions and impairment losses	(51)	(92)
Other income and expenses	(3,763)	(4,299)
CURRENT OPERATING PROFIT	**125**	**122**
Other operating income and expenses	(80)	(118)
OPERATING PROFIT	**45**	**4**
Cost of net debt	(4)	(4)
Other financial income and expenses	(8)	(10)
Income tax expense	(18)	(2)
Share of profits and losses of associates	(2)	(4)
NET PROFIT/(LOSS)	**13**	**(16)**
Net profit attributable to non-controlling interests		
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	**13**	**(16)**

SALES

(€ million)

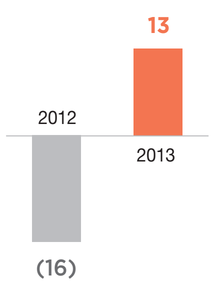
CURRENT OPERATING PROFIT

(€ million)



NET PROFIT/(LOSS) [a]

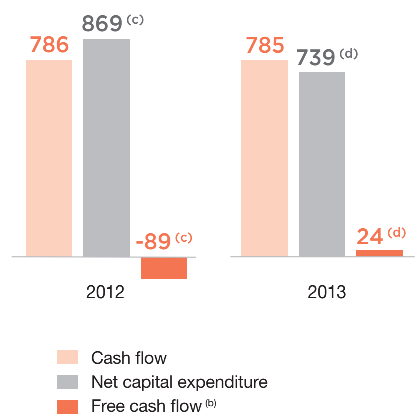
(€ million)



(a) *Attributable to the Group.*

CASH FLOW

(€ million)



(b) *Before change in working capital requirement.*
(c) *Excluding €696 million in acquisition costs and capitalised interest related to 4G frequencies and €207 in exceptional asset disposals.*
(d) *Excluding €13 million in capitalised interest related to 4G frequencies.*

2013 KEY FIGURES

Employees at 31/12/2013
9,092

Sales
€4,664m (-11%)

Current operating margin
2.7% (+0.4 points)

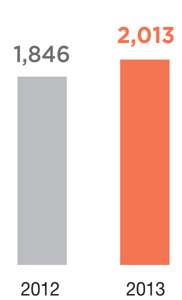
Net profit att. to the Group
€13m (+€28m)

2013 HIGHLIGHTS

- **July:** start of negotiations with SFR to share a part of the mobile network.
- **August:** long-term instalments to offer customers a new way of financing their handsets.
- **October:** launch of France's biggest 4G network.
- **November:** B&YOU launches its "la Box Internet" double-play offer.
- **December:** inclusion of 4G in B&YOU plans priced at €19.99 or €24.99 per month.

FIXED BROADBAND CUSTOMERS

('000 at end-December)



MOBILE CUSTOMERS

('000 at end-December)

2.5.1 Profile

Bouygues Telecom has been a trailblazer in the French electronic communications market for 17 years, continually offering solutions that enhance and enrich the digital experience of its 13.1 million customers.

After inventing the mobile call plan in 1996, Bouygues Telecom launched the first unlimited plans with Millennium in 1999 and Neo in 2006.

Bouygues Telecom acquired its own fixed network in 2008 and became an Internet Service Provider (ISP) with the Bbox triple-play offer. This was followed in 2009 by the invention of "Tout-en-un ideo", the first quadruple-play [(1)] offer in the market, and by the 2010 launch of Bbox fibre, Bouygues Telecom's first very-high-speed offering.

Bouygues Telecom once again spearheaded innovation in July 2011 by creating B&YOU, the first SIM-only/Web-only service. The highlight of 2012 was the launch of Bbox Sensation, the latest-generation home gateway.

In 2013 Bouygues Telecom pioneered both the mobile and fixed broadband markets, rolling out its nationwide 4G network and launching the "la Box Internet" double-play offer by B&YOU.

2.5.1.1 MARKET POSITION

Bouygues Telecom is France's fourth electronic communications operator by number of customers, behind Orange, SFR and Iliad.

In a French mobile market [(2)] that totalled 74 million customers at end-2013, Bouygues Telecom was in third position with 11.1 million customers, behind Orange and SFR, but ahead of Free Mobile and the MVNOs [(3)]. Bouygues Telecom had a 15% share of the mobile market at end-2013, one point lower than at end-2012.

In a French fixed broadband market [(2)] with 25 million customers at end-2013, Bouygues Telecom ranked fourth with 2 million customers, behind Orange, Iliad and SFR. Bouygues Telecom had 8.1% of the French fixed broadband market at end-2013, 0.4 points more than at end-2012, and an 18% share of the very-high-speed market at end-2013, which is stable versus end-2012.

Bouygues Telecom only operates in mainland France.

2.5.1.2 DEVELOPMENT STRATEGY AND OPPORTUNITIES

The French telecommunications market has experienced sweeping change over the past two years and seen the emergence of new segments and players. In an increasingly fierce competitive environment, Bouygues Telecom has adapted its strategy to new market developments and positioned itself as an operator aiming to widen internet access to as many people as possible – at home and on the move.

This strategy is based on five priorities.

Creating value by developing mobile internet use

The launch of a nationwide 4G network covering 40 million people on 1 October 2013 gave Bouygues Telecom a fresh opportunity to pioneer the mobile segment and regain its leadership as an innovator for its customers. The push for greater competition by the public authorities has led to a rapid decline in the value of the telecommunications market, prompting Bouygues Telecom to focus on developing mobile use by making 4G accessible to as many people as possible. Initial feedback shows that 4G encourages customers to significantly increase their mobile internet use, especially of video.

This strategy is consistent with Bouygues Telecom's brand values of widening customers' access to usage and harnessing digital technology to improve the quality of their everyday life.

Increasing Bouygues Telecom's share of the fixed broadband market

In a French broadband and very-high-speed market that grew at a slower pace in 2013 than in previous years, in terms of the number of customers, Bouygues Telecom returned to the forefront with the "la Box Internet" double-play [(4)] offer. Launched by B&YOU, this innovative and affordable service is targeted at customers who mainly use the internet for digital entertainment. It is complementary with the Bbox Sensation triple-play offer, which offers enhanced services including TV and gaming.

Bouygues Telecom's partnership with Numericable already provides very-high-speed coverage for between seven and eight million households. Bouygues Telecom is continuing to extend its network under agreements with Orange and SFR which will ultimately enable it to offer very-high-speed services to nearly 13 million households.

Bouygues Telecom can therefore draw on a number of strengths to pursue its development strategy in the fixed broadband market and roll out segmented offers tailored to different customer expectations.

Continuing to grow in the SIM-only/Web-only market

The SIM-only/Web-only (or "SoWo") segment saw accelerated growth in 2013. B&YOU benefited from the trend by progressively expanding its offers throughout the year. B&YOU is now present in the three key mobile pricing segments: occasional use (under €5), voice/text use (around €10) and voice/text/internet use (€20 and more).

In the SIM-only/Web-only market, B&YOU prioritises a value-based strategy over a volume-based approach: more than half of B&YOU mobile customers have signed up for the €20 plan.

Following the launch in late 2013 of the "la Box Internet" double-play offer, B&YOU has established a presence on the fixed broadband segment with a distinctive offer which strengthens its positioning.

(1) Fixed and mobile telephony, internet and television.
(2) Most recent data published by Arcep (French telecommunications regulator). Scope: mainland France for the mobile market, mainland France and French overseas departments for fixed broadband (including very-high-speed). Very-high-speed subscriptions are those with a peak download speed of 30 Mbit/s or more (Arcep definition),
(3) Mobile Virtual Network Operators.
(4) Fixed telephony and internet.

Pursuing development of Business services

With an estimated value of €13 billion [(1)], the B2B services market is still not fully open to competition, creating strong growth potential for Bouygues Telecom. Over 200 major customers and large numbers of SMEs already use the fixed, mobile, internet and cloud computing solutions offered by Bouygues Telecom Entreprises.

Bouygues Telecom Entreprises also provides connectivity solutions for smart devices (e.g. e-money) and cloud computing services – two markets where strong growth may be expected in the years to come.

Sharing networks to offer the best geographical coverage

Constant rises in network traffic and greater diversity of uses require increased capital expenditure. Bouygues Telecom and SFR concluded a mobile network sharing agreement on 31 January 2014 for lower population density areas in mainland France.

This agreement has three primary objectives:

- provide better service quality and network coverage for customers both outside and inside buildings;
- improve competitiveness following the unlevel competitive playing field created by the roaming agreement that enables Free Mobile to use Orange's network, which is the leader in France;
- optimise capital expenditure and network operating costs.

2.5.1.3 STRENGTHS AND ASSETS

As a major player on the French electronic communications market for more than 17 years, Bouygues Telecom enjoys a number of significant strengths and assets.

A base of 13.1 million customers

Following a year of upheaval in 2012 marked by the arrival of a new mobile operator, Bouygues Telecom had 11.1 million mobile customers at end-2013, in addition to 2 million fixed broadband and very-high-speed customers.

Access to a wide frequency spectrum

At end-2013, Bouygues Telecom had 28% of the spectrum available in France in the various frequency bands (800, 900, 1800, 2100 and 2600 MHz). Bouygues Telecom has refarmed the 1800 MHz band, making it the only operator to date to operate three different frequencies for 4G (800, 1800 and 2600 MHz), offering the best combination for indoor and outdoor mobile coverage.

High-performance mobile and fixed networks

With over 15,000 base stations, Bouygues Telecom offers its customers proprietary coverage of 99% of the French population in 2G, 96% in 3G+ (speeds up to 7.2 Mbit/s) and 60% in H+ (speeds up to 42 Mbit/s).

On 1 October, Bouygues Telecom rolled out the largest nationwide 4G network, which covered 63% of the population at end-2013, representing 40 million people in France with access to very-high-speed mobile services in more than 2,100 towns and cities.

To make calling from and to other countries easier, Bouygues Telecom has concluded a large number of partnerships with foreign operators in over 270 destinations, including coverage of all European destinations.

Bouygues Telecom's fixed broadband offering covers 78% of French households in unbundled areas, and under an agreement with Numericable its very-high-speed offering covers 8 million households. This network is a key driver of Bouygues Telecom's success in the fixed broadband market and creates growth potential in the broadband customer base in the years ahead.

Innovative mobile and fixed services with a strong customer focus

Since its inception, Bouygues Telecom has sustained continuous momentum in innovating for its customers. In the fourth quarter of 2013, Bouygues Telecom once again took the initiative in its markets with the consecutive launches of 4G and the B&YOU "la Box Internet" double-play offer.

Bouygues Telecom is very confident that 4G has great potential since this technology is essential to accommodate surging mobile internet use. Bouygues Telecom is making 4G accessible to as many people as possible thanks to extended coverage, a broad choice of 4G-compatible handsets and plans that include generous data allowances to take full advantage of 4G.

In addition, Bouygues Telecom – under its B&YOU brand – launched the "la Box Internet" double-play offer (internet and fixed telephony) priced at €15.99 per month with no minimum term. The service is particularly suited to households that are not eligible or prefer not to use the TV service provided by a triple-play offer, and mainly use the internet for digital entertainment.

With 4G and the "la Box Internet" double-play offer, Bouygues Telecom has repositioned itself as an operator widening internet access to as many people as possible, both at home and on the move.

A customer-centric distribution and support network

Bouygues Telecom provides its customers with day-to-day support through a high-quality customer relations service:

- 2,000 customer advisers;
- 2,500 sales advisers in its network of Club Bouygues Telecom stores;
- distribution of the Bouygues Telecom offering through 226 Darty stores.

Bouygues Telecom's website counts more than 5 million visitors a month on average and enables customers to manage their account and access products, services and assistance online.

(1) Transcript of exchange with Arcep regarding the business market – 12 December 2013

2.5.2 Business activity in 2013

2.5.2.1 BOUYGUES TELECOM CONTINUES TO ADAPT TO MARKET TRANSFORMATIONS

Profound change impacts market

After a year of upheaval in 2012 following the arrival of a fourth operator on the French mobile phone market, competition became fiercer on the mobile and fixed broadband markets in 2013.

2013 also saw the emergence of structural trends which profoundly transformed the fundamentals of the mobile market:

- New SIM-only/Web-only services continued to be launched, accounting for nearly 20% of the mobile market [(1)];
- Customer handset purchase patterns changed as SIM-only sales rose sharply and new ways of financing handset purchases emerged;
- Sales at third-party distribution channels declined as web-only sales gathered pace;
- All operators launched 4G services and 4G-ready handsets.

In the fixed broadband market, 2013 was also characterised by:

- Slower market growth due to household penetration rates in excess of 80% at end-2013;
- A price war in the traditional triple-play [(2)] (using special offers) and quadruple-play [(3)] fixed broadband segments (launch of the first SIM-only/Web-only quadruple-play services);
- New market segmentation with the introduction of the double-play offer priced at €15.99 per month;
- Gradual take-up of very-high-speed services, which accounted for nearly half of all net connections on average in 2013.

In this market context, Bouygues Telecom pursued its two priorities:

- Repositioning its offering in order to boost differentiation and return to growth;
- Continued roll-out of the transformation plan in progress since early 2012.

Repositioning the offering to enhance customers' digital experience

The consecutive launches of 4G and the B&YOU "la Box Internet" double-play offer enabled Bouygues Telecom to regain its edge in both the mobile and fixed broadband markets.

4G ACCESSIBLE TO EVERYONE

The launch of a nationwide 4G network on 1 October 2013 marked a turning point for Bouygues Telecom in its drive to make 4G accessible to as many people as possible:

- The biggest 4G network in France covering more than 40 million people, or 63% of the French population. At end-2013, this coverage gave Bouygues Telecom a lead over its rivals with 5,523 4G base stations in service, compared with just 4,244 at Orange, 1,294 at SFR and 824 at Free Mobile [(4)];
- A new way of financing handset purchases: customers can pay for part of their handset cost in 24 interest-free monthly instalments with no additional fees. They simply make an initial downpayment, then pay monthly instalments ranging from €3 to €8, depending on the handset model. These instalments are billed separately from the call plan. After 24 months, the monthly instalments stop and customers pay only for their call plan;
- A broad range of 4G-ready handsets to suit all budgets: the Bouygues Telecom product catalogue featured 50 handsets from all the major manufacturers at end-2013. Bouygues Telecom also launched Ultym 4, its first own-branded 4G-ready smartphone, which provides excellent value for money;
- A new range of Sensation 4G mobile plans including up to 16GB of mobile internet data and access to 4G at no extra cost for all current call plans and the B&YOU plans priced at €19.99 and €24.99. Enjoying a lead over its rivals in 4G coverage, Bouygues Telecom has chosen to rapidly extend access to 4G for as many people as possible. Customers can increase their data usage and migrate to plans with larger data allowances.

Initial customer feedback from 4G has been positive. Bouygues Telecom has the fastest ramp-up in Europe in terms of customer conversion rates and passed the 1 million mark for active 4G customers [(5)], who accounted for nearly 10% of its total mobile customers at end-2013. The strategy to develop mobile internet use also started to show results; on average, retail customers consume 3.5 times more data on 4G networks than 3G networks.

4G also creates genuine opportunities in the business market. Bouygues Telecom's 4G network covers 70% of French businesses and 15% of business customers are active 4G customers [(5)]. The speeds offered by 4G encourage faster development of new mobile services, including video and cloud computing, which require low latency but more bandwidth.

B&YOU'S "LA BOX INTERNET" DOUBLE-PLAY OFFER

In the fixed broadband market, B&YOU launched the "la Box Internet" double-play offer in November, bringing fixed internet to even more people. This distinctive double-play offer (internet and fixed telephony) has no hidden costs and is affordably priced at €15.99 per month with no minimum term. The service is particularly suited to the needs of households which:

- consume their audiovisual content (live TV, catch-up TV, VOD, streaming, etc.) mainly on their connected devices (computer, tablet, smartphone, etc.);
- pay for a triple-play [(2)] offer although they are not eligible for the TV service or do not use the TV decoder;
- are looking for an affordable fixed telephony and internet solution.

(1) Customer base in mainland France defined by Arcep – Bouygues Telecom estimate.
(2) Triple-play: fixed telephony, TV and internet.
(3) Quadruple-play: a triple play offer linked to a mobile plan.
(4) Source: ANFR (National Frequencies Agency) – Mobile network rollout report at 1 January 2014.
(5) Customers with a 4G plan and a 4G-compatible handset.

"La Box Internet" is available on Bouygues Telecom's proprietary unbundled DSL network, which covers 12 million households in France's largest towns and cities. Customers purchase the home gateway for €35 to have access to the service. The "la Box Internet" offer has the same business model as B&YOU mobile services with customer support provided mainly online.

Stepping up the transformation plan in progress since 2012

Bouygues Telecom implemented a transformation plan in early 2012 in order to meet the challenges of market upheaval. In 2013, Bouygues Telecom stepped up the implementation of this plan:

- pursuing initiatives introduced in 2012, including simplifying the offering, withdrawing from partnerships with third-party distribution channels, selling Extenso (a wholesaler of telecommunications products and services) and implementing a voluntary redundancy scheme;
- overhauling marketing methods for products and services by introducing new handset financing options (long-term instalments) and continuing to refocus distribution on Bouygues Telecom Club stores and the internet;
- signing an agreement with SFR in late January 2014 to share part of their mobile access networks, opening up opportunities to optimise mobile network quality and pool operating costs.

The measures in the transformation plan rolled out at the start of 2012 have been successful in allowing a reduction in marketing and operating costs in the mobile segment. Results have exceeded expectations as cost savings in the mobile activity have amounted to €599 million since end-2011. At end-2012, Bouygues Telecom reported €151 million in cost savings under the plan. In 2013, the company stepped up the plan's implementation to deliver a further €448 million in cost savings.

2.5.2.2 BUSINESS REVIEW

The French mobile telephony (1) and fixed broadband (2) market

The French mobile phone market continued to expand in 2013, increasing by 5%. Growth was driven by the 11.5% rise in the number of plan customers due to sharp increases in SIM-only/Web-only plans and smart devices. The prepaid market contracted by a further 15.7% in 2013 compared with 2012.

Within the plan segment in mainland France:

- machine-to-machine SIM cards accounted for 11% of the customer base at end-2013 and 36% of new plan customers in 2013;
- the business market also grew.

The SIM-only/Web-only segment continued to grow in 2013, spurred by customers trending increasingly towards plans sold without a subsidised handset. This segment was divided into three sub-segments for mobile prices in 2013: €0 to €5; approx. €10 and approx. €20 and above. Usage-based segmentation allows each customer to find a plan that suits their needs: voice/text only or big data users.

In an extremely competitive market, MVNOs (Mobile Virtual Network Operators) captured 11% of new additions to the total mobile customer base in 2013 (compared with 4% in 2012) and accounted for 11% of the market (the same level as in 2012).

The French fixed broadband market grew by just 4% (versus 5% in 2012) and numbered 25 million customers at end-December 2013.

Bouygues Telecom's commercial results in the mobile market

MOBILE CUSTOMERS

Bouygues Telecom focused its efforts on the launch of 4G in 2013. Since the company did not obtain approval to refarm its 1800 MHz frequency band for 4G until 1 October, it did not gain significant momentum in the mobile market until the last quarter of the year. Mobile commercial performance in the first nine months of 2013 was therefore mixed. The launch of a nationwide 4G network by Bouygues Telecom on 1 October provided an opportunity to win back customers and restore growth in the customer base in the fourth quarter of 2013 (49,000 new customers). Bouygues Telecom thus ended 2013 with 482,000 more plan customers (including diversification) but 590,000 fewer prepaid customers, leading to a net loss of 108,000 customers in the full year. This performance results from two trends: firstly, the loss of some mobile prepaid customers and basic plan subscribers to ultra-low price plans and, secondly, the growth in high-end plans, which is a strategic priority for Bouygues Telecom, particularly in Q4 2013 thanks to 4G

SIM-ONLY/WEB-ONLY SEGMENT

In the SIM-only/Web-only segment, Bouygues Telecom ended the year with 1.75 million B&YOU customers, a year-on-year increase of 726,000 customers.

Bouygues Telecom prioritises a value-based strategy in the SIM-only/Web-only segment. The customer mix remained favourable at end-2013 with more than half of B&YOU customers having signed up for plans priced at around €20 and over. Bouygues Telecom's strategy of developing mobile data usage in order to restore growth was boosted on 17 December when 4G was included in its €19.99/month and €24.99/month B&YOU plans at no extra cost.

MVNOS

There were 1.9 million active MVNO customers (3) on the Bouygues Telecom network at end-2013, 100,000 more than at end-2012. The increase was mainly due to the agreements concluded between Bouygues Telecom and Lebara Mobile and Lycamobile, MVNOs that target individuals looking for attractively-pricing international calling. In late September, Bouygues Telecom and Virgin Mobile announced the signing of an agreement which will enable the MVNO to offer its customers 4G from the first half of 2014.

(1) Most recent data published by Arcep for mainland France.
(2) Includes fixed broadband and very-high-speed subscriptions. Most recent data published by Arcep.
(3) Estimate of the MVNO active customer base: customers who made at least one outgoing call in the previous month.

Bouygues Telecom's commercial results in the fixed broadband market

FIXED BROADBAND CUSTOMERS

Bouygues Telecom accounted for 18% of total net growth of the French fixed broadband market in 2013, attracting 167,000 new customers. It had over 2 million fixed broadband customers at year-end.

The main highlight of 2013 was the launch of "la Box Internet", the market's first double-play offer, priced at €15.99 euros per month. Bouygues Telecom's distinctive offer made a breakthrough on a market traditionally dominated by triple-play offers. It is complementary to the Bbox triple-play packages, which feature a suite of services.

VERY-HIGH-SPEED [1] SERVICE CREATES FRESH GROWTH OUTLET THROUGH NUMERICABLE PARTNERSHIP

A partnership with Numericable concluded in 2011 gave Bouygues Telecom a unique advantage and enabled it to consolidate its position in the very-high-speed market. Through access to the Numericable network, which covers nearly 8 million households, Bouygues Telecom can offer its customers significantly higher speeds than ADSL (up to 200 Mbit/s). Bouygues Telecom had 363,000 very-high-speed customers at end-2013, representing 18% of its base. It had 18% of the very-high-speed market, like in 2012.

In November, Bouygues Telecom included VDSL2 in its Sensation fixed broadband offers at no extra cost, offering theoretical download speeds of up to 100 Mbit/s[2]. VDSL2 enables Bouygues Telecom to further expand its very-high-speed coverage.

Bouygues Telecom continued its strategy of rolling out an FTTH optical fibre network. In January 2012, the company concluded an agreement with France Telecom-Orange concerning the rollout of optical fibre in very high population density and lower population density areas. The agreement supplements the co-investment agreement previously concluded with SFR.

Business customers

Bouygues Telecom Entreprises had 1.5 million business customers for its fixed and mobile services at end-2013.

As in the retail segment, the highlight of the year was the arrival of 4G across Bouygues Telecom's entire range of business solutions.

The 4G network has enabled Bouygues Telecom to fulfil its promise of offering businesses a compelling suite of mobile office services. Cloud working, sending and receiving large files and videoconferencing are now becoming part of everyday life in the business world. Bouygues Telecom Entreprises has rolled out a new cloud service for storing and sharing files with a before tax starting price of €2.90 per month. Targeting small and medium-sized businesses, the offer rounds out the Cloud Solutions line of IT services on demand for small businesses.

In early October, Bouygues Telecom Entreprises and Ingram Micro Mobility announced the signature of a distribution agreement enabling French IT resellers to propose a comprehensive range of solutions for their customers. Drawing on the coverage of Bouygues Telecom's nationwide 4G network, Ingram Micro Mobility and Bouygues Telecom will open a new era for their IT reseller partners, who will benefit fully from the convergence of the IT and telecoms worlds. Under this partnership, Ingram Micro Mobility will be the only multi-speciality wholesaler to offer Bouygues Telecom Entreprises services.

2.5.2.3 2013 IN FIGURES

Bouygues Telecom's results for 2013 were broadly in line with objectives. Against a backdrop of fiercer competition and rising SIM-only sales, consolidated sales came to €4,664 million in 2013, 11% lower than in 2012.

Sales from network followed the same pattern and amounted to €4,182 million, down 10% versus 2012. This reflected:

- Lower sales from the mobile activity linked to substantial cuts in the price of traditional service-enhanced plans sold with a subsidised handset, and the growing popularity of SIM-only plans.
- Regulatory pressure on voice termination rates and roaming charges:
  - on 1 July 2013, maximum mobile voice termination rates were cut by 20% to €0.80 per minute. All operators' voice prices have been symmetrical since this date;
  - on 1 July 2013, under EU regulations, prices excl. VAT for roaming in an EU country were cut to €0.24 per minute for an outgoing call and €0.07 per minute for an incoming call, and to €0.08 per text sent. The European Commission also regulated prices excl. VAT for data, setting a limit of €0.45 per MB.

Without the cut in termination rates, sales from network would have fallen 6%. However, this drop masks a satisfactory performance in the fixed broadband segment, where sales rose 31% on 2012 to €820 million in 2013, in line with the growing customer base.

Mobile ARPU (Average Revenue Per User)[3], which had already incorporated successive cuts in termination rates in recent years, fell 13% versus 2012 to €334 per customer per year at end-2013. The fall reflects the decline in prices on the mobile market, the increase in "SoWo" plans and the growing number of plans sold without a subsidised handset.

(1) Arcep defines very-high-speed fixed subscriptions as those with a peak download speed of 30 Mbit/s or more.
(2) Depending on the technical features and location of the subscriber line.
(3) 12 month rolling Average Revenue Per User, excluding machine-to-machine SIM cards (mobile activity) and the ideo discount

Broadband ARPU [1] amounted to €399 per customer per year at end-2013, 3% higher than at end-2012. This increase was linked to the growing popularity among the installed customer base of the Box Sensation, a latest-generation home gateway released in summer 2012 and sold at a premium price, together with a significant increase in the number of very-high-speed customers.

Driven by the results of the transformation plan, Bouygues Telecom's EBITDA for 2013 was virtually in line with the initial target of around €900 million. Costs related to the massive launch operation for 4G in the last quarter were high and Bouygues Telecom reported EBITDA of €880 million at year-end, €28 million less than 2012. EBITDA included €13 million for the cost of refarming Bouygues Telecom's 1800 MHz frequency band for 4G in the fourth quarter.

Current operating profit amounted to €125 million, up €3 million on 2012, reflecting:

- a decline in provisions. Provisions rose sharply in 2012 due to a longer process for recovering arrears and an increase in the arrears rate due to the economic downturn;
- higher amortisation expense due in particular to a still thriving fixed broadband business (home gateways and service access costs are capitalised) and the amortisation of 800 and 2600 MHz frequency bands for 4G in the fourth quarter.

Operating profit stood at €45 million, compared with €4 million in 2012, after factoring in non-current charges related to the adaptation of the distribution model amounting to €80 million.

The year ended with a consolidated net profit attributable to the Group of €13 million, compared with a consolidated net loss of €16 million in 2012.

Consolidated capital expenditure amounted to €739 million in 2013, down €130 million on 2012, excluding the acquisition of 4G frequencies in the 800 MHz band for €696 million in 2012 and exceptional asset disposals. The main items were the roll-out of the 4G network, continued expansion of the 3G network, home gateways for new fixed broadband customers and the roll-out of optical fibre.

Free cash flow was €24 million. Excluding exceptional items (acquisition of 4G frequencies and exceptional asset disposals), free cash flow increased by €113 million compared with 2012. Total net debt stood at €783 million at end-2013, compared with €650 million at end-2012.

2.5.3 Outlook for 2014

Bouygues Telecom has faced heightened competition on the mobile market since late 2013, characterised by intense price competition and a war of words surrounding 4G, which has intensified repricing of the customer base and limited the potential for value creation. And there is no leeway on the fixed broadband market in terms of offer and prices.

Under these circumstances, Bouygues Telecom's priorities are to continue to capitalise on the increase in data use encouraged by 4G and to launch multiple breakthroughs in the fixed segment.

Given its strategy, its commercial performance in 2013 and the uncertainty weighing on the telecoms market in terms of both pricing and regulation, Bouygues Telecom is initially calling for slightly positive cash flow generation (EBITDA minus capex) in 2014 and is stepping up its transformation plan, which should improve short- and medium-term visibility from the second quarter of 2014.

(1) 12 month rolling Average Revenue Per User, excluding machine-to-machine SIM cards (mobile activity) and the ideo discount

2.6 Bouygues SA

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

2013 KEY FIGURES

Employees at 31/12/2013

168

Sales

€63m

Operating loss

-€24m

Net loss (1)

-€118m

(1) *Includes the write-down against investment in Alstom for €618 million.*

2.6.1 Internal control – Risk management – Compliance

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

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

In accordance with the Group's Code of Ethics, compliance is one of the key objectives of these three policies. In 2013, in close cooperation with the business areas, Bouygues SA drew up compliance programmes relating to competition, prevention of corruption, insider trading and conflicts of interest. The programmes were approved by the Board of Directors in January 2014.

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

2.6.2 Management

Bouygues SA pays particular attention to Group management, taking steps to encourage exchanges and share experience between support structures and businesses, motivate staff and develop team spirit within the Group. The main actions in this sphere in 2013 are described in chapter 3 of this document.

2.6.3 Services rendered to subsidiaries

As well as being responsible for the overall management of the Group, Bouygues SA provides a range of general and expert services to Group businesses in areas such as finance, communication, sustainable development, sponsorship, new technologies, insurance, legal affairs and human resources. For that purpose, Bouygues SA and the main Group companies conclude annual agreements under which each business area can call on general and expert services as necessary. The amounts invoiced for such services in 2013 are shown in *Financial flows* below and in the Auditors' report on regulated agreements in chapter 8, section 8.3.1, of this document).

2.6.4 Financial flows

In 2013, Bouygues SA received dividends totalling €766 million from its subsidiaries as follows:

■ Bouygues Construction	€267m
■ Bouygues Immobilier	€137m
■ Colas	€229m
■ TF1	€51m
■ Alstom	€76m
■ Other	€6m

In 2013, Bouygues SA invoiced its main subsidiaries the following amounts under service agreements:

■ Bouygues Construction	€14m
■ Bouygues Immobilier	€2.8m
■ Colas	€16.4m
■ TF1	€3.4m
■ Bouygues Telecom	€6.5m

In 2013, Bouygues SA also received royalties under trade mark licence agreements with the main subsidiaries that use the "Bouygues" trade mark:

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

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

2.6.5 R&D – Human resources

See chapters 1 and 3 of this document.

2.6.6 Other activities

2.6.6.1 BOUYGUES EUROPE

Since April 2012 Bouygues Europe, a wholly-owned Belgian subsidiary of Bouygues SA, has represented the Bouygues group's interests to 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 of Bouygues SA and each of the Group's five business areas.

2.6.6.2 FINAGESTION

When Bouygues sold Saur in 2004, Finagestion was the holding company that took over Saur's water and power interests in the Ivory Coast and Senegal. Bouygues owned 20% of Finagestion at 31 December 2013. Finagestion has been consolidated by the equity method since 2009.

2.6.6.3 SERENDIPITY INVESTMENT

Serendipity Investment is an investment fund wholly owned by Bouygues SA. Its portfolio at 31 December 2013 comprised the following equity interests:

- 30.6% of F4 (online video games);
- 25% of Légende (film production);
- 11.1% of Wonderbox (gift packs).

2.7 Alstom: shaping the future

Operating in around 100 countries, Alstom's 92,500 employees apply their skills and expertise in four sectors – Thermal Power, Renewable Power, Grid and Transport – which are vital in addressing the challenges of economic growth, social progress and environmental protection.

FIGURES FOR H1 FY2013/14
(1 APRIL/30 SEPTEMBER 2013)

Employees at 31/12/2013
92,500

Sales
€9,730m (stable)

Operating margin
7.1% (-0.1 points)

Net profit
€375m (-3%)

Order intake
€9,431m (-22%)

HIGHLIGHTS

First-half 2013

- Combined cycle power plant in Thailand (€225 million).
- 36 light rail vehicles for Ottawa in Canada (€400 million).
- High voltage direct current offshore grid connection in Germany (over €1 billion).
- One of the world's largest wind farms in Brazil (€450 million).

Second-half 2013

- Riyadh metro in Saudi Arabia (€1.2 billion).
- Series of contracts for the maintenance and renovation of power plants in North America (€900 million).
- Selected for a project for 600 commuter trains in South Africa (over €4 billion).

January 2014

- Hydropower equipment in Israel (€120 million).

Bouygues owned 29.3% of Alstom's capital at 31 December 2013. The two groups are developing their industrial synergies while allowing themselves to work independently according to projects. Alstom is an international group. In FY2012/13, the group generated 59% of its sales in Europe, 18% in North and South America, 20% in Asia-Pacific and 3% in Africa and the Middle East. Its financial year ends on 31 March. In FY2012/13, it reported a 2% rise in sales to €20.3 billion.

2.7.1 Bouygues as an Alstom shareholder

Bouygues acquired the French government's shareholding in Alstom, representing 21.03% of the capital, in June 2006 at a cost of €2 billion. Since then Bouygues has gradually increased its stake, which stood at 29.3% at 31 December 2013. The three-year commitment to keep the Alstom shares bought from the government expired in June 2009. Bouygues consolidates its interest in Alstom using the equity method.

2.7.2 Non-exclusive cooperation between Bouygues and Alstom

Alstom and Bouygues concluded a non-exclusive commercial and operational cooperation agreement in April 2006. By sharing best practice in project management and pooling their commercial resources, the two groups jointly develop integrated projects worldwide as they arise, drawing on Bouygues' expertise in civil engineering as well as on Alstom's know-how in systems, equipment and services for power generation and transmission and rail transport. However, the cooperation agreement does not contain any exclusivity clause and the two groups work together or separately according to projects, with or without other partners, in the interest of their customers.

2.7.3 Profile

Providing power generation and transmission and railway infrastructure in over 100 countries, Alstom meets essential demands for economic, social and environmental progress by designing and offering its customers innovative solutions and technologies that respect the world in which we live.

2.7.3.1 POWER GENERATION

Spanning all power generation technologies (coal, gas, oil, nuclear, hydro, wind, tidal, geothermal, biomass, solar), Alstom offers the most comprehensive set of products on the market and leads the world in turnkey power plants, hydropower generation, air quality control systems and electricity generation services. It is also a pioneer in carbon capture and storage technology. Alstom equipment is used in a quarter of the world's operational power plants.

Alstom's products and services are designed to optimise customers' investments, drawing on the three strands of its clean energy strategy (Clean Power, Clear Solutions™). These three strands guide Alstom's product portfolio development strategy, the long-term aim of which is to maximise customers' return on investment over the entire lifespan of their assets, by:

- reducing the cost of electricity by ensuring that plant and equipment are competitive;
- reducing the environmental footprint of power plants in order to make them more environment-friendly;
- increasing the flexibility and reliability of the plant and equipment supplied.

Alstom also has extensive experience in retrofitting, upgrading, refurbishing and modernising existing power plants.

2.7.3.2 POWER TRANSMISSION

Alstom Grid is a world leader in electrical grid technologies. It supplies integrated and tailored solutions to operators and industrial clients, such as alternating-current (AC) and direct-current (DC) substations from medium to ultra-high voltages. Alstom Grid solutions help to make electricity grids substantially more efficient through the development of smart grids and play a key role in supergrids, which connect countries and continents over long distances and incorporate electricity from renewable energy sources.

2.7.3.3 RAIL TRANSPORT

Alstom is one of the world's leading suppliers of rail transport equipment and services. Alstom Transport spans the entire rail transport market, from very-high-speed trains to light urban transport, including metros, suburban and regional trains and locomotives. In addition to rolling stock, Alstom provides infrastructure, signalling equipment, maintenance services and turnkey rail systems.

2.7.4 Business activity

Alstom reported order intake of €23.8 billion in FY2012/13 ending on 31 March 2013, 10% up on the previous financial year, taking the order book to €52.9 billion, representing 31 months' sales.

Alstom booked orders worth €15.1 billion in the first nine months of FY2013/14 (from 1 April to 31 December 2013), 12% lower than in the same period of the previous financial year. Sales amounted to €14.5 billion, representing organic growth of 3% in comparison with the same period of FY2012/13. The order book at 31 December 2013 stood at €51 billion, representing 30 months' sales.

2.7.4.1 COMMERCIAL ACTIVITY AT ALSTOM

Power generation

Thermal Power took orders worth €5,361 million in the first nine months of FY2013/14, down 16%. The decline was due to persistently weak orders for new plants despite continued sustained commercial activity at Thermal Services.

Orders taken by Renewable Power jumped 50% over the same period, rising from €1,218 million in the first nine months of FY2012/13 to €1,830 million in the first nine months of FY2013/14. The sector was boosted by orders on the hydropower market in Albania, Turkey, Israel, India, Brazil and Canada, and on the wind power market in Mexico and Brazil.

Power transmission

Grid took orders worth €2,379 million in the first nine months of FY2013/14, down 27% on the same period in the previous year, when the figure was boosted by the conclusion of a major contract in India. However, Grid won a significant number of small and medium contracts, for example in Saudi Arabia, Morocco and Germany.

Rail transport

Alstom Transport took orders worth €5,481 million in the first nine months of FY2013/14, down 13% on the exceptional level attained in the same period of the previous year.

During the first nine months, Transport won major contracts in Saudi Arabia, Brazil, Chile, the United States and France.

2.7.4.2 ACQUISITIONS, PARTNERSHIPS AND INVESTMENTS

- **April 2013:** Alstom Transport and its Russian partner Transmashholding opened a new plant at Novocherkassk in Russia, producing components for the electric locomotives developed by the two companies for the Russian and Kazakh markets.

  In the power transmission sector in Russia, Alstom Grid and Soyuz teamed up to produce high-voltage equipment locally.
- **June 2013:** In France, a new Alstom Smart Grid Centre of Excellence was inaugurated in Montpellier, in the south of the country.
- **July 2013:** In China, Alstom concluded a cooperation agreement with Dongfang Electric for the supply of turbines and generators for nuclear projects using AP1000 reactors.

  Alstom and Soitec, a world leader in semiconductor materials for the electronics and energy markets, concluded an agreement to meet the needs of the market for concentrated photovoltaic power plants.
- **August 2013:** Alstom inaugurated its first wind tower factory in Latin America at Canoas in Brazil. The plant will produce 120 steel towers per year to supply the fast-growing wind power market in the southern region of Latin America.
- **September 2013:** Alstom inaugurated its largest hydropower industrial site at Tianjin in China. 2,000 people, including 400 engineers, are employed on the site, which has supplied the most powerful hydroelectric generating units in the world. In Scotland, Alstom and Scottish Renewables teamed up to install tidal stream turbines in a pilot farm.
- **December 2013:** Alstom and Arabian Bemco announced the creation of a joint venture in Saudi Arabia to manufacture power generation components in the Middle East.

2.7.4.3 FY2012/13 RESULTS

Alstom turned in a good commercial performance in FY2012/13, with orders exceeding sales in each quarter.

The operating margin stood at 7.2%, compared with 7.1% in the previous financial year, yielding an operating profit of €1,463 million, up 4%. Sales amounted to €20.3 billion, 2% more than in the previous period. Net profit attributable to the group rose to €802 million, compared with €732 million in the previous financial year.

2.7.4.4 FIRST-HALF FY2013/14 RESULTS

Alstom's order intake between 1 April and 30 September 2013 amounted to €9.4 billion, 22% lower than in the same period of the previous year. The book-to-bill ratio, close to 1, benefited from a steady flow of small to medium-sized orders despite a less active market for big contracts. Sales amounted to €9.7 billion, up 4% like-for-like and at constant exchange rates. Operating profit and the operating margin were stable at €695 million and 7.1% respectively. Net profit amounted to €375 million, while free cash flow, a negative €511 million, was affected by the unfavourable cash profile of some contracts executed over the period and by lower downpayments from customers due to the level and mix of orders received.

2.7.4.5 INNOVATION

Alstom devoted €737 million to research and development in FY2012/13. Its innovation policy enabled the group to improve the performance of its gas turbines, successfully test wind power technology, develop smart grid pilot sites in several countries, launch an energy storage solution called MaxSine™ eStorage and, in rail transport, offer a new turnkey metro system, Axonis, and an advanced signalling system, Urbalis Fluence.

2.7.4.6 ALSTOM SHARE PRICE

The Alstom share price stood at €26.47 at 31 December 2013.

2.7.5 Financial situation and outlook

Slow growth continues to affect the overall economic environment. In order to improve its competitiveness and adjust its cost base, Alstom is stepping up its performance plan, named “d2e” (dedicated to excellence), with the aim of generating annual cost savings that are expected to gradually reach €1.5 billion by April 2016 in comparison with the cost base in FY2012/13.

In order to increase financial flexibility and enhance strategic mobility, both for the group and for its Transport division, Alstom is considering selling a minority interest in Alstom Transport, either through an IPO or to industrial partners or financial investors. Alstom also intends to dispose of certain non-core assets. Overall, the programme aims to raise between €1 billion and €2 billion by December 2014.

For more information, go to: www.alstom.com

HUMAN RESOURCES, ENVIRONMENTAL AND SOCIAL INFORMATION

3

3.1 Group CSR policy and reporting methodology

3.1.1 Group CSR policy

This report contains only those CSR indicators that are the most relevant at Group level. The full range of indicators can be consulted at the website www.bouygues.com or in the communications materials published by the Group's business areas.

Aware of the impact of its activities, Bouygues places corporate social responsibility (CSR) at the heart of its strategy and adapts its business models accordingly. Through its five business areas, the Bouygues group aims to be a benchmark player in responsible solutions (described below) and, in order to do this, draws on the best practices in the human resources, social and environmental domains, implemented with the help of reliable indicators that are audited on a regular basis for purposes of compliance and continuous improvement.

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

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

3.1.1.1 RESPONSIBILITY TO OUR EMPLOYEES

Respect, trust and fairness are the three principles of our Human Resources Charter, which is adhered to by all the Group's business areas. Respect for employees is conveyed, for example, by its health and safety policy on worksites. The climate of trust is further aided by promotions and internal job mobility. The commitment to fairness is reflected in a desire to reward and support individual success, whatever the person's profile or background. In France, all the business areas have introduced an anti-discrimination policy focusing on the issues of gender equality, age and disability.

3.1.1.2 RESPONSIBILITY TO THE ENVIRONMENT

2013 has been marked by a wide-ranging debate in France on the topic of energy transition in which the Bouygues group has taken part by making proposals and contributing its expertise in passive and positive-energy construction as well as in building operating performance guarantees. Bouygues, which has cutting-edge expertise in positive-energy buildings, eco-neighbourhoods, and smart grids, offers innovative solutions to customers while using the best energy-saving technology in its own premises. The Group pursues a proactive policy to control and reduce the environmental footprint of its business activities. It remains committed to recycling materials and making eco-design part of its offerings to customers. It also works to protect biodiversity.

3.1.1.3 RESPONSIBILITY TO SOCIETY

The Bouygues group endeavours to comply with the strictest rules for the conduct of its business. This requirement is reflected in the ban on and prevention of anti-competitive practices, unfair competition and corruption, and in the emphasis placed on human rights. In early 2014, Bouygues SA officially introduced a Purchasing and CSR policy that applies to every business area, governing all procurement in France and globally. The Group is creating the right conditions for dialogue with stakeholders and, concerned about the need to involve local communities, endeavours to adopt a socially-responsible attitude in relation to its business activities and the locations where they are established.

In late 2013, Bouygues SA carried out a materiality assessment for identifying areas for action in the CSR domain. Bouygues, as a diversified industrial group, is concerned by such issues on many different levels. These are dealt with by each of its business areas. The purpose of this assessment was to obtain substantiated grading for the Group's social impacts to ensure the appropriateness of policies and communication efforts with respect to stakeholders.

3.1.2 CSR reporting methodology

3.1.2.1 REPORTING PROCEDURE

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

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

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

3.1.2.2 SELECTING AND DEFINING INDICATORS

The Bouygues group is a diversified industrial group. Extra-financial indicators are chosen and defined by consensus, through the work of several monitoring committees.

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

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

Specific Group committees for the human resources reporting

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

As these committees are decentralised, members communicate with each either via BYpedia, the Bouygues group's collaborative extranet site.

3.1.2.3 CONSOLIDATION

Human resources reporting

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

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

Environmental and social reporting

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

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

3.1.2.4 DATA COLLECTION PROCEDURE FOR INDICATORS

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

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

The Bouygues reporting protocol is circulated in French and English to liaison officers in each business area. It is also available through the Group's collaborative intranet portal.

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

3.1.2.5 CONSOLIDATION RULES

Human resources reporting

SCOPE

For the following indicators, the scope is global:

- headcount by region and job category, breakdown by gender, external recruitment, workplace accident frequency and severity rates, employee representative bodies and the existence of a formal training plan.

For all other indicators, the Group can only use the France headcount at the moment because information systems are decentralised and different reporting systems are used outside France. The following indicators therefore concern only France, representing 58% of the Group's registered workforce at 31 December 2013:

- headcount by age range, number of dismissals, average annual salary by job category, worktime schedule, absenteeism, turnout in elections for employee representatives, collective agreements negotiated, work/study training contracts, training indicators and indicators on the employment of disabled people.

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

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

Colas has structured its international expansion around a string of acquisitions. This strategy relies on a high degree of decentralisation, whereby local entities have a relatively free hand in organisational terms. As such, HR data resource management systems are not connected to those in France. In all countries where Colas is present, reporting is carried out using the management tools of that country, and in accordance with local legislation.

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

2014 Registration Document (to be published in 2015)

Introduction of global indicators on:

- staff retention;
- women managers, which is reported for France (all women in department head or more senior grades). The definition could be adapted to include all women on the management structures of local companies, for example;
- the number of countries offering social protection to local employees;
- the number of fatal accidents.

2015 Registration Document (to be published in 2016)

Introduction of global indicators on:

- the existence of a formal diversity policy;
- working hours;
- absenteeism;
- compensation.

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

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

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

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

The geographical scope of France comprises:

- mainland France;
- French overseas departments: Guadeloupe, French Guiana, Martinique, Mayotte and Reunion Island;
- French overseas territories: French Polynesia, Saint Barthélemy, Saint-Martin, Saint-Pierre-et-Miquelon, and Wallis and Futuna.

Clipperton Island, the French Southern and Antarctic Lands and New Caledonia are therefore excluded.

WORKFORCE

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

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

Environmental and social reporting

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

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

Colas expresses indicator coverage as a percentage of sales before intercompany eliminations (which corresponds to group sales plus internal transfers). This figure factors in Colas' upstream activity (chiefly building materials), whereas vertical integration would result in more than 50% of consolidated sales being eliminated.

Only the overall environmental certification rate is based on a scope expressed as a percentage of consolidated sales, so that a comparison can be made with the previous year's rate.

CONSOLIDATION RULES SPECIFIC TO BOUYGUES CONSTRUCTION

All entities of Bouygues Construction have to report on sustainable development.

Companies in which its equity interest is more than 50% are fully consolidated in the extra-financial reporting

The coverage rate of Bouygues Construction's reporting is generally 97%. The remaining 3% not covered by Sustainable development reporting is due to the following exemptions:

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

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

CONSOLIDATION RULES SPECIFIC TO COLAS

For 2013 the rules of consolidation have been changed to more closely resemble those of the financial consolidation.

For several years, the indicators used for production sites have also applied to sites operated in partnership with companies outside the Colas group, and for which Colas does not always have control over environmental aspects (as, for example, is the case with sites in which Colas has a minority interest). Given the broad scope of application of these indicators, it is therefore difficult to achieve perfect performance. However, these indicators do provide a very broad view of the scope of Colas' responsibility and risk exposure.

In addition, the scope considered in 2013 also includes small materials production companies, even when their consolidated sales are lower than the cut-off threshold for financial consolidation (€2 million). The total volume of materials produced by these companies can be significant, even though their sales are often subject to a high rate of elimination (intragroup transfers or disposals), due to Colas' vertical integration.

A summary of Colas' consolidation rules

	Difference between financial and extra-financial consolidations	Financial consolidation	Extra-financial consolidation 2013	Extra-financial consolidation 2012
Controlling interest = full consolidation	**Same**	100%	**100%** (Between 50% and 100% control, data are 100% integrated)	
Joint control = proportional consolidation (joint control = ownership equally shared by parties). This mainly concerns consortia in France and partnerships or joint operations	**Same**	**Level of control** applied	**Level of control applied** (data integrated according to level of control)	Level of ownership applied
Joint ventures or significant influence = equity method	**Difference in certain data**	**Level of ownership** applied to net profit rather than sales	**Level of ownership applied** to all data (All data are integrated according to level of ownership)	

CONSOLIDATION RULES SPECIFIC TO BOUYGUES IMMOBILIER

Indicators cover the full scope of Bouygues Immobilier France and its subsidiaries.

A coverage rate of 95% signals that subsidiaries and other branches in Europe (Poland and Belgium) have been eliminated. A rate of 90% shows that the French subsidiaries (SLC, Urbis and Urbipark) have also been excluded.

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

3.1.2.6 REPORTING PERIOD

Human resources reporting

To ensure consistency and uniformity with other legal reporting obligations for human resource indicators (social audit report, comparative status report and training plan, etc.), data are collected and consolidated with reference to the period from 1 January 2013 to 31 December 2013.

Environmental and social reporting

As from 2013, the annual closing date for environment and social indicators is set at 30 September to allow for precise consolidation and analysis, given the time required for gathering and processing this type of data. Bouygues' reporting period for environmental and social indicators therefore ran from 1 October 2012 to 30 September 2013. Information published with reference to 2012 covered the period from 1 January 2012 to 31 December 2012.

3.2 Human resources information

Despite the unfavourable economic conditions witnessed in France in 2013, the Group continued to work hard in every area of its human resources policy, conveying the longevity of these undertakings irrespective of circumstances.

The scope of consolidation was amended in 2013 to provide for uniform data reporting by the various business areas within the Group. The scope no longer recognises the headcount of associates or the staff numbers of proportionately consolidated companies where the equity interest does not strictly exceed 50%. The headcounts of all other companies are consolidated on a 100% basis. This revision to the scope should be taken into account when comparing figures between 2013 and 2012, most notably for workforce, recruitment and dismissals.

3.2.1 The workforce

3.2.1.1 TOTAL HEADCOUNT AND BREAKDOWN OF EMPLOYEES BY GENDER, AGE AND REGION

Headcount by region at 31 December 2013 [(a)]

Scope: global	Holding company and other [(b)]	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2013 Group Total	2012 Group Total
France	**348**	**23,061**	**1,534**	**36,862**	**3,502**	**9,088**	**74,395**	**77,039**
Europe (excl. France)	21	7,025	54	9,361	249	0	16,710	17,460
Africa and Middle East	66	9,906	0	7,588	5	0	17,565	18,045
North America	4	662	0	4,882	1	2	5,551	5,917
Central/South America	39	531	0	519	0	0	1,089	812
Asia-Pacific	110	10,978	0	1,654	13	2	12,757	14,506
International	**240**	**29,102**	**54**	**24,004**	**268**	**4**	**53,672**	**56,740**
France + International	**588**	**52,163 [(c)]**	**1,588**	**60,866**	**3,770**	**9,092**	**128,067**	**133,779**

(a) Registered workforce, i.e. permanent and fixed-term. Since 2013, the scope of consolidation for human resources data has matched the scope of consolidation for accounting purposes. Data representing 2012 and 2013 are therefore not comparable.
(b) Global employees within Mainby (an entity housing global employees working abroad) are henceforth counted under Holding company and other.
(c) Of which Bouygues Bâtiment Ile-de-France (6,543), Bouygues Entreprises France-Europe (5,604), Bouygues Bâtiment International (15,753), Bouygues Travaux Publics (4,044), Bouygues Energies & Services (11,665) and other (8,554).

Indicators available at www.bouygues.com: Number of temporary and occasional workers as full-time equivalents (France), Headcount by type of contract (permanent and temporary - France), Headcount by job category (France).

Figures at 31 December do not take into account the fluctuations in headcount during the year arising from the seasonal nature of the construction businesses. Comparisons with recruitment figures are therefore problematic. Like for like, the headcount of **Bouygues Construction** was stable overall, with two trends identified in 2012 again exerting an influence: more than half the headcount was located outside France and managerial staff accounted for half the headcount, with the proportion of site workers continuing to decline and that of technicians and managers increasing. These two trends convey a determination to continue expanding internationally and offer customers a comprehensive offering that is more than simply construction. In this respect design, property development, financing and operation, and services are all being ramped up.

Like for like, the total headcount of **Colas** was practically stable (-0.5%), in line with the trend in activity. Headcount edged down (2.6%) in mainland France, where the roads activity varied across the regions. Headcount rose 3.8% in French overseas departments, which experienced a slight recovery. Staff numbers at the railways business were up. Furthermore, the temporary workforce was stable. Outside France, the headcount was up slightly (+1.3%), with variations that reflected the trend in activity in each region: slight increase in Europe (+3.2%), decline in Indian Ocean/Africa/Middle East (-6%), decline in North America (-8%) and growth in Asia-Pacific (+27%), arising from business expansion in Australia and a large-scale railway project in Malaysia.

Gender equality

Scope: global	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2013 Group Total	2012 Group Total
Percentage of women, France	**33.6%**	**18.2%**	**47.5%**	**8.5%**	**51.3%**	**45.8%**	**18.8%**	**18.8 %**
Managerial (women)	34.5%	24.2%	37.2%	14.1%	48.5%	34.2%	27.1%	26.4%
Clerical, technical & supervisory (women)	31.9%	31.2%	74.1%	23.1%	60.6%	55.8%	34.8%	35.3%
Site workers (women)		0.7%		0.5%			0.6%	0.8%
Women managers [(a)]	**20.24%**	**9.19%**	**25.0%**	**4.7%**	**35.7%**	**24.5%**	**13.4%**	**12.4%**
Percentage of women, global		**15.1%**	**55.6%**	**10.8%**	**31.7%**	**25.0%**	**13.5%**	**13.8%**
Managerial & technical (women)		21.9%	55.6%	25.8%	31.7%	25.0%	23.7%	21.9%
Site workers (women)		10.7%		3.0%			6.8%	9.0%

(a) As a proportion of employees in supervisory or more senior grades in France.

The percentage of women at **Bouygues Construction** who are supervisors or managers is likely to continue rising in the years ahead because women account for 28% of managerial staff recruitment. The proportion of women managers at **Bouygues Telecom** is rising. Almost half of all managerial staff hired in 2013 were women. In France, the proportion of female managers at **TF1,** which has long been higher than one-third, increased further in 2013, by one percentage point.

Workforce by age range [(a)]

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2013 Group Total	2012 Group Total
Under 25	3.7%	7.9%	5.3%	6.2%	5.9%	8.7%	7.0%	7.6%
25-34	33.6%	33.0%	32.1%	23.9%	28.5%	40.9%	29.2%	29.5%
35-44	27.9%	25.6%	31.6%	26.6%	34.5%	37.9%	28.2%	28.5%
45-54	21.3%	24.1%	21.8%	29.6%	24.5%	10.6%	25.1%	24.5%
55 and over	13.5%	9.4%	9.2%	13.7%	6.6%	1.9%	10.5%	9.9%

(a) Permanent and fixed-term staff. Coverage: 58% of Group headcount.

Indicators available at www.bouygues.com: Average age and seniority (France).

3.2.1.2 RECRUITMENT AND DISMISSALS

External recruitment by job category

Scope: global	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2013 Group Total	2012 Group Total
France [(a)]	**35**	**1,440**	**79**	**2,310**	**106**	**822**	**4,792**	**9,667**
Managerial	19	725	56	291	81	164	1,336	2,305
Clerical, technical & supervisory	16	340	23	289	25	658	1,351	3,768
Site workers		375		1,730			2,105	3,594
International [(b)]		**9,742**	**1**	**10,883**	**35**		**20,661**	**10,976**
Managerial & technical		3,416	1	1,742	35		5,194	3,030
Site workers		6,326		9,141			15,467	7,946
France + International	**35**	**11,182**	**80**	**13,193**	**141**	**822**	**25,453**	**20,643**

(a) In contrast to 2012, recruitment within France in 2013 covers only permanent staff (including single-project contracts).
(b) All contract types.

Indicator available at www.bouygues.com: Internships during the year (France).

Recruitment in France by the **Bouygues group** fell due to unfavourable economic conditions. The apparent increase in recruitment internationally should be seen in the context of the change in counting methodology, which henceforth includes the hiring of seasonal staff and staff on short-term contracts.

In 2013, **Bouygues Construction** continued to recruit strongly, in keeping with the geographical shift in its activities. In volume terms, recruitment was sizeable in France but was still down by 25% on account of tensions in some markets and lacklustre economic growth. The recruitment trend was brisk internationally, corresponding to the start of operations at new sites and the signing of new major projects (in North Africa and Asia).

A large portion of recruitment outside France was for temporary staff, most notably workers, recruited in the context and for the duration of newly-signed projects.

In France, based on an unchanged calculation method, the volume of recruitments at **Colas** was down 16%. The goal was to control the workforce volume while ensuring a renewal of know-how. Recruitment of site workers remained at a high level. Graduate recruitment by means of a proactive internship policy (with 1,544 interns in 2013) remains central to the group's strategy. Internationally, the volume of new hires (based on an unchanged calculation method) rose 4.9%, remaining at a high level.

Number of dismissals (permanent employees)

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2013 Group Total	2012 Group Total
Number of dismissals	12	918	32	1,445	154	327	2,888	1,604

Dismissal is not treated in the same way outside France. Coverage: 58% of Group headcount.

Indicator available at www.bouygues.com: Reasons for departure (France)

For Bouygues group as a whole in France, dismissals were up, though concerning only a tiny proportion of the headcount. Much of the increase was due to a change in the scope of consolidation and in counting method, which henceforth takes single-project contracts into account (with a marked effect for Colas).

For all business areas within **Bouygues group,** France's economic backdrop in 2013 was more challenging than in 2012. Internal job mobility was systematically considered as an option for cushioning the negative consequences in terms of employment. In addition to the arrangements made by each business area, the Group calls on the services of the parent company's Internal job mobility department (which can be consulted by HR departments and, in the strictest confidence, by employees of subsidiaries) along with national and regional internal job mobility committees and the extranet, on which job vacancies are posted. The Bouygues group seeks to promote staff retention wherever possible, which has resulted in an average length of service exceeding ten years.

Recruitment by **Bouygues Construction** in France was primarily comprised of graduates and first-time employees. In 2013, 80% of hiring (excluding work/study contracts) was on permanent contracts. More than two-thirds concerned the core construction business along with the design and sales departments. The gender equality policy continued to yield results, with close to 30% of all recruitment into clerical/technical/supervisory and managerial positions in France accounted for by women.

Bouygues Immobilier continued expanding its actions on social networks. Against a complex economic backdrop, Bouygues Immobilier gave precedence to internal job mobility as well as employee transfers to and from other subsidiaries within Bouygues group. Over 50% of vacancies were filled through internal job mobility in 2013.

Colas continued promoting recruitment over the web and on social networks, with help from high-profile events such as "THE stagiaire" video contest and the engineering school face-off "Angry Roads". It also continued publishing job and internship opportunities on the major social networks. New partnerships were signed with educational establishments in 2013. Through these initiatives, Colas achieved the highest progression of 2013 in the Universum "Ideal employer" rankings for engineering students (+ 18 places), and was rated in the top-ten of large companies preferred by interns in the Happy Trainees rankings. Outside France, a whole range of initiatives were carried out in terms of relations with educational establishments, internship offers and student fairs. For example, Branscome (which has 546 employees) in the US offered an introduction to driving Caterpillar vehicles for students.

TF1 cut back on recruitment and made internal job mobility - which was already used extensively - one of its priorities for the year. That hiring which did take place was mainly by e-TF1 and Eurosport, companies which are growing strongly and whose labour markets are tight. Resources for internal job mobility were increased through the appointment of a human resources manager solely dedicated to staff in the process of internal job mobility and to coordinating the decentralised HR network. In 2013, 54% of vacancies were filled from within the company. Provision was made in the training budget to support mobility. Regarding dismissals, the redundancy plan affecting 26 employees of TF1 Vidéo, part of whose market had plummeted (DVD sales), of 26 June 2012 also affected 2013. At the end of 2013, according to the agency helping these employees find alternative employment, 14 had found a new job.

Bouygues Telecom again scaled down recruitment volumes, focusing on the following operations: customer relations centres, RCBT stores, fixed-lined operations, 4G and digital activities. Bouygues Telecom recruited 200 customer relations advisers in the second half of 2013 to support the launch of 4G offerings. The number of resignations and dismissals in 2013 was identical to 2012. The number of negotiated terminations of permanent staff is on a downtrend, falling from 83 in 2012 to 69 in 2013.

On 3 July 2012, Bouygues Telecom initiated a voluntary redundancy plan concerning 556 jobs as a means of safeguarding competitiveness in a rapidly changing market. All the time, the emphasis was placed on constructive dialogue with labour representatives. The three-month period, during which staff could take advantage of the scheme, ended on 24 January 2013, at which point 542 employees decided to move elsewhere within the Group or find work externally. Those who chose to find work outside the company successively left Bouygues Telecom over 2013, at the end of their contractual notice period or, after their redeployment leave, for those who chose to benefit from this.

3.2.1.3 COMPENSATION

Average annual salary by job category (permanent staff) and trend (d)

Scope: France *(euros)*	Holding company and other	Bouygues Construction	Bouygues Immobilier (a)	Colas	TF1	Bouygues Telecom
Managerial (b)	80,594	58,522	64,031	60,269	67,182 (c)	59,143
Trend vs. 2012	+5%	+2%	+3%	n.m. (d)	+1%	+2%
Clerical, technical & supervisory	34,612	31,813	30,295	34,663	38,505	26,527 (e)
Trend vs. 2012	+18%	+2%	=	n.m. (d)	+6%	+1%
Site workers		26,575		24,682		
		+2%		n.m. (d)		

(a) Excluding sales staff.
(b) Trend at year-end taking account of staff leaving and joining in each category.
(c) Including journalists.
(d) Change of scope.
(e) Including customer relations advisers.

n.m.: non-meaningful.

As the information systems of international activities are not integrated into those of French operations, full consolidation is not possible. Coverage: 58% of Group headcount.

Indicators available at www.bouygues.com: Total gross contribution by employer to the company savings scheme (France), Total amount of profit-sharing (paid in 2013 in respect of 2012) and Percentage of employees promoted (France).

Despite the tough economic conditions in 2013, average wages actually rose slightly. The compensation policy of each business area within **Bouygues group** is a key factor in attracting, motivating and retaining staff. Individual compensation rewards potential, performance and professionalism. Pay is also proactive, based on external elements (rises above the inflation rate, attractiveness to potential candidates) as well as on the company's financial performance. Depending on the country, wages are supplemented with benefits such as profit-sharing, additional social protection, pension savings plans, a thirteenth month's pay, top-up contributions, and social and cultural activities. Several business areas provide each employee with a personalised document summarising all these benefits to give them an overview of their total compensation.

In France, employee-saving incentives (e.g. employee savings and collective retirement savings schemes) are regularly supplemented by new initiatives, as illustrated in 2012 and 2013 by "Bouygues Confiance 6", a capital increase reserved for employees to which 17,500 subscribed.

In France, at **Bouygues Construction,** the 2012 salary review resulted in a 2.5% average increase in pay. In addition, nearly 45% of employees received a personal bonus. The pay policy is rounded out by collective compensation arrangements (profit-sharing, of which the discretionary part was subject to a renewal agreement in 2012) and employee savings plans (employee savings and collective retirement saving schemes).

Salary reviews are a basic tenet of the HR policy in effect at all of Bouygues Construction's operations. Common to the process are local manager involvement, centralisation of final decisions within each subsidiary or country, the identification and rewarding of key categories and data consolidation. In countries benefiting from a broad-based increase applied at nationwide level (e.g. in Nigeria), personal pay reviews have a personal and team dimension, in order to reward performance and stimulate potential. This process represents an indicator that is monitored and audited internally, within the scope of the HR development indicator put in place by Bouygues Bâtiment International within its subsidiaries.

Bouygues Immobilier has a comprehensive compensation policy that encompasses a fixed wage in recognition of skills, a variable portion that rewards performance and various benefits (such as the discretionary profit-sharing scheme, which was renegotiated in 2013), which aim to foster loyalty to the company. A compensation survey on the property development industry by Aon-Hewitt in 2013, in which Bouygues Immobilier took part for the second consecutive year, placed the company above the market benchmark.

In France, at **Colas,** annual average salaries rose across all categories of employees. In consultation with trade unions, Colas renewed the incentive scheme first introduced in 2010, giving employees a stake in the company's results. Employees also benefit from a non-discretionary profit-sharing and an employee savings scheme.

In 2013, showing an average increase of 1.8%, pay policy at **TF1** was focused on two goals: temper growth in payroll within the context of productivity drives; and make room for targeted increases in purchasing power, by means of an above-inflation rise. A further increase of 0.7% was awarded to the 360 employees on the lowest pay scale.

In 2013, employees of **Bouygues Telecom** enjoyed an above-inflation pay rise on average. In addition, a one-off bonus of €500 was paid out to staff not benefiting from a variable pay award. Managerial staff surrendered two days of leave arising from rules on reduced worktime in exchange for a 1.5% monthly increase in pay.

Since the company did not return a profit in 2012, it was not in a position to assign funds to staff profit-sharing in 2013 with reference to the preceding calendar year.

3.2.2 The workplace

3.2.2.1 WORKTIME ORGANISATION

Calculation of working hours (permanent and fixed-term staff)

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2013 Group Total	2012 Group Total
Hourly	44.2%	57.4%	29.2%	84.3%	30.7%	55.8%	68.7%	69.6 %
Annual (incl. senior executives)	55.8%	42.6%	70.8%	15.7%	69.3%	44.2%	31.3%	30.4%

The indicator is specific to France and thus excludes international data. Data for 2012 has been restated as a breakdown between "hourly" and "annual number of days" arrangements, which is closer to existing contract classifications. Coverage: 58% of Group headcount.

Indicator available at www.bouygues.com: Average number of part-time workers (France).

Worktime organisation at **Bouygues group** aims to strike a balance between two priorities. One is meeting the needs of customers and adapting to patterns of activity in its various businesses and the other is maintaining a healthy work/life balance as far as possible. All business areas have introduced time savings accounts so that employees can manage their worktime more flexibly. For more details on worktime organisation within each business area, please consult the 2012 Registration Document.

In France, in 2013, for reasons of simplification and harmonisation, worktime organisation at **Bouygues Construction** underwent adjustments, which were negotiated with and approved by labour representatives as amendments to existing labour agreements. New compensation arrangements for irregular working hours (exceptionally at night time, or on Saturdays, Sundays or public holidays) were implemented along with new methods for counting these overtime hours. The system for staff working on the basis of an annual number of days was improved, and the senior executive category was reserved for those sitting on a management board.

At Bouygues Construction, the proportion working on the basis of an annual fixed number of days has edged up in line with the increase in the percentage of managerial staff among the workforce.

Given the priority of retaining a certain degree of flexibility in worktime management, **Bouygues Immobilier** offers staff the possibility of working from home, while operational staff can avail themselves of mobile office solutions. For this purpose, the company has equipped nearly 84% of employees with a smartphone. A quality of worklife agreement was signed, the chief aim of which is to identify conditions conducive to productivity and envisioning measures (individual or otherwise) that create these conditions or which foster improvements.

The organisation of working time preferred by Colas consists in annualisation and a fixed number of days worked. Annualisation, combined with the working time modulation plan applying to workers, means that work can be organised according to the seasonality of the business, while rewarding overtime. Managers work in accordance with a fixed number of days. Worktime organisation and overtime were given particular attention during negotiations on the employment status of employees, carried out by the seven road subsidiaries located in mainland France, which led to the signing of harmonisation-substitution agreements.

Given the diversity of activities (which include television, web and B-to-C), several different arrangements co-exist within **TF1.** Some staff work an annual number of days, others invariable schedules. Then, there are cyclical staff (managerial and non-managerial) and journalists, the latter working a fixed number of days or on a cyclical basis.

Following a pilot phase, **Bouygues Telecom** and labour organisations signed an agreement on working from home in 2013. The aim is to provide staff with a better work/life balance by allowing them to do this for one or two days per week. This reduces time spent commuting but has no impact on the company's performance.

3.2.2.2 ABSENTEEISM

Absenteeism (permanent staff)

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2013 Group Total	2012 Group Total
Absenteeism	2.10%	3.49%	2.10%	4.11%	2.28%	4.10%	3.78%	3.81%

The indicator is specific to France and thus excludes international data. Coverage: 58% of Group headcount. Absenteeism is defined as the number of calendar days absent as a result of workplace accidents, commuting accidents, occupational diseases and other illnesses compared with the [average number of permanent staff x 365].

The slight decrease in absenteeism relative to the previous year stemmed from improved safety indicators and the drop in the number of days absent as a result of workplace accidents and occupational illnesses.

3.2.3 Labour relations

3.2.3.1 LABOUR RELATIONS, ESPECIALLY PROCEDURES FOR INFORMING, CONSULTING AND NEGOTIATING WITH STAFF

The **Bouygues group** promotes a respectful and constructive approach to labour relations for the benefit of staff. Resources available to trade unions, in addition to those allocated by each business area, were determined at Group level by a 2005 agreement. Employee representative bodies in the different business areas are supplemented by the Group Council in France, with 30 representatives from 400 works councils, and the European Works Council, with 24 representatives from 11 countries. As privileged forums for meetings between union representatives from across the whole spectrum and Group executives, they provide an opportunity for exchanges about the Group's business and financial prospects and about developments relating to jobs, human resources policy, health and safety.

The interest of staff in the quality of these discussions between employees and management is reflected in the turnout for workplace elections in France (81% in 2013), which was much higher than the nationwide average (42.8% according to the France's national council on labour dialogue). This gives employee representatives a high degree of legitimacy. At Group level, an HR labour relations committee acts as the custodian of the values laid down in the Bouygues Human Resources Charter (which is available at www.bouygues.com). In France, occupational pension schemes within the business areas are managed jointly with trade unions.

3

At **Colas** in France, management-labour dialogue takes place within 356 local and central councils. Employee representative bodies at the roads subsidiaries were not modified in response to the new set-up of Colas' roads activity in mainland France as of 1 January 2013. The group's representative bodies will be renewed in 2014. Aximum and Colas in Guadeloupe, Martinique and French Guiana held elections in 2013 and adapted their employee representation structures to the new organisational set-up of their companies.

At **TF1** group, 2013 was a key year in labour relations, with the renewal of employee representative bodies within 11 companies, including TF1 SA. The five historic trade unions are represented within TF1 group.

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

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2013 Group Total	2012 Group Total
Turnout in the most recent works council elections	82%	86%	76%	80%	78%	73%	81%	80%

The indicator is specific to France and thus excludes international data. Coverage: 58% of Group headcount.

Indicators available at www.bouygues.com: Percentage of employees covered by a satisfaction survey (France), Percentage of employees receiving a formal annual appraisal (France).

At Bouygues Construction, 2013 featured the renewal of representative bodies within the scope of Bouygues Energies & Services, with a repeat of previous high turnout rates.

3.2.3.2 SUMMARY OF COLLECTIVE AGREEMENTS

Collective agreements negotiated

	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2013 Group Total	2012 Group Total
Number of collective agreements negotiated, including mandatory annual negotiations	10	157	13	70	40	12	302	237

Coverage: 58% of Group headcount.

In France, the **Bouygues group** has concluded many agreements with labour organisations on issues that affect employees' lives, such as profit-sharing, the organisation of working time, disabled workers, the employment of young and older workers, etc. Regulations stipulate collective bargaining must be followed by an action plan or an agreement with labour organisations on matters that include compensation, gender equality, age management and arduous work. All subsidiaries based in France systematically give precedence to this second method. Consequently, most human resources policies within the Group's business areas are covered by agreements.

A highlight of 2013 for all business areas in France was the signature of "generation contracts", as required by law. These agreements supersede existing agreements on older workers and come with provisions on the recruitment of young people and the transmission of knowledge and skills between generations.

In France, at **Bouygues Construction** the year featured the negotiation of amendments to agreements on worktime organisation and time savings accounts. Within the framework of agreements on the prevention of occupational risks and workplace stress, findings from the stress-monitoring unit together with the number of calls to the helpline set up under these agreements are presented annually to labour organisations and the monitoring committee of the workplace health and safety department.

At **Bouygues Immobilier,** company-wide agreements were negotiated on discretionary profit-sharing, gender equality, and the recruitment and retention of disabled employees, skills and job planning. In addition, subsidiaries Urbis and SLC negotiated discretionary profit-sharing agreements. All were adopted unanimously.

On 1 January 2013, **Colas** brought in a new organisational set-up for its roads activity in mainland France aimed at tailoring operations to changes in the market and achieving increases in productivity. The organisation is now based around 7 regional Colas subsidiaries, which have replaced the previous 16 operating under three separate brands (Colas, Sacer and Screg). In this context, trade unions and the management of each regional subsidiary met from March 2013 to negotiate an agreement on employee-status harmonisation, to be completed on 1 January 2014. As a result of these negotiations along with consultations with works councils and health and safety committees, seven harmonisation and substitution agreements governing employee status were signed.

In line with a policy it has pursued for years, Colas in May 2013 adopted an action plan on improving working conditions and preventing arduous working practices for the 2013-2015 period. Further collective agreements were negotiated and signed in 2013 by individual subsidiaries, for example six within the Société des Carrières et Matériaux du Grand Ouest, two at Aximum and several others concerning French overseas departments.

In 2013, **TF1** held negotiations on the following: the scales for freelance work at LCI and Eurosport, changes in amendments to worktime arrangements in outside broadcasting and reporting services at TF1 SA, an amendment to the discretionary profit-sharing agreement and an agreement on healthcare costs.

At **Bouygues Telecom,** the 12 collective agreements negotiated concerned the recruitment and retention of disabled workers, the determination of the profit-sharing threshold, the duration of work and workload for managers working a fixed number of days annually, and working from home.

3.2.4 Health and safety

3.2.4.1 WORKPLACE HEALTH AND SAFETY

"It is our duty to attend to health and safety, both our own and our colleagues'. This is a moral obligation for each and everyone at Bouygues, irrespective of their position or job grade. Safeguarding physical well-being is integral to respect, to which we are all entitled. At the same time, we are also responsible for giving the alert to preserve health and safety when need be." (Bouygues group Human Resources Charter)

Health and safety are priorities for all **Bouygues group** employees and have been so for many years. For example, road safety and psychosocial risk prevention campaigns are carried out in all Group businesses, with a faster roll-out of such measures in 2013. For example, Bouygues Construction put in place a helpline and has introduced psychosocial questionnaires for use during medical check-ups. However, it is on worksites where there is an inherent risk of danger, where the need for accident prevention is crucial. The construction businesses are redoubling their efforts to promote health and safety, with results in excess of construction industry benchmarks. To improve on this record even further, Colas and Bouygues Construction have rolled out training programmes on health and safety issues, including the fight against addiction. In France, workplace health and safety policies are implemented in consultation with health and safety committees. Lastly, implementation of safety management systems, some of which may have OHSAS 18001 certification, is the organisational bedrock at the operating units of the Bouygues group.

Prevention policy at **Bouygues Construction,** which is aimed at building up a culture of "safety", is based on the continuous improvement of equipment and operating procedures and the high quality of organisational structures and management. A high value is placed on complying with rules and taking initiatives. This policy, which is manifested in tangible measures at French and international operations, affects employees, temporary workers and business partners. All entities are carrying out large-scale, high-profile initiatives. Bouygues Bâtiment Ile-de-France, Bouygues Entreprises France-Europe and Bouygues Travaux Publics (in the 11 countries where this company operates) interrupted work on their sites for a whole day to train and raise awareness among employees, subcontractors and temporary personnel about health and safety issues. Bouygues Bâtiment International determined that project managers in every location should implement an action plan on the key prevention themes that came to the fore in the Global Safety Week, which brought together more than 20,000 employees at all sites in September 2012. Bouygues Energie & Services introduced the *Safesite* quality label, which is awarded to entities on the strength of their accident rates, level of managerial commitment and prevention-awareness initiatives in place.

Health issues are also taken into account through the prevention of occupational illnesses. For each type of job, the level of exposure to arduous work has been gauged and individual exposure sheets drawn up. This analysis is accompanied by a shift towards more ergonomic equipment: lightweight stays, less vibrant portable electrical equipment, stairs in the place of ladders, elevated tool boxes, wheeled hoppers, etc. With a "accident-free worksites" firmly in its sights, Bouygues Construction is working to eliminate dangerous types of behaviour and has implemented anti-addiction measures. The initial objective is to provide support to the employees concerned.

Bouygues Construction is endeavouring to involve its business partners in these same processes. In France, temporary staffing companies commit to providing a certain level of job training to their staff and a certain number of first-aid-qualified personnel. For example, Bouygues Bâtiment Ile-de-France in 2013 entered into a partnership with OPPBTP, the professional body for accident prevention in construction and public works. This comprises random visits to worksites, the debriefing of site workers on the basis of photos taken during visits, and awareness-raising with regard to specific risks.

At Bouygues Bâtiment International, new candidates for overseas postings are required to take the "Day One" training course, which discusses safety issues on an international level, covering business ethics, health, security and safety. The Dragages Safety Training Centre in Hong Kong, which opened in 2011, continued to expand the training on offer, for example with new workshops on tunnels and façades. In the space of two years, over 4,000 people have taken a training course. Training at the centre is now available either in English or Chinese. Similar training is equally available in other countries, such as Cuba and Turkmenistan.

Management and labour organisations at **Bouygues Immobilier** have signed a quality of life at work agreement. This encourages the wider use of communication technologies to allow employees to work away from the office and seeks to optimise travel arrangements through the installation of video-conferencing facilities, thereby reducing tiredness and fostering a better work/life balance. Through the *Sécurité, je m'implique !* campaign, employees are encouraged to adopt a proactive stance on various identified occupational risks, especially those on worksites.

Health and safety policy at **Colas** aims to foster and strengthen a genuine accident prevention culture across all its units, setting itself three targets for 2015: an accident frequency rate below 5 in France and in Europe and below 3 elsewhere; 35% of personnel trained in first aid; and 300 units in France without workplace accidents involving time off work.

SAFETY

Throughout 2013, a pioneering campaign targeting safety on worksites and roads involved employees based in subsidiaries both in France and abroad. The Chairman and CEO of Colas in January issued a video message to employees worldwide to signal the start of the campaign. In September, another message was broadcast to review actions carried out so far in the year. During Global Safety Week at Colas, employees from all subsidiaries took part in safety-oriented actions which included news sequences, workshops, role plays and practical exercises.

To implement this policy in the field, senior managers at subsidiaries can draw on a global network of health & safety coordinators as well as a broad range of prevention resources, including training on safety, eco-driving techniques, first aid, 15-minute safety sessions, awareness-raising initiatives, accident analysis, best-practice sharing, cross-subsidiary challenges and half-yearly rankings. Additionally, Colas in 2013 created a new line of work clothes for added comfort and protection for employees.

Colas also encourages staff to take first-aid training. This benefits staff in both their work and private lives, and further raises awareness about safety issues. At the end of 2013, 31% of Colas employees were trained in first aid.

HEALTH

With regard to health, targeted actions were continued to fight occupational illnesses relating to musculoskeletal disorders, noise, ultraviolet exposure, alcohol and drugs, and psychosocial risks. For example, "movement and posture" training is given to new recruits. Moreover, equipment is chosen on the basis of ergonomic criteria. Efforts are made to reduce noise; where this is not possible, employees must use earplugs.

Colas also implements mechanisms to keep exposure to bitumen fumes, silica dust and chlorinated solvents to an absolute minimum.

2013 was marked by the official publication of two important documents on bitumen fumes: a monograph by the IARC (International Agency for Research on Cancer) and an official report by the Anses (French Agency for Food, Environmental and Occupational Health & Safety). The IARC is the world's leading scientific reference on the subject and in its publication it stated that, despite the substantial number of studies carried out, it was unable to judge whether there is a link between cancer and exposure to bitumen and bitumen fumes in road work. The conclusions of the Anses reflected the risk analyses carried out by the road construction industry. Nevertheless, Colas is working to reduce exposure to bitumen fumes and has deployed a global strategy that focuses on two main areas: reducing bitumen temperatures at use, since reducing the temperature by 12°C divides the quantity of fumes emitted by two. An extensive Research & Development program is currently being developed and upgrading the fleet of road pavers (machines that lay asphalt mix) to equip them with fume extraction systems.

Initiatives are in place both in France and abroad to reduce exposure to silica dust. This includes the use of sealed and air-conditioned operator cabs fitted with air filters as well as basic dust masks. Lastly, a policy is in place to renew milling-planing equipment with newer machinery fitted with dust extraction systems. Risks arising from the use of solvents in workshops, on worksites and laboratories are receding in both French and global operations.

Health and safety initiatives at **TF1** focus on prevention and the installation or adaptation of safety-oriented premises and workstations. Staff sent to dangerous parts of the world are provided equipment and resources for their personal protection, and all personnel are informed of the risks relating to their particular occupations. Lastly, all risks that could endanger the health and safety of employees are identified and remedial action is taken to eliminate them.

In 2013, health and safety highlights at **Bouygues Telecom** were the commitments made between network operations personnel and line managers during annual appraisals, the creation of a network of first-aiders to offer local support (involving some 700 trained employees) and the drafting of a questionnaire on the psychosocial environment to complement the findings of the well-being and stress observatory. Bespoke committees analysing workload issues, initiated in connection with voluntary redundancy plans, continued their deliberations, and appointments with company nurses were rolled out on a large scale. The RCBT store network specifically introduced an e-learning module entitled *"La Sécurité en boutique"*, ensuring that sales advisers are aware of risk-prevention regulations from their very first days on the job. Emphasis is placed on risks relating to robbery with violence and to verbal or physical abuse.

3.2.4.2 SUMMARY OF WORKPLACE HEALTH AND SAFETY AGREEMENTS WITH TRADE UNIONS AND EMPLOYEE REPRESENTATIVES

See section 3.2.4.1 "Workplace health and safety": workplace health and safety policy is always put into place in consultation with health and safety committees in France (of which there are more than 470 across the Group). Agreements on arduous work were signed or are the subject of consultation at **Bouygues Construction** and **Colas** in France. Psychosocial risks are covered by specific agreements in force within all business areas.

3.2.4.3 WORKPLACE ACCIDENTS (FREQUENCY AND SEVERITY) AND OCCUPATIONAL ILLNESSES

Workplace accidents

Scope: global	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2013 Group Total	2012 Group Total
Frequency rate [(a)] of workplace accidents among staff	3.14	4.65	4.51	7.28	4.06	3.29	5.71	6.59
Severity rate [(b)] of workplace accidents among staff	0.22	0.23	0.08	0.56	0.07	0.1	0.36	0.44

(a) Number of accidents involving time off work x 1,000,000/number of hours worked.
(b) Number of days off work as a result of a workplace accident x 1,000/number of hours worked.

At Bouygues Construction and Colas, the frequency and severity rates of workplace accidents fell relative to 2012. This achievement reflects the proactive policies of these companies in the field of worksite and road safety that aim to foster and strengthen a genuine accident prevention culture. At Bouygues Construction, the improvement in frequency and severity rates was matched by a drop in the number of fatal accidents, which fell to 8 compared with 13 in 2012 across the overall workforce (employees, temporary workers and subcontractors).

Occupational illnesses

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2013 Group Total	2012 Group Total
Recognised occupational illnesses	0	70	1	97		1	169	171

The indicator is specific to France and thus excludes international data. Coverage: 58% of Group headcount.

3.2.5 Training

3.2.5.1 TRAINING POLICIES

Corporate universities within the **Bouygues group**'s business areas and the Bouygues Management Institute (IMB) offer staff training related to their jobs as well as management modules. The proportion of payroll allocated to training is well above the minimum legal requirement. Arrangements are also in place, both in France and elsewhere, to provide refresher training to employees who so wish (e.g. literacy and numeracy).

Furthermore, the Gustave Eiffel apprentice training centre, which is supported by the Group, prepares its students for vocational examinations in construction, electrical engineering and service trades. Qualifications range from the "CAP" vocational training certificate to "BTS" and degree-level technical diplomas. In 2013, the pass rate for the 177 candidates that sat exams was 88%; 37% of apprentices from the Gustave Eiffel centre work in the Bouygues group.

In France, **Bouygues Construction** maintained its overall level of training expenditure across its entities. Through an investment of €42 million, 73% of the headcount benefited from a training opportunity. The training programmes designed by the operating units, entities, the Bouygues Construction University and the Bouygues Management Institute (IMB) complement each other. Bouygues Construction University, which celebrated its 5th anniversary in 2013, offers more than 70 programmes – many of which are also available in English – spanning its 10 lines of business.

In France, a large number of different managerial and personal-development courses were given, with the range on offer expanded for the benefit, notably, of site workers (Bouygues Bâtiment Ile-de-France) and worksite supervisory staff (Bouygues Entreprise France-Europe and Bouygues Travaux Publics). Training on business ethics and compliance were introduced to various entities along with several manager-training modules on the topic of diversity.

The strategic topic of sustainable construction was added to training programmes aimed at sales staff (Campus Commerce). This same subject was covered at Bouygues Bâtiment International by an e-learning platform, offered in English to 5,000 local and expatriate employees.

Training for accounting and HR staff was expanded. Lastly, in support of in-house trainers, Bouygues Construction University set up an intranet site that gives them a better appreciation of their role, develops their skills and offers self-assessments.

Internationally, regional training centres offer training to managers and local staff on managerial and technical topics. They also serve to help promote the corporate culture and develop internal networking. In 2013, Bouygues Bâtiment International put in place a new training programme of approximately ten days that supports the professional development of locally based, high-potential managers. Induction and information modules offered, prior to secondment or expatriation, were also put in place (Day One Challenger).

Priority areas of training in 2013 at **Bouygues Immobilier,** as defined by the Strategy Committee each year, emphasised customer satisfaction, sustainable development, responsible management practices and improved collaborative work ("Working better together"). As part of a co-construction process, Bouygues Immobilier has set up an annual training-promotion committee. Bouygues Immobilier's corporate university, coordinated by a team of 50 or so in-house trainers, represents 18% of the total number of training officers. The company offers "blended learning" modules to its managers, including computer-based training.

In France, **Colas** continued and maintained its spending on training. Priority was assigned to mentoring, to ensure that professional skills are passed on to new recruits - beginning with those on work/study courses.

Training is offered either through programmes identified at the subsidiary level to address local needs, as part of Colas Campus (to provide responses and skills to a pooled group of trainees at once), or within the framework of the Colas Universities, according to the type of training needed. In 2013, Colas University 4 was launched to provide experienced managers with career development support. Safety training made up 37.82% of training hours.

At **TF1,** training policy is moulded to the developments and transformations affecting the group. This involves adapting to the many technological changes in the areas of broadcasting, transmissions, image and sound, and keeping up with the rapid increase in new channels along with regulatory developments, the ramp-up of high-definition viewing in all its forms and developments in technical resources. Training spending was increased in support of staff internal mobility. Systematic training for managers was continued in the form of two multi-annual courses.

Bouygues Telecom's priorities centre around challenges relating to the digital world and web culture. In most departments, technology issues relate to the emergence of new occupations and the anticipation of paradigm shifts: the upgrade of network equipment; agile project management methods; strengthening of sales teams to help them deal with the requirements of the business market (particularly multi-channel); supporting customers' digital lives; helping managers to implement pledges arising from the Diversity label; and developing in-house talent. The roll-out of "Plan 2012" promotes e-learning and multi-modal training.

3

Work-study training contracts

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2013 Group Total	2012 Group Total
Number of apprenticeship contracts	0	277	21	331	38	62	729	1,244
Number of professional training contracts	0	137	35	221	133	303	829	1,132
TOTAL	**0**	**414**	**56**	**552**	**171**	**365**	**1,558**	**2,376**

Coverage: 58% of Group headcount.

Bouygues Construction operates an active work/study policy, despite a small drop in the number of apprenticeship contracts resulting from the reduced capacity for taking on apprentices at some entities and within certain regions, amid the tougher business conditions.

At **Colas,** as the total number of new hires declined, so did the proportion of work/study contracts. Nevertheless, these contracts accounted for 17% of the year's recruitment intake.

The **TF1** group took on as many young people on work/study contracts in 2013 as it did in 2012. For the first time, an inaugural lecture was held, bringing together in September first- and second-year students as a way of encouraging integration and giving them the means of forging ties within the group, including with other students.

Bouygues Telecom continued developing its partnerships with several digital-industry training schools to support the company in the business lines linked to its fixed-line and internet activity. The partnership with the Web School Factory brought stakeholders in digital innovation together in the same place for the first time ever, encompassing students, companies, research establishments, investors and advisory firms. Work/study contracts accounted for close to 70% of all fixed-term contracts at Bouygues Telecom. Three events concerned the RCBT store network. Last year was the sixth year of the sales schools (an intake of 25 employees), in partnership with IGS and it was also the fifth year of the commerce diploma course (an intake of 25 employees), offered in conjunction with IGS and Université Paris-Est Créteil. Finally, in 2013, Bouygues Telecom was awarded the Top Employers label for the fourth year running.

3.2.5.2 TOTAL TRAINING HOURS

Training (permanent staff) [(a)]

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2012 Group Total	2011 Group Total
Percentage of payroll spent on training	2.9%	5.0%	3.3%	3.9%	2.5%	5.1%	4.2%	4.1%
Average number of days training per employee per year	2.54	2.45	2.72	2.14	2.52	3.48	2.43	2.24

(a) *Data on training refers to the Group training audit published in 2013 in respect of 2012. Information concerning 2013 is not available because the approved joint collection body (OPCA) follows a non-calendar year*
As the information systems of international activities are not integrated into those of French operations, full consolidation is not possible. Coverage: 58% of Group headcount.

Existence of a formal training plan in international activities [(a)]

Scope: outside France (companies with more than 300 employees)	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2013 Group Total
Existence of a formal training plan in international activities		88.1%		85.7%			87.1%

(a) *A new indicator for 2013. Holding company and other, Bouygues Immobilier, TF1 and Bouygues Telecom are not covered by this indicator on account of its scope. The percentage refers to those companies concerned.*
Indicator available at www.bouygues.com: Training by type (France).

3.2.6 Equal opportunity

"We are an equal opportunity employer. No applicant or employee receives less favourable treatment because of gender, ethnic background, religion, beliefs, disability, age, sexual orientation or nationality. This is a moral obligation as well as a corporate priority. Each person must be treated like a dignified human being. We owe our success to the creativity of our people, enhanced by the tremendous diversity existing within the Group. We see diversity as a major asset." (Bouygues group Human Resources Charter, drafted in 2008)

Bouygues business areas have a diversity officer and have continued pursuing many initiatives to encourage diversity and equal opportunity, with a particular focus on gender equality, disability and integration. TF1 and Bouygues Telecom have held the Diversity label since December 2010 and June 2011 respectively.

All entities within **Bouygues Construction** are committed to promoting diversity. As such, in 2013, Bouygues Bâtiment International joined the ranks of several other regional companies in France that are part of the Group as a signatory of the Diversity Charter, substantiating the efforts it has begun within the scope of its Diversity label. Increased awareness of diversity issues was fostered, including an equal opportunities training module at Bouygues Construction University and "Success in Diversity" training within Bouygues Bâtiment International. Specific communication tools were also made available within several entities.

In late 2012, **TF1** was audited by Afnor, two years after it was awarded the Diversity label. The report published in 2013 underscored the momentum and the effectiveness of policy arising from the appropriateness of initiatives on diversity and equal opportunities. With a commitment to the long term, the TF1 corporate foundation received its sixth yearly intake of young people from underprivileged backgrounds (13 in 2013). They were selected on the basis of video CVs and interviews held over a single day. In 2013, TF1 partnered the Passeport Avenir charity and made seven journalists available to the charity Ma Caméra Chez Les Pros, which works in conjunction with secondary schools in priority education zones. TF1 is a board member of AFMD (the French association of diversity managers).

In July 2013, **Bouygues Telecom** retained its Diversity label following an interim audit carried out by Afnor. Arrangements for receiving, analysing and processing complaints were extended to encompass former staff and service providers. To make progress in terms of diversity, Bouygues Telecom has teamed up with several NGOs such as IMS-Entreprendre pour la Cité, the AFMD and l'Observatoire de la parentalité en entreprise (the working parents observatory). In issues dealing with disabilities, it is partnering with Tremplin, Hanploi, Afij (a charity promoting the professional integration of young graduates), Adapt, Arpejeh (a charity helping young disabled people fulfil educational goals), Passerelle and Handeco. Across its seven major sites in France, Bouygues Telecom carried out a diversity roadshow to raise awareness among staff about this issue, offering for example workshops giving employees exposure to the difficulties resulting from a disability.

3.2.6.1 MEASURES TO PROMOTE GENDER EQUALITY

The promotion of diversity and equal treatment of men and women are goals shared by all **Bouygues group** subsidiaries. As construction has always been a predominantly male industry in France, the challenge for Bouygues Construction and Colas is to make themselves more attractive to female job applicants. They are carrying out communication campaigns in universities and schools. More broadly speaking, all Group companies have conducted an audit of the proportion of women in managerial positions and are taking steps to improve the situation.

Bouygues Construction bolstered its initiatives. It published a handbook entitled *Ambition Mixité,* officially launched the WeLink women's network (which had 450 members at the end of 2013) and set out a new Diversity plan for 2013-2014, which tackles issues such as recruitment. Additionally, it monitors female employees in top-management jobs, comprises an ambitious communication strategy and offers a training module in the form of a roadshow for HR personnel. Training initiatives were expanded, including *Together* at Bouygues Bâtiment International and the inclusion of awareness-raising modules within Ulysse and Marco Polo management courses. Seminars and workshops were held across several entities.

For four years, **Bouygues Immobilier** has increased the proportion of women holding experienced managerial positions by over 20%. The recruitment of female graduates in the most representative lines of business (within programmes, the company's core activity, comprising 47% women) is specifically monitored. Bouygues Immobilier has pledged to develop the teaching content of its in-house management courses for the systematic inclusion of debates on workplace diversity at all levels and across all lines of business.

Three-year agreements on gender equality were negotiated in 2012 within **Colas** subsidiaries in France. They covered issues of recruitment, vocational training, job promotions, working conditions, effective compensation and the reconciliation of work and family duties. Colas amended its system for managing job applications so that the percentage of female job applicants received through the recruitment portal can be traced. International subsidiaries are also rallying efforts around this issue. For example, Delta (a US subsidiary) supports Zonta, an NGO aiming to improve the legal, political and economic status of women worldwide. Note that in Alaska, the proportion of female workers is higher than elsewhere because of the low population of this region.

At **TF1,** for the third year running, a specific equal-pay budget was set aside, accounting for 0.1% of payroll in 2013. A training module entitled *Leadership au feminine* (Leadership a women's way) was offered. Cross-mentoring in conjunction with Bouygues Telecom was trialled. TF1 was ranked 31st in a survey of SBF 120 companies, commissioned by the French Ministry for Women from Ethics & Boards, on the issue of increased female representation in executive bodies. TF1 took part in the Women's Forum in Deauville, at which journalists from the main channel trained female executives in techniques for answering the press.

Bouygues Telecom runs a gender equality programme, which has two main objectives: to ensure greater diversity both in technical jobs and at the highest levels of management. In 2013, for the second consecutive year, no material divergence in pay was noted for the various levels of qualification. The third intake of mentoring candidates for the Women and Management programme took place in 2013. This concerned more than 30 female employees from Bouygues Telecom, who were joined for the first time by five female managers from Cisco and TF1 groups.

3.2.6.2 MEASURES TO PROMOTE THE EMPLOYMENT AND INTEGRATION OF DISABLED PEOPLE

Disabled workers (permanent and fixed-term)

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2013 Group Total	2012 Group Total
Number of disabled workers	3	545	26	1,092	77	269	2,012	2,119
Number of disabled workers hired	0	19	4	14	13	16	66	145
Sales with sheltered workshops and disability-friendly companies	€1,000	€1,625,875	€394,189	€1,115,338	€312,079	€1,189,593	€4,638,074	€5,106,960

International consolidation not yet been carried out. Coverage: 58% of Group headcount.

Enlisting the services of specialist firms (sheltered workshops and disability-friendly companies) is a mainstay of Bouygues groups' disabilities policy, despite the small decline in sales within certain regions and divisions. The drop in the number of disabled workers recruited in 2012 was in line with the lower overall intake, especially as regards support functions - which are prime candidates for hosting disabled employees. The decline in the number of disabled employees within Bouygues Construction's overall headcount was due to a narrower definition of this status in 2013.

A structured disability policy is firmly established in all the **Bouygues group's** business areas in France, including disability officers to coordinate actions and training for human resources managers and staff. Specific policies exist to help retain disabled employees and adapt working hours to their needs.

Training, along with awareness-raising brochures, is available across **Bouygues Construction** entities in France. Bouygues Bâtiment Ile-de-France placed online, at everyone's disposal, an interactive guide providing a list of sheltered workshops and disability-friendly companies in the Paris region. Disabled persons' employment week also provided an opportunity to solicit involvement from the various entities, including an intranet-based quiz, workshops, participation in specialist forums and an initiative focusing on a specific occupation for a day.

In addition, some entities are carrying out their own projects, including the integration of young autistic people, vehicle cleaning and a courier service offered by a sheltered workshop, and supporting the Supélec Handisport tournament. Sport is excellent for cohesion. Entities regularly take part in sponsored races to raise money for disability charities.

At **Bouygues Immobilier,** the proportion of disabled employees has risen more than two-fold in the space of three years. A partnership with the ESTP, an elite civil engineering school, led to the funding of grants for four disabled students, combined with personal tutoring by an employee offering this service on a volunteer basis. Amid a stable headcount, this intense effort on links with educational establishments enabled Bouygues Immobilier to exceed targets on the inclusion of disabled interns and apprentices, as presented to Direccte (the French regional government agency with responsibility for labour matters). In 2013, Bouygues Immobilier introduced contracts, aimed at specialist institutions, for the provision of disabled workers within its branches. The company offers disabled employees ergonomic audits of workstations and time off for medical appointments or administrative formalities.

The initiatives carried out in 2013 under the agreement between **Colas** and Agefiph, a fund to promote the employment of disabled people, signed in May 2011, and which ended on 31 August 2013, were the following: distribution of a guide on employing disabled people, along with posters and a handbook entitled "Talking about your disability can help you stay on your career path", which was distributed to employees in mainland France. The subsidiary Colas Nord-Picardie tested a new arrangement for facilitating the outplacement of disabled employees unable to find a new job position internally. A cross-subsidiary agreement is currently being negotiated with Agefiph.

At **TF1,** the second three-year agreement (2010/2013), endorsed by Direccte, gives priority to hiring. The target of 27 new hires was exceeded in spite of the unfavourable hiring context. The shortage of candidates for skilled positions makes work/study contracts the priority channel. For the first time, an external campaign was conducted in conjunction with Cap Emploi (a network of agencies that help disabled people find work), leading to the recruitment of people aged between 20 and 50 on work/study contracts. To publicise its policy for employing disabled people, TF1 maintains partnerships with many charities and takes part in targeted initiatives such as Handichat and recruitment forums such as the fair run by CIDJ (the information and documentation centre for young people). TF1 raises awareness among target educational establishments, contributing to the first Disability video challenge entitled *Tous HanScène*, organised by the charity Tremplin. Every day during disability week, a small comedy sketch featuring employees was broadcast over the intranet. Involvement by well-known channel stars, such as Harry Roselmack and Evelyne Dhéliat, along with senior executives (including the Chairman & CEO) helped raise awareness of issues considerably.

More than 98% of disabled employees at **Bouygues Telecom** were on permanent contracts in 2013. The company takes part actively in meetings, forums and job fairs aimed at the disabled and runs in-house training for managers and employees in general to raise awareness and dispel the myths surrounding disabilities. Finally, various measures are reserved for disabled employees, including the adaptation of workstations and the office environment, specially-adapted mobile phones and a transport assistance programme.

3.2.6.3 ANTI-DISCRIMINATION POLICY

Within the **Bouygues group,** integrating people of all social and cultural origins and backgrounds, often from outside France, into the workforce has been a priority in the construction businesses for many years (Integration policy in Group businesses: see section 3.4.1.1 "Social information"). Generally speaking, this is a major element of diversity policies in the business areas.

At **Bouygues Construction,** diversity is first and foremost manifested in an openness to and the integration of all types of profiles. Entities have stepped up cooperation with educational establishments. This includes visits to worksites, competitions bringing together several institutes around a single theme and partnerships along with university/company meetings, the setting-up of ambassador networks, internships in the context of access-to-employment schemes, a mentoring programme and coaching. Managing diversity implies harmonious personal interaction. The handling of requests relating to a person's religion is part of this process. The *Religion in the workplace* guide, written by Bouygues Construction in 2012, is now available online to HR staff.

At **Bouygues Immobilier,** a two-person team in the Human Resources division is responsible for non-discrimination issues, the implementation of diversity policy within the teams and the promotion of quality of life at work. It coordinates annual monitoring committees, which act as a forum for discussion and deliberation with labour organisations on future initiatives, raises awareness among employees through in-house communication campaigns, especially during disability week, helps to design training courses for managers, conducts internal perception surveys and monitors local action plans.

Initiatives to raise awareness of non-discrimination are regularly carried out at **Colas** University. Concerning social inclusion, subsidiaries in France are expanding the recruitment of long-term jobseekers in areas of high unemployment (see section 3.4.1.1 "Employment and regional development"). Non-discrimination as a principle has been clearly reaffirmed in diversity and gender equality charters and by way of the agreement relating to the "generation contract" signed in 2013, which contains measures promoting the long-term integration of young people, the recruitment of older workers and the transmission of knowledge and skills.

The many initiatives carried out by **TF1** in favour of young people from underprivileged backgrounds and disabled persons made it possible for such individuals, in general not in contact with the world of business, to market their skills. Another facet of the equal opportunities policy was the extension of links with higher education establishments to encompass schools offering other types of training. Training HR and managerial staff in recruitment, the systematic usage of a specific form for justifying promotions and implementation of a counselling unit are each an effective means of fighting discrimination.

To forestall any kind of discrimination based on background in connection with recruitment, **Bouygues Telecom** has been using anonymous CVs since 2009. This arrangement relies on a software application with independent support on the outside for processing all applicant data sent to the Bouygues Telecom's recruitment website, either in response to an advertisement or as an unsolicited application. Bouygues Telecom took part in a survey on stereotypes relating to people's backgrounds, conducted by IMS in conjunction with the management teams of eight large companies. The survey's findings, along with the recommendations derived from it, were presented to managers.

3.2.7 Compliance with International Labour Organisation (ILO) conventions

A fundamental commitment of the **Bouygues group,** respect for human rights, was publicly asserted in 2006 when the Group signed up to the UN Global Compact, which 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 on the internet (www.bouygues.com), remind all staff of its expectations in this regard. In sometimes complex circumstances, operational managers have a duty to prevent any infringement of human rights in areas relating to their activity. That vigilance must be an integral part of their day-to-day work.

3.2.7.1 FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING

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

Scope: outside France (companies with more than 300 employees)	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2013 Group Total
Existence of employee representative bodies in the international activities		88.1%		57.1%			75.7%

(a) A new indicator for 2013. Holding company and other, Bouygues Immobilier, TF1 and Bouygues Telecom are not covered by this indicator on account of its scope. The Group percentage refers to those companies concerned.

At Bouygues Construction, implementation of employee representation is continuing in international operations, involving staff with improvements in human resources policy and life in the workplace. Mediators, or representatives, are elected or appointed on the basis of their standing within the local community.

Bouygues group's Human Resources Charter states that "Good labour-management relations should lead to a good understanding and integration of individual and collective aspirations, which is key to smooth human relations." This strong belief in the need for high-quality industrial relations applies to all national contexts, regardless of country. Its actions both in France and abroad are guided by respect for the essential values and principles of human rights. These principles are echoed in the Bouygues group's Code of Ethics and Supplier CSR Charter. Compliance with ILO conventions is a prerequisite for the development of relations with business partners and subcontractors.

At **Bouygues Construction,** Bouygues Bâtiment International systematically monitors the quality of labour relations across its sites. With regard to labour relations, which are monitored jointly by the senior management and the human resources department of the entities (and audited for the HR development index), particular attention is paid to the condition of on-site living quarters in accordance with new internal standards. Another tenet of Bouygues Bâtiment International's labour policy is a determination to develop social and medical protection for staff and their families, with the aim of offering coverage that is higher than national standards. This is indexed to the employee's length of service and grade within the company.

Companies with operations in French-speaking Africa, where local legislation has been modelled on French law, regularly organise the election of employee representatives, who speak for staff as a whole at meetings with management. For example, in Gabon and the Republic of Congo, negotiations between employee representatives and management resulted in improved healthcare coverage in both countries. Additionally, local discretionary profit-sharing and supplementary health insurance were also introduced in the Gabonese operations.

3.2.7.2 NON-DISCRIMINATION IN EMPLOYMENT AND OCCUPATION

The **Bouygues group's** Code of Ethics states that "the Group shall apply a fair human resources policy that is consistent with the law. It refrains from all discrimination on unlawful grounds." Fair treatment and equal opportunity are fundamental principles of the Human Resources Charter and apply in all professional contexts, from recruitment and training to promotion, information and communication.

For several years, **Bouygues Construction** has been working in five areas: disabilities, age management, promoting diversity, intercultural dimensions and insertion. This has been supported by a vast management training campaign through the *Égalité des chances* in France and "Success in diversity" programmes abroad. Overseas entities (in Morocco, Turkmenistan, the UK and in Asian countries, for example) have been proactive in these issues, both within their companies and by supporting community and humanitarian projects. Major initiatives are relayed each year in the *Les belles histoires* report that is published by Bouygues Bâtiment International.

3.2.7.3 ELIMINATION OF FORCED OR COMPULSORY LABOUR

The **Bouygues group's** actions, both in France and abroad, are guided by respect for the fundamental values and principles of human rights. These principles are echoed in the Bouygues group's Code of Ethics and Human Resources Charter. The Supplier CSR Charter forbids all use of forced or compulsory labour. Incidentally, it is worth noting that 80% of Bouygues group's employees work in Europe, North America, Hong Kong and Singapore.

To ensure right living conditions for migrant employees, Bouygues Bâtiment International in late 2012 introduced a single reference framework that is being gradually applied to on-site living quarters on all new projects. Standards cover the design and management of on-site living quarters. In addition to the security of sites and installations, they have specific requirements in accordance with function, covering bedrooms, bathrooms, kitchens, eating areas and common rooms. Lastly, rules on the management and maintenance of on-site living accommodation have also been laid down.

This reference framework applies across many different contexts, depending on the country and the set-up of the installation, i.e. whether staff accommodation has been designed and is managed by the company on its own, whether it is leased and run by a business partner, or whether there are family quarters as well. In any event, the minimum requirements comply with and, in places, exceed ILO recommendations. A good example of on-site living quarters can be found in Qatar, where particular attention has been paid to the organisation of living areas, the availability of relaxation and sport areas, and the holding of cultural and sporting events. Internal audits were introduced in late 2013 to ensure that on-site living accommodation meets the standards of the reference framework and request remedial action where necessary.

3.2.7.4 THE EFFECTIVE ABOLITION OF CHILD LABOUR

See section 3.2.7.1 “Freedom of association and the right to collective bargaining”

See section 3.2.7.2 “Non-discrimination in employment and occupation”

See section 3.2.7.3 “Elimination of forced or compulsory labour”

3.3 Environmental information

For further information, please visit www.bouygues.com.

3.3.1 General environmental policy

3.3.1.1 CORPORATE STRUCTURES TO TAKE ACCOUNT OF ENVIRONMENTAL CONCERNS AND, WHERE APPLICABLE, ENVIRONMENTAL ASSESSMENT AND CERTIFICATION PROCEDURES

Under the responsibility of Olivier Bouygues, Deputy CEO, the Group Sustainable Development and Quality Safety Environment (QSE) Department within the parent company coordinates the overall policy and ensures that best practices are circulated and shared, especially with subsidiaries’ own sustainable development departments.

The Sustainable Development Department coordinates a number of Group-wide committees (Sustainable Development, QSE, Responsible Purchasing, Energy-Carbon Strategy, etc.). The role of the committees is to circulate the principles of sustainable development and coordinate initiatives on specific cross-disciplinary issues. **Bouygues’** QSE function, with approximately 1,000 employees, helps to manage operational risk.

Each business area uses ISO standards to consolidate and improve managerial performance in relation to quality (ISO 9001), safety (OHSAS 18001) and the environment (ISO 14001). Certification of quality, security and environmental management systems is an additional guarantee of effectiveness.

The Group’s business areas factor environmental issues into offers of products and services, embodied by certification whenever required by project owners. Furthermore, a systematic policy of certification in terms of construction and operations is applied to their own buildings.

To ensure the proper monitoring and continuous improvement in these initiatives, the Group has designed and implemented a reporting system to track its results.

Bouygues Construction

Indicator	Scope (activity or region)	Coverage	2013	2012	Remarks
Sales covered by an ISO 14001-certified environmental management system (EMS)	Global	97% of Bouygues Construction's consolidated sales[a]	91%	89%	The percentage of sales certified compliant with ISO 14001 has been rising steadily since the launch of the Actitudes sustainable development policy in 2007, increasing from 61% in 2007 to 91% in 2013.
R&D spending devoted to sustainable construction	Global	100% of Bouygues Construction's consolidated sales	51%	49%	The following areas of R&D are considered as sustainable construction: energy, carbon, savings on resources and materials, biodiversity, user well-being and safety, usage quality, eco-design, processes and methods (industrialisation, product-quality improvements, reducing arduous work, etc.) and tools (overall cost, building information modelling, new technologies, etc.). This percentage has been rising steadily since 2007.
Buildings with environmental labelling or certification in the order intake for the year (with corresponding number of buildings)	Global building activities	65% of Bouygues Construction's consolidated sales (construction activities)	58% (227 buildings)	57% (268 buildings)	In 2013, several large-scale operations were booked, in respect of which Bouygues Construction remains determined to offer customers exemplary developments. The percentage of environmental certification in terms of construction order intake rose from 23% in 2007 to 58% in 2013.

(a) Exemptions are detailed under section 3.1.2.5 "CSR consolidation rules".

At **Bouygues Construction,** environmental issues are managed through Actitudes, the group's sustainable development policy. The policy is coordinated by the Innovation and Sustainable Construction department, which oversees the actions of the Sustainable Development department, the Marketing and Planning department and the Research & Development and Innovation department, incorporating a sustainable construction skills centre.

For its operational implementation, the Sustainable Development department is assisted by a Sustainable Development committee, comprising representatives of operating entities and support services. It also coordinates a network of around 100 liaison officers at subsidiaries, about 30 of whom work specifically on environmental issues.

In 2013, the general management committee increased the involvement of sales teams by introducing modules on sustainable construction into existing courses at Campus Commerce and creating a network of "sustainable construction" sales staff.

Bouygues Construction's aim is to build a sustainable living environment by delivering projects to its customers that protect the environment while ensuring comfort and well-being for users. This is apparent at every stage of the project.

- In the design phase:

  Bouygues Construction uses environmental certification schemes such as BREEAM®, LEED® and HQE®, which apply to over half its building order intake.

- In the construction phase:
  - Bouygues Construction factors all the environmental issues related to its worksites into an overarching initiative called "Ecosite" (http://www.bouygues-construction.com/955i/developpement-durable/environnement-et-construction-durable/realiser-des-chantiers-respectueux-de-l-environnement.html), whose aim is to cut their environmental impact. Ecosite, a proprietary initiative launched in 2010, ensures compliance with environmental standards derived from the most stringent regulations on issues ranging from managing waste and protecting biodiversity to minimising disturbances for local residents;
  - This management of environmental impacts is also enhanced by a prevention policy based on an ISO 14001-certified environmental management system.
- In the operation and maintenance phase:

  Bouygues Construction increasingly supports its customers in managing and limiting their final energy consumption and offers business proposals that include performance commitments, particularly in the form of the Energy Performance Contracts (EPCs) for residential and commercial projects.

Bouygues Immobilier

Indicator	Scope (activity or region)	Coverage	2013	2012	Remarks
Sales with a commitment to environmental labelling or certification schemes (H&E, BBC-effinergie® for residential property or HQE® for commercial property)	France	95% of Bouygues Immobilier's consolidated sales	96%	91%	Growth in this indicator results from Bouygues Immobilier's ongoing commitment to apply the BBC-effinergie® low-energy certification for all residential developments since 2010, before it became a regulatory requirement on 1 January 2013.

Committed to urban sustainability, **Bouygues Immobilier** has been actively pursuing a sustainable development policy since 2006:

- in the design phase, at the start of the development process,
- on worksites where contractors are building Bouygues Immobilier's projects, in the internal processes.

The Executive Vice-President, Communication, Marketing and Sustainable Development is a member of the Strategy Committee.

In order to combine environmental management of its operations with high standards of comfort and health in its development projects, Bouygues Immobilier is committed to environmental certification schemes in areas such as clean worksites, choice of materials, water and energy management and acoustic comfort, through the Habitat & Environment (H&E) and High Environmental Quality (HQE®) schemes. Accordingly, BBC-effinergie® low-energy certification has been sought for all Bouygues Immobilier's new residential programmes since 2010.

Since "positive energy" will be the standard for all new residential properties from 2020, Bouygues Immobilier is preparing for future changes on the market by opening, in 2012, Vert Eden in Aix-en-Provence, southern France, its first positive-energy residential building. Then in 2013, it inaugurated l'Avance, in Montreuil, the first such building in the Paris region, carrying NF HQE™ Logement and BBC-effinergie® certifications.

On a neighbourhood level, Bouygues Immobilier is committing to environmental causes right from the design phase. In 2013, Ginko, the Bordeaux Lake eco-neighbourhood, and Cap Azur, in Roquebrune-Cap-Martin (French Riviera), were recognised as "Committed to label recognition" by the national ÉcoQuartier labelling initiative.

Bouygues Immobilier has also launched UrbanEra®, to structure its approach as a neighbourhood-wide sustainable urban developer. Right from the design phase, this offering covers energy management, more efficient water use, waste recycling, building-wide performance, improved transport integration, biodiversity and health issues. It also encompasses innovative services while not neglecting the human aspect and encouraging involvement by users.

Colas

Indicator	Scope (activity or region)	Coverage	2013	2012
Environmental certification of materials production sites *(% of sales before intercompany eliminations)*	Materials production activities worldwide	100%	55%	60%
Total environmental certification *(% of consolidated sales)*	Global	100%	44%	50%

At **Colas,** environmental policy is integrated into its responsible development policy, identified by the Chairman and CEO as one of the company's core values. The Environment director, who oversees Responsible development as a whole, guides discussions on the subject with support divisions (such as Communications, Equipment & Innovation, Human Resources, Technical and R&D) and operational divisions. The Environment department has six staff members and a network of approximately 30 environment managers in subsidiaries, who themselves are supported on the ground by several hundred environmental officers and auditors. These positions are generally combined with other roles such as quality assurance and health and safety.

Following a steady increase since 2010, rates of environmental certification (ISO 14001 or equivalent) declined in 2013. This decline resulted from a change in the consolidation method, which attaches different weightings to certified and non-certified entities, and the reorganisation of the roads activity in mainland France, which may have led to temporary delays in renewing certificates and the defining of exact scopes.

Regarding the first indicator, the target is still 100%, with a renewed increase aimed for in 2014. This is an ambitious target given that other shareholders are involved, some of which are majority owners, preventing Colas from ensuring complete oversight (see section 3.1.2.5).

Environmental certification indicators reflect Colas' policy to comply with regulatory requirements and its efforts to analyse environmental risks and mitigate them through action plans. Checklists compiled by Colas define a practical reference framework for assessing the environmental performance of most of the group's fixed installations (more than 1,700 sites worldwide) and help to fine-tune priorities in the ensuing improvement plans. These checklists are also incorporated into Colas' internal control procedures.

TF1 has made undertakings both in the management of internal processes and through its Ecoprod policy, which aims to instil eco-design throughout the entire audiovisual production chain. The General Affairs department manages the consumption of water, raw materials and energy from all angles, as well as overseeing waste management in the head offices of the TF1 group. The management system in place includes a list of environmental issues upstream and downstream from sites, a list of ICPE environment-protection listed buildings and an environmental road map. In 2012, the first HQE® Operation certification was granted to TF1 with regard to one of the buildings hosting the headquarters. This endorsement was sought for other buildings in 2013.

In-house productions by TF1, such as television show *R.I.S,* apply Ecoprod directives. Producer Lagardère Active, in partnership with TF1 and Ecoprod, achieved the first shooting of a carbon-neutral TV series, *Jo*, which was broadcast in eight episodes during April and May 2013.

Part of the Innovation department, **Bouygues Telecom's** sustainable development structure relies on a network of liaison officers in operational departments and across the company's nine administrative sites. Several reference frameworks are used by management for the purposes of its CSR policy:

- a handbook on Bouygues Telecom's duties under environmental regulations. This is updated once yearly;
- ISO 50001 on energy management, which provides guidance for managing on-site energy efficiency and sustainably optimising energy expenditure (37% of total m^2 of administrative sites, excluding retail surfaces and data centres, had been certified by the end of 2013);
- the HQE® standard, which recognises the environmental credentials of buildings, along with monitoring and maintenance methods, and occupier habits once a site is in use (73% of total m^2 of administrative sites - excluding retail surfaces - had been certified compliant with HQE® Operation by the end of 2013).

3.3.1.2 ENVIRONMENTAL TRAINING AND INFORMATION MODULES FOR EMPLOYEES

The **Bouygues group** provides staff working in its QSE function with training modules like the QSE and Excellence awareness-raising programme, and the QSE department organises regular conferences on issues in specific business areas and on continuous improvement. These are also available over the Group intranet.

Since 2007, the Bouygues group has held a quarterly QSE committee for sharing best practices, with a view to continuous improvements in performances and operational excellence. This committee puts awareness-raising campaigns in place for divisional staff, monitors regulatory developments affecting the business areas and keeps track of performance indicators.

In addition, "Abby" (Bouygues group self-assessment and benchmarking) seminars based on a software application developed in-house, and regularly updated, have been organised within the Group since 2007. It is used by subsidiaries' executive committees to assess their management practices and situate themselves in relation to best practice as defined by the EFQM (European Foundation for Quality Management) model and ISO 26000. Since being launched, this seminar has been organised more than sixty times, involving more than 800 managers.

Lastly, the *Construire l'avenir* (Building the future) training module, for Group executives, tackles the major challenges relating to societal shifts and the resulting changes in economic models. Since its inception in November 2012, 81 managers have taken part in seven sessions.

Since 2009, the Group has operated BYpedia, a collaborative extranet site. It enables employees from all functions (sustainable development, QSE, HR, etc.) to discuss the problems they encounter, enhance the collective knowledge base, pool know-how and strengthen expert networks.

To minimise the environmental footprint of printed communications materials, the Group has determined new rules for sustainable printing, giving priority to eco-responsible production channels with respect to forestry management (whereby pulp supplies can be traced), and for the management of hazardous waste used at the point of printing (e.g. inks and solvents).

Each business area is working to raise awareness among staff about eco-friendly behaviour.

Bouygues Construction implements various programmes to train and raise awareness among employees in terms of protecting the environment, providing general training at Group-wide level and modules with a greater focus on operational issues at the subsidiary level. The "Ulysse" module, part of the management training programme at Bouygues Construction University, includes two days devoted entirely to sustainable development issues, and the training offered by Bouygues Construction University to all sustainable development officers is also entirely devoted to these issues. Environmental protection is also covered in several training programmes for the professions most concerned: the "Campus Commerce" course for sales staff, the "Pericles" module for large-scale project managers as well as modules relating to sustainable construction and the city of the future for the property development activity. Other expert training is available on the themes of carbon, extra-financial reporting, life-cycle analysis (LCA) etc. In addition, 15-minute QSE training sessions for site workers, which regularly deal with specific issues such as waste and resources, are held in operational units.

The requirements of the environmental certification schemes for **Colas'** sites, especially ISO 14001, include the assessment and, where relevant, the introduction of environmental training for personnel, especially new recruits, and the provision of information to external partners (section 4.4.2 of ISO 14001). Training and information initiatives take different forms depending on country, subsidiary and business area.

All contributors to **TF1's** CSR process meet each year to refresh their knowledge and gain a combined overview of the roadmaps set out by the CSR Committee. TF1 is a founding partner of the Nicolas Hulot Foundation, and each year it distributes its communications material internally, consisting of the "Green guide", a newspaper and communication campaigns.

Specific training is given by **Bouygues Telecom's** sustainable development unit to assist in the application of waste management, eco-design and ICPE regulations. In 2013, eco-design took pride of place at the two main administrative sites, where eco-designers were able to present their projects. There was also a brainstorming workshop on the eco-design features of the home gateways. The scope of awareness-raising as regards staff concerned by sustainable development was broadened out to include B2B sales staff, in the form of a policy enabling the co-construction of responsible services that can then be marketed to customers.

3.3.1.3 RESOURCES DEVOTED TO ENVIRONMENTAL RISK PREVENTION AND POLLUTION CONTROL

See chapter 4 "Risk Factors", sections on "Compliance risks", "Environmental and industrial risks" and "Operational risks".

Bouygues Construction

Indicator	Scope (entity or regional)	Coverage	2013	2012	Remarks
Worksites with Ecosite label (a)	Global	97% of Bouygues Construction's consolidated sales	**68%**	79%	In 2013, the scope of reporting was extended to include the subsidiaries VSL and Bouygues Energies & Services (not included in the figure for 2012). The drop in the overall percentage was due partly to a slowdown in the rate of label certification at Bouygues Bâtiment International.

(a) Ecosite is an in-house environmental label for worksites.

The percentage of worksites carrying the Ecosite label is calculated by dividing the number of certified worksites by the number of those eligible. Eligibility criteria refers to duration and sales thresholds, which depend on each particular business. Bouygues Energies & Services has an extra criterion, which is acceptance of the policy by the customer.

At **Bouygues Construction,** environmental risk prevention and pollution control is conducted in line with ISO 14001 certification and Bouygues Construction's proprietary Ecosite scheme. In this environmental management system, risks are subjected to prior analysis, which provides a basis for procedures by which units can address the environmental issues relating to their particular activity. Environmental officers ensure these procedures are implemented all the way down to worksite level. The Sustainable Construction skills centre at Bouygues Construction, in partnership with the CSTB, the French building technology research centre, has developed a life-cycle analysis application called Elodie®. The application gives teams an overview of all environmental impacts (upstream and downstream of worksites) arising from use of a product or process, ensuring that fuller consideration is given to the environmental issues.

During the construction phase, **Bouygues Immobilier** applies environmental risk prevention to its operations through its clean worksite charter. This is systematic for commercial property developments and is being phased in for residential programmes too. The procedure involves the appointment, before work begins and at the building contractor's expense, of an environmental coordinator. Present throughout the project in order to limit environmental risks, the role of these coordinators 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 the coordinator's contact person.

Operating permits for classified installations generally include stringent environmental requirements, regardless of country (OECD or otherwise). ISO 14001, which enforces compliance in this area, gives **Colas** robust assurance that this is the case (see section 3.3.1.1). Compliance with administrative requirements is also incorporated into the checklists used by Colas. These requirements are taken into account on non-certified sites via an annual self-assessment procedure. Lastly, a system of cross-subsidiary audits, encompassing Belgium, mainland France and Switzerland, through which several sites are reviewed each year by internal auditors, is used to assess installations and reinforce prevention. An average of 100 sites (some 15% of sites in this zone) are audited every year.

The activities operated by **TF1** do not necessitate the implementation of resources for preventing environmental and pollution-related risks.

Bouygues Telecom has produced a mapping of social and environmental risks, and this has been correlated with the company's guide laying out its duties with regard to environmental risks. It is updated annually based on an assessment of this guide's application, taking into account new regulations. The company has introduced measures for managing electrical and electronic equipment, which includes mobile handsets and telecommunications equipment, and applies rules governing classified installations under environmental protection regulations.

3.3.1.4 AMOUNTS OF PROVISIONS AND GUARANTEES SET ASIDE FOR ENVIRONMENTAL RISKS, UNLESS INFORMATION IS LIKELY TO CAUSE SERIOUS PREJUDICE TO THE COMPANY IN AN EXISTING DISPUTE

In the normal course of its business, **Bouygues Construction** is exposed to direct pollution risks, which are both limited in nature and strictly controlled. As such, provisions for environmental risks are not significant.

Pollution risk is included in **Bouygues Immobilier's** major-risk map. Land purchasing procedures provide for preliminary soil testing. Obtaining a report certifying the absence of any soil or sub-soil 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.

Colas sets aside a provision for the cost of decontaminating polluted sites and soil where amounts are defined by an independent audit and a date for the site's rehabilitation has been set (e.g. with the competent authority) or is known (e.g. through the expiry date of a lease).

With regard to financial guarantees and provisions for rehabilitation, many sites around the world, especially quarries, are subject to a rehabilitation requirement when production ceases and generate provisions for operating risks. Such guarantees give rise to several types of instrument (securities, insurance, escrow accounts, provisions, etc.) depending on national legislation. The amount of provisions corresponding to site rehabilitation obligations totalled €153m at 31 December 2013 (see chapter 4 "Risk Factors", section 4.1.3.5 "Industrial and environmental risks"). There has been no indication to date that these arrangements have been insufficient, either in connection with internal or external audits, or as a result of accidents.

There are no business-related environmental risks at **TF1** and **Bouygues Telecom** that would warrant the constitution of provisions.

3.3.2 Pollution and waste management

3.3.2.1 MEASURES FOR PREVENTING, REDUCING AND RECTIFYING VERY ENVIRONMENTALLY HARMFUL AIR, WATER AND SOIL POLLUTION

External certifications (e.g. ISO 14001) and in-house standards (Ecosite label and the Colas checklist) are the main resources available to the **Bouygues group's** operating units for limiting the impacts of its activities, especially all forms of pollution (waste along with air, water or soil pollution). In addition, Bouygues and its business areas promote high environmental quality benchmarks to customers with a view to curbing such pollution.

At **Bouygues Construction,** action to reduce environmental impacts is covered by the ISO 14001 management system. This is reinforced by Ecosite, most notably through the "hazardous materials", "air" and "bodies of water" standards, each of which lays down minimum requirements with which to comply.

Worksite-related environmental standards are supplemented by specific preventive measures and equipment requirements for site accommodation. Lastly, within each entity, emergency procedures exist in the event of pollution incidents that put in place the appropriate remedial action. In addition, a database keeps a list of hazardous materials and the associated preventive measures, as approved by the occupational health expert. Bouygues Construction is also involved in several R&D projects investigating ways in which to limit wastewater pollution in operations. For example, a phytoremediation process is undergoing experiments, and a process for neutralising the effects of road salts is being studied.

Bouygues Immobilier's commitment is chiefly based on the HQE® (High Environmental Quality), LEED® and BREEAM® certifications:

- in the design phase: HQE® aims to improve the environmental quality of new and existing buildings,
- in the construction phase: an HQE® worksite must ensure that all types of pollution (air, water or soil) are curbed.

The implementation of the Clean Worksite charter helps to guard against and reduce air, water and soil pollution (see section 3.3.1.3). For its office developments, Bouygues Immobilier uses LEED® and BREEAM®, which have a separate Pollution and Emissions category for air, water and soil pollution caused by a building throughout its lifecycle.

At **Colas,** the basic documentation for all environmentally certified sites contains an environmental analysis report, monitoring charts and prevention plans (especially for pollution management, where this is identified as a significant issue). These documents are assessed during reviews by management, which analyse improvements in environmental performance and control of impacts. No accident with a serious effect on the environment occurred during the year under review.

In its guidelines to maintenance service providers, **TF1** bans the use of substances that are harmful to the environment.

In the context of classified installation reporting requirements for its office buildings, **Bouygues Telecom** regularly ensures that it complies with requirements relating to air-conditioning systems and generators. Under the HQE® initiative, Bouygues Telecom monitors air quality in its office buildings. No plant protection products are used in the upkeep of grounds on its sites.

3.3.2.2 MEASURES FOR THE PREVENTION, RECYCLING AND ELIMINATION OF WASTE

As major producers and users of building materials, the construction businesses of the Bouygues group operate reclaiming and recycling policies along with an eco-design policy aiming to manage this whole issue throughout the life cycle of products, and to optimise the use of building materials. The media and telecoms businesses produce waste electrical and electronic equipment (WEEE) and take appropriate action to collect and reuse these goods.

In France, the Bouygues group as a whole has improved the processing of its waste electrical and electronic equipment (CPUs, laptops, screens, printers and servers) by outsourcing the entire task to ATF Gaia, a disability-friendly company, since 2010. Since the start of the contract, this initiative has collected 58,314 items of equipment (including 14,907 between October 2012 and September 2013). In total, 38% of the 526 tonnes of collected waste equipment was destroyed and 62% reused. In environmental terms, this has saved on 7,092 tonnes of CO_2 equivalent and 21.5 million of litres of water since 2010.

Bouygues Construction

Indicator	Scope (entity or regional)	Coverage	2013	2012	Remarks
Percentage of non-hazardous waste recycled	Global	97% of Bouygues Construction's consolidated sales	**89%**	67%	This indicator tends to fluctuate on account of the vast differences in the volume of inert waste between projects.

Measures for the prevention, recycling and elimination of waste are handled by **Bouygues Construction** through its Ecosite policy.

Bouygues Construction has also set up a Waste committee that brings together experts from all entities with a view to designing a comprehensive strategy for waste recycling.

Additionally, schemes for reducing worksite waste, especially in civil works, have been put in place. Excavated debris is reused for making concrete, fill or for environmental site rehabilitation. These new procedures can reduce the volume of spoil produced on a worksite by as much as 95%.

For residential developments that are HQE® certified and for all of **Bouygues Immobilier's** commercial property developments, the Clean Worksite charter makes waste recycling mandatory, notably with the help of a waste management plan.

Colas

Indicator	Scope (activity or region)	Coverage	2013	2012
Recycled materials in relation to the volume of aggregates produced	All activities worldwide	100%	**13%**	12%
Recycling rate of asphalt mixes in order to recover bitumen	Materials production activities worldwide	100%	**14%**	13%
Pavement recycled in-place *(million m²)*	Works activities worldwide	100%	**5** (a)	10
Waste oil recovery rate	All activities worldwide	100%	**70%**	65%

(a) The surface area of pavement recycled in-place declined in 2013. However, this was due solely to a reporting error *last year.*

Colas, a major producer and a significant user of building materials, has introduced a "recycled materials" indicator. It measures Colas' efforts in transforming waste into building materials. Recycling helps to reduce the extraction of aggregates (and hence the opening of new quarries) and the amount of landfill. In 2013, Colas recovered and recycled more than 11 million tonnes of materials, representing 13% of its total aggregate production, equivalent to the average output from 33 Colas quarries - 3 more than in 2012. The tonnage of recycled materials and aggregates production both increased by 5%. As such, the ratio was more or less stable.

There are three benefits to recycling asphalt mixes:

- lower power consumption and a reduction in greenhouse-gas emissions,
- reduction in wastage by recycling a non-renewable raw material, and reuse of bitumen and aggregates,
- savings for the customer (often from the public sector), who can obtain the same high-performance roadways as before but at a lower cost.

To measure its waste management performance, Colas has introduced a specific indicator to track the management and elimination of waste oil arising from the activities of all its subsidiaries and lines of business. Waste oil is regulated as hazardous waste in most countries and is the main hazardous material generated by Colas' activities. The indicator calculates the ratio of waste oil (hydraulic and engine lubricating oil) that is recovered, by an official certified channel or reused responsibly, to the total amount of oil purchased. The optimum level is assumed to be around 80%, taking into account oil consumption and combustion by plant and vehicles. Colas obtained a ratio of 70% in 2013, which was slightly higher than in previous years, amid steady improvements in the reliability of the indicator. ISO 14001 certifications and annual self-assessments using checklists take account of all waste management.

Since July 2013, **TF1** has changed the way in which it manages waste produced. Each item of waste has its own waste-tracking document. Waste produced fell sharply to 611 tonnes in 2013 compared with 965 tonnes in 2012.

Bouygues Telecom

Indicator	Scope (activity or region)	Coverage	2013	2012	Remarks
Handsets collected for recycling *(number of handsets)*	France	100% of Bouygues Telecom's consolidated sales	212,131	177,964	
■ from customers (Club Bouygues Telecom stores, general public and business customers on the internet, employees)			172,810	142,812	The increase was attributable to the success of top-up operations on take-back prices, for customers buying a new handset.
■ through the after-sales service			39,321	35,152	The figure for 2012, published in the 2012 Registration Document (26,612), has been revised to 35,152 following improvements in the reliability of the indicator's calculation method in 2013.

Recycling used electrical and electronic equipment is a major challenge facing **Bouygues Telecom.** Reuse is given priority whenever possible, thus lengthening the useful lives of products and equipment. Bouygues Telecom has introduced procedures for controlling channels for recycling telecommunications hardware, by which equipment that has reached the end of its useful life can be put to the best possible use. Bouygues Telecom offers customers a handset recovery service through its stores, on its website and on the B&YOU website. Such handsets are either resold or recycled. After collection, handsets are sorted, tested and wiped of personal data by social enterprises. Handsets not in working order are recycled by specialists. The rest are repackaged and sold on.

3.3.2.3 DEALING WITH NOISE AND ANY OTHER TYPE OF POLLUTION ARISING FROM A BUSINESS ACTIVITY

Since 2007, the **Bouygues group** has stepped up its dialogue with local residents and taken remedial measures wherever possible (see section 3.4.2).

One of the standards of **Bouygues Construction's** Ecosite initiative specifically addresses the question of noise and the management of noise pollution in consultation with project stakeholders. The standards set out the company's core responsibilities, e.g. liaising with authorities in connection with particularly noisy phases of works, keeping local residents informed and taking appropriate precautions. Bouygues Construction has set up an "Acoustics and vibrations" skills centre, comprising in-house experts active in different operating units, to come up with appropriate measures, which include high-performance acoustic walls and neighbourhood noise barriers.

Bouygues Immobilier checks noise levels on sites covered by the Clean Worksite charter (all commercial property developments and HQE® certified residential programmes). Where necessary, remedial measures can be taken to reduce disturbances resulting from excessive noise or vibrations.

At **Colas,** acceptance of productions sites by local residents is an increasingly sensitive issue worldwide. Disturbances (from smells, dust, traffic and noise) and impacts on the environment and health are particular concerns. Colas group has introduced action plans in two areas:

- exemplary behaviour of production sites: each site has a duty to go beyond mere compliance with the regulations. The preferred way of achieving this outcome is through environmental certification, such as ISO 14001. 1,700 Colas sites and plants around the world conduct an annual assessment of their progress (see section 3.3.1.1);
- initiating dialogue with local residents and authorities: a special indicator is used to assess the extent of dialogue with local residents and authorities.

Colas is developing products that reduce noise pollution resulting from road traffic, including fractal noise barriers and, above all, low-noise road surfaces (Nanosoft®, Rugosoft® or similar products) that cut vehicle noise by as much as 9 decibels. A total of 794,500 m² was laid during 2013. This range of products is the result of Colas' unrelenting efforts in the field of R&D , for which it has won several awards over the years.

Regarding electromagnetic waves and broadcast antenna on the roof of the main **TF1** building in Boulogne-Billancourt, near Paris, measures taken prove that authorised limits have not been exceeded. No anomalies were detected with regard to mobile antenna.

Bouygues Telecom's technical facilities do not produce noise pollution and comply with radiofrequency regulations. A safety perimeter is set up for all of Bouygues Telecom's radioelectric stations, ensuring compliance beyond the perimeter with the exposure limits defined by the decree of 3 May 2002. In 2013, these arrangements were overhauled to conform to 4G (LTE), and with a view to optimising the dimensions and the shape of the safety perimeter. Internal and external inspections are carried out, along with electromagnetic field measurements close to technical facilities.

3.3.3 Using resources sustainably

3.3.3.1 WATER CONSUMPTION AND SUPPLY IN ACCORDANCE WITH LOCAL CONDITIONS

In 2013, the **Group** took steps to calculate its "water footprint" and introduced a new indicator, "Total water consumption". This figure corresponds to the consumption of each business area, except Colas.

Each business area provides the total volume of water used by units operated by entities (e.g. headquarters and worksite living quarters) and worksites, both in France and abroad. In each business area, water management is tailored to local contexts. Due to the high number of projects in place (close to 110,000), their features (temporary and small-scale) and the nature of water consumption (immaterial and governed by technical norms), Colas has no plans to instigate measuring on a global scale.

Water consumption: Group indicator

	Scope (activity or region)	Coverage	2013
Total water consumption *(millions of m³)*			
Bouygues Construction	Global	97% of Bouygues Construction's consolidated sales	4
Bouygues Immobilier	Galeo and O'Mallet administrative sites (Issy-les-Moulineaux)	25% of Bouygues Immobilier's[a] consolidated sales	0.003
Colas			
TF1	Head offices of the TF1 group	87% of TF1 group's consolidated sales	0.06
Bouygues Telecom	France (excluding branches, RCBT administrative HQ until 30 June 2013 and excluding Club Bouygues Telecom stores)	77% of Bouygues Telecom's consolidated sales	0.06
GROUP TOTAL (EXCLUDING COLAS)			**4.12**

(a) An effective data collection procedure for the entire scope of Bouygues Immobilier is not yet up and running.

Bouygues Construction

Indicator	Scope (activity or region)	Coverage	2013	2012	Remarks
Water consumption of worksites *(millions of m³)*	Global	97% of Bouygues Construction's consolidated sales	3.8	3.4	Although Bouygues Construction's overall activity increased in 2013, the company kept water consumption stable in relation to 2012.

Bouygues Construction's activities have a dual impact on water resources:

- Water used on worksites during the building phase

  One of the 11 Ecosite standards addresses the issue of resource management, including water. Recommended actions in this respect include reporting leaks, controlled watering and water-supply control boxes.
- Controlling customers' water consumption, in both the design phase (decision) and operation (outcomes). Environmental certifications on buildings built by Bouygues Construction (awarded to 58% of the order intake) systematically contain water consumption targets. Innovations introduced in these structures aim to reduce the amount of water needed for operation, to manage water consumption and to recover rainwater.

An initial background assessment on water consumption and supply, depending on water-stress levels, will be conducted in 2014.

Water management is a major concern for **Bouygues Immobilier** when designing and building its programmes. Residential and commercial programmes with HQE® certification must deal with this issue. Some programmes make provision for recovery and storage of rainwater, which is then used to irrigate grounds and/or green roofs, as in the Ginko eco-neighbourhood in Bordeaux.

The issue of water use varies in importance from one part of the world to another and is covered by ISO 14001 criteria. In the drought-prone regions where **Colas** operates (southern Africa, Algeria, Australia, California, Chile, Djibouti, Egypt, India, Indonesia, Madagascar, Morocco, New Caledonia and Tunisia), a survey was conducted with regard to the subsidiaries concerned. The initial estimate of water consumption in these regions stands at some 0.5m litres annually. In each case, pressure on local water resources is therefore very low (under 1%). Action plans are being implemented for limiting all kinds of wastage in sensitive areas and for promoting recirculation and recycling. Colas is furthermore implementing a strict policy for protecting surface and ground water from pollution arising at production sites or due to maintenance. This policy meets the demanding criteria set forth by Colas checklists. As a result, close to 30% of sales before intercompany eliminations, relating to materials production worldwide, complies with these requirements in their entirety. Technology marketed by Dust-A-Side, a South African company specialising in the maintenance of mining trails, with operations from Chile to Australia, makes it possible to save 80% more water than using conventional dust-control and trail-maintenance techniques.

TF1 and **Bouygues Telecom** have little direct impact on water consumption. The issue is covered under the HQE® Operation certification in their administrative sites.

3.3.3.2 USE OF RAW MATERIALS AND MEASURES TO IMPROVE EFFICIENCY

Given the scale of its construction businesses, the **Bouygues group** is a major user of raw materials. Bearing in mind the consequences of its business activities on the environment, it employs recycling and eco-design procedures and devotes a substantial portion of construction-related R&D to the issue.

On the subject of paper usage, Bouygues participated last year in the second edition of the "PAP50 Entreprises" survey, wherein the WWF (France) and Riposte Verte assess the paper policies of 50 leading companies situated in France. The Group obtained a score of 63 points out of a possible 100 (vs. 43 in 2010). It thus gained four places to come tenth in the rankings.

At **Bouygues Construction,** raw materials consumption is for the time being not tracked by indicators at the level of the Bouygues Construction group of companies. The issue is considered from a qualitative standpoint by teams at Bouygues Construction, particularly in project design phase, and through tracking carbon footprints (see section 3.3.4.1).

On this issue, **Bouygues Construction** is working in three main areas:

- Optimising concrete volumes

  Bouygues Construction is playing an active role in the nationwide "Recybeton" project and sits on its executive committee. This R&D project aims to promote the reuse of all products recovered from concrete rubble. Recycled aggregates are used extensively in roadworks, and investigations into concrete recycling are in progress. Bouygues Construction is also looking into ways of recycling hydraulic materials recovered from crushing for use as the raw material in the production of hydraulic binders. Besides contributing funding, Bouygues Construction has made its in-house resources available for the project (for further information, see www.pnrecybeton.fr).

  In order to limit the use of concrete, it is looking at alternative construction methods via several R&D projects (example: "Panobloc®", in conjunction with the award-winning SME Techniwood) and has bolstered its timber skills centre. The company has now completed more than 60 new-build and rehabilitation projects involving timber construction.

- Eco-design

  Bouygues Construction has been working on eco-design since 2007, and, since 2009, on lifecycle analysis (LCA), in partnership with the CSTB, the French building technology research centre. This work has brought improvements to Elodie®, the building lifecycle analysis application developed by the CSTB. Using LCA, Bouygues Construction can evaluate a project's environmental impacts from design to demolition.

  Bouygues Construction is also part of Benefis, a public research project into building lifecycle analysis overseen by the CSTB. Benefis will help to improve existing building lifecycle management methodologies and software.

  In its dealings with customers, Bouygues Construction factors LCA into various bids. To improve organisation, a specially trained LCA liaison officer has been appointed in each building subsidiary. Bouygues Construction is also creating a database of eco-friendly building products, called Polygreen, which lists construction products according to technical, economic, health & safety and environmental criteria. Building information modelling (BIM) makes it possible to study the environmental impact of different building designs from the outset.

- Reducing the use of raw materials

  Bouygues Construction has initiated several R&D projects for optimising all available solutions with a view to limiting external-material inputs in projects (e.g. treating poor-quality soil by adding binders so that it can be used as fill).

Colas

Indicator	Scope (activity or region)	Coverage	2013	2012
Volume of recycled materials *(millions of tonnes)*	All activities worldwide	100%	**11.2**	9.8
Volume of aggregates from recycled pavement *(millions of tonnes)*	Materials production activities worldwide	100%	**5**	4.9

Colas takes a number of measures to reduce the use of raw materials, by optimising and maximising the recycling of all types of debris, rubble and inert waste from construction activities, and reducing landfill needs and the consumption of new materials. Consequently, Colas has drawn up indicators that count the volume of materials actually recycled in its industrial processes and compare the findings with the amount of new materials it produces, rather than merely counting outgoing waste flows (see section 3.3.2.2) or the recycled materials that it consumes. New products developed by Colas laboratories use eco-design procedures that aim to minimise the use of new raw materials, especially non-renewables (see section 3.3.2.2).

Colas has long been a driving force in the design and marketing to customers of eco-friendly alternatives (chiefly by resizing structures to reduce the amount of materials used), and the development of eco-comparing tools for assessing alternatives. These efforts have been instrumental in the production of Seve®, an eco-comparing software tool used by the roads industry in France that includes a materials saving indicator. Colas played a key role in developing the application and making it available to the industry and to customers. Eco-friendly alternatives offer better energy efficiency and lower greenhouse gas emissions than baseline solutions.

Thus, Colas measures savings of raw materials rather than tracking total consumption. Interpreting total consumption data can be complex because some figures rise in line with sales while others fall according to market trends, e.g. bitumen consumption, the shift towards service and maintenance activities, or expansion into new activities:

- The increase in the production of recycled materials tracks the rise in aggregates production, without an improvement in the ratio between the two (see section 3.3.2.2).
- Conversely, the decline in tonnage representing recycled asphalt mixes is far less steep than the drop in the total production of asphalt mixes, leading to a continued rise in the rate of recycling (see heading 3.3.2.2).

Initiatives to reduce the use of raw materials are part of a wider-ranging policy to optimise construction costs.

Bouygues Immobilier is also working with the CSTB to optimise eco-design in property development projects.

At **TF1,** paper consumption is a key consideration with regard to the environmental footprint of its Metronews subsidiary. In the period under review, printing the newspaper required 7,625 tonnes of paper, equating to a monthly average of 635 tonnes. Usage is monitored to optimise both the volume of paper consumed and distances between print works and distribution points.

Besides its home gateways, **Bouygues Telecom** uses eco-design procedures in various production processes. Such a procedure was implemented for accessory packaging in 2013, within the Club Bouygues Telecom store network. A 35% reduction in CO_2 emissions resulting from back-office packaging was observed. In its sales and marketing literature, Bouygues Telecom has for several years operated a policy for optimising paper consumption.

3.3.3.3 ENERGY CONSUMPTION, MEASURES TO IMPROVE ENERGY EFFICIENCY AND USE OF RENEWABLE ENERGY SOURCES

In France, 2013 was marked by a wide-ranging debate on the topic of energy transition in which the **Bouygues group** took part by making proposals and contributing its expertise in terms of active and passive energy efficiency in buildings and the operation of buildings with performance guarantees. To meet these challenges, the Group has implemented various initiatives:

- In 2011, Alstom and Bouygues, through its subsidiaries Bouygues Immobilier and Bouygues Energies & Services, founded Embix, a company that provides energy management services for eco-neighbourhoods.
- A Group-wide energy purchasing committee, founded in 2011, on which sit representatives of all business areas plus Alstom, is improving energy sourcing procedures. The committee promotes energy efficiency initiatives, such as energy saving certificates and energy management systems that comply with the ISO 50001 standard, and the use of renewable energy sources and demand response measures. Tangible results were achieved by the business areas in 2013, namely contract pooling, consolidation of energy bills and the roll-out of solutions with energy-saving certificates.
- The Group limits the amount of power consumed by its IT resources and develops those usages which result in a reduction in the environmental footprint. For example, the Group-wide Green IT committee, set up in 2011, aims to facilitate the sharing of best practices. In 2013, the committee tracked three indicators that are available on the corporate website www.bouygues.com ("Corporate Social Responsibility", "Green IT" (1) section, "Interview with Henri de Chazournes"):
  - the percentage of workstations that have an eco-label;
  - the video conferencing utilisation rate;
  - PUE (power usage effectiveness), which allows for a swift assessment of a data centre's energy efficiency.

  In addition, every Group business area is promoting electronic data interchange and the pooling of IT resources through virtualisation and cloud usage.

(1) Green IT aims to reduce the environmental footprint of information and communication technologies (ICTs). It offers a way of taking the energy requirements and energy costs of ICT equipment into consideration, including both the equipment itself and how it is used.

Electricity consumption: Group indicators

Business area	Scope (activity or region)	Coverage	2013
Total electricity consumption *(in GWh)*			
Bouygues Construction	Global	97% of Bouygues Construction's consolidated sales	389.1
Bouygues Immobilier	France (excluding subsidiaries)	90% of Bouygues Immobilier's consolidated sales	3.4
Colas			
TF1	Head offices of the TF1 group	87% of TF1 group's consolidated sales	29.8
Bouygues Telecom	France (excluding branches, RCBT administrative HQ until 30 June 2013 and excluding Club Bouygues Telecom stores)	77% of Bouygues Telecom's consolidated sales	426.5
GROUP TOTAL (EXCLUDING COLAS)			**848.8**

Bouygues Construction

Indicator	Scope (activity or region)	Coverage	2013	2012	Remarks
Thermal energy consumption *(in GWh)*	Global	97% of Bouygues Construction's consolidated sales	326	1,127	In this indicator are included consumption of gas and fuel oil, both on worksites and in entity-operated buildings. The sizeable difference between 2012 and 2013 is due to exceptionally high consumption in 2012 stemming from construction work at the Marseille Vélodrome Stadium, where fuel oil-fired generators were used to ensure safety during matches.
Electrical energy consumption *(in GWh)*	Global	97% of Bouygues Construction's consolidated sales	389	525	In this indicator is included consumption of electricity, both on worksites and in entity-operated buildings. Data collection relating to this indicator was made more reliable in 2013, leading to the correction of an incorrect figure in 2012. This accounts for the variation between the two years.

Bouygues Construction has made energy performance a key aspect of its sustainable construction strategy, and a rising number of its projects carry energy performance commitments (60 in 2013).

- Design: performance commitments

  By promoting environmental certifications, Bouygues Construction rolls out high-performance solutions to reduce and manage energy consumption, with increasing use of renewable energy sources. In 2013, Bouygues Entreprises France-Europe launched a residential property rehabilitation offer, called *Réavenir,* which has three commitments – one of which is reducing collective and individual energy bills. Under the PPP contract for the future headquarters of the French Ministry of Defence, Bouygues Construction is making a 27– year pledge on energy performance applying to usage that exceeds the standards of current thermal regulations. In addition, Bouygues Construction in 2013 delivered one of the first positive-energy secondary school buildings (the Clisson school, near Nantes), which combines timber with concrete.

  This energy performance strategy is also being applied on the scale of a neighbourhood or a whole town. For example, the company has taken part in the creation of IssyGrid® (in Issy-les-Moulineaux) and has developed the Citybox® (an innovation that allows for an improved energy performance of public lighting system as well as offering new services), which has been implemented in five cities in France.

- Construction: applying Ecosite scheme

  One of the 11 Ecosite standards concerns worksite consumption. This standard takes account of various aspects of electricity and fuel consumption.

- Operation: controlling final energy consumption

  To keep control of consumption, it is important to factor in building usage, operation and maintenance from the design stage. Many initiatives have been taken to help customers make sustainable use of the buildings handed over. Here are some examples:

  - Hypervision®: a software application that tracks and manages the energy performance of buildings in use. This has been implemented in several buildings in France. Deployment outside France began last year.
  - Green Office® Meudon: the first positive-energy office building in France, incorporating an energy-performance contract.
  - Energy-Pass®: a cost-control application that measures heating, hot water and electricity consumption, guarantees a building's real energy performance and raises awareness amongst users.

- Research and development

  R&D programmes aim to reduce consumption in new and renovated buildings through the use of diagnostic, design and measurement tools that lay the foundation for a genuine commitment to energy performance. Bouygues Construction is working on solutions for alternative energy production (e.g. the use of renewable sources), energy pooling and energy storage at building and neighbourhood level.

  Bouygues Construction also studies the usage of existing buildings. The Chair in Sustainable Construction and Innovation fosters research into occupier behaviour patterns in order to find ways of managing energy consumption more efficiently, as well as multi-criteria management models that help to optimise usage, costs and the related CO_2 emissions.

  Lastly, Bouygues Construction has plans to build a "heating-free building" prototype in France. This will be insulated in such a way that the premises will not require a heating installation, which goes one better than passive buildings.

At **Bouygues Immobilier,** in the area of energy consumption:

- Positive-energy certification: in anticipation of 2020 Responsible Building regulations in France, Bouygues Immobilier's goal is to design buildings whose net energy consumption is zero, through the production of power from renewable sources and exemplary levels of energy efficiency. In the commercial property segment, Green Office® Meudon completed its first year of positive-energy operation at the end of 2012. Bouygues Immobilier has a target according to which, by 2015, 20% of its total delivered surface area with regard to commercial property will be Green Office®;
- Rehabilitation: in 2009, Bouygues Immobilier launched the Rehagreen® scheme for commercial property. Based on a comprehensive multicriteria assessment of the building, this scheme rehabilitates existing buildings and, at the same time, improves their environmental performance. Bouygues Immobilier has pledged to ensure that 30% of the surface area of its commercial property handovers is covered by Rehagreen®;
- Energy efficiency:
  - Energy consumption is a core issue in the design of new sustainable neighbourhoods. The full range of operational technologies is used to optimise energy performance;
  - Bouygues Immobilier has introduced Energy Performance Contracts (EPC), which guarantee a building's energy-efficiency credentials in the long term. These contracts commit the operator and tenant to a specific amount of charges, calculated according to the building's energy balance. Initially used by local authorities to manage the energy consumption of public buildings, EPCs are now being extended to the private sector. Bouygues Immobilier has made them part of its Green Office® programmes.
- Smart grids mark the next step towards greater urban energy efficiency. Intelligent urban networks or smart grids involve the use of cutting-edge information technology to manage and optimise electricity production and distribution at district level. Located in the Seine Ouest business district in Issy-les-Moulineaux, near Paris, IssyGrid® is France's first district smart grid.

Colas

Indicator	Scope (activity or region)	Coverage	2013	2012
Energy used per tonne of asphalt mix produced *(KWh per tonne)*	Asphalt mix production activities worldwide	100%	75	76
Percentage of warm asphalt mixes produced in hot-asphalt plants	Asphalt mix production activities worldwide	100%	16%	13%

In 2012, **Colas** launched a programme called cLEANergie to measure and generate energy savings throughout its group of companies. Research carried out in this context revealed that three-quarters of Colas' direct energy use is divided more or less evenly between burners at asphalt plants and consumption by plant and vehicles. In 2013, Colas introduced an upgrade to its data collection systems. This data collection will be effective as from 2014, with steady improvements in reliability planned for 2015, at which point data will also be auditable. An initial estimate for the consumption budget is around €600m.

Colas systematically measures fuel use by burners at asphalt mixing plants in around 500 installations. Besides eco-friendly alternatives (see section 3.3.3.2), the following techniques are used to achieve indirect energy savings:

- warm asphalt mixes, which save some 15% in production-related energy relative to hot mixes. Warm asphalt mixes made by Colas accounted for 16% of total output in 2013, up by 3 points versus 2012;
- use of recycled materials, especially reclaimed asphalt (planed materials from old road pavement), which saves on bitumen, aggregates and haulage as well as generating production gains. This leads to energy savings, if the entire lifecycle is taken into account (see section 3.3.2.2);
- in-place recycling of pavement, which also saves on energy as well as materials and haulage costs (see sections 3.3.2.2 and 3.3.3.2).

Colas is also working in two other areas:

- measurement tools: electricity accounts for only a small proportion of the total energy footprint. Energy efficiency also implies measuring fossil fuel consumption. While it is relatively simple to monitor burner consumption at asphalt plants, it is much more complicated to monitor the consumption of the 65,000-plus items of plant and vehicles used on 1,700 production sites and works centres. With this in mind, Colas is fitting plant and vehicles with consumption-monitoring systems. The number fitted out rose two-fold between 2012 and 2013, from 2,000 to over 4,000;

- involving employees: Colas has set a target for vehicle drivers and plant operators to reduce fuel consumption by 20% through eco-driving techniques and by encouraging drivers not to leave engines idling. An eco-driving module is included in all continuous training programmes offered to drivers. In addition, drivers of trucks and plant operators attend specific courses.

Colas also uses rail or waterway transport for its own needs. However, since the real scope for any transfer between transport modes is limited, its priority is to improve the environmental performance of each one, applying a policy of technical innovation that favours a balanced, multi-modal approach. The volume of materials transported by rail or on waterways avoids placing 370,000 30t trucks into circulation. The cLEANergie programme also has a great deal of support at work sites and production sites, with a growing range of initiatives and efficiency indicators.

An energy-efficiency policy has been in place for several years at **Bouygues Telecom** based on three principles:

- curbing energy consumption by administrative sites, base stations and data centres;
- implementation of energy management systems. Three sites to date have been awarded ISO 50001 certification for their energy management systems;
- energy optimisation of products. Bouygues Telecom is a partner in IssyGrid® (near Paris), for which it supplies equipment used for managing home power consumption. In July 2013, Bouygues Telecom unveiled B.Domo, an application that will be part of the home-automation suite of services in a new building in Cachan, near Paris. B.Domo tracks power consumption in real time and can be used for controlling heating remotely.

3.3.3.4 LAND USE

Bouygues Construction's earthworks and civil works activities are those most concerned by land management and use. R&D programmes on soil treatment and the reuse of soil on site are used to reduce impacts caused by pollution and digging. Research and trials relating to soil reinforcement, especially on river banks (in partnership with BASF), have also been carried out.

Widespread soil decontamination reduces waste and avoids using new replacement materials.

An increasing number of major infrastructure projects include biodiversity requirements that define measures to be taken to avoid damage to local wildlife and plants.

Bouygues Construction has started several initiatives on responsible land use, most notably under the auspices of its property development subsidiary, Sodearif, which takes part in the multi-disciplinary property development forum Urban Land Institute (ULI), whose mission is *"to provide leadership in the intelligent and responsible use of land whilst protecting biodiversity"*.

Bouygues Bâtiment Ile-de-France has developed two products that address the challenge, using high-rise buildings to increase density: a university hall of residence and Totem (a mixed-use tower block containing offices and other types of premises). Operating unit Brézillon won the Rhéa 2 competition set by the *"Plan Urbanisme Construction Architecture"* for its project rehabilitating 19th century apartment buildings through elevation techniques (creating timber lofts).

Bouygues Immobilier conducts field surveys ahead of operations to determine soil type and ensure the absence of the following:

- waste,
- the storage of chemical or radioactive substances,
- pollution that could result from current or past operations or from a nearby installation subject to authorisation,
- dumped or buried waste or any substance that could be hazardous or detrimental to human health or the environment.

The presence of any form of soil or subsoil pollution can lead to the cancellation of land purchase contracts. An exemption may only be granted upon prior authorisation of the vetting committee.

Colas chiefly operates on existing road surfaces, which it either maintains or modifies. New infrastructure accounts for a relatively small share of sales (estimated at less than 10%), and Colas often does not have control over land because it is provided by the customer, even in the context of concessions or PPPs. As such, Colas has no direct impact on land use, since ownership of the land remains in the hands of the project owner. All quarries and gravel pits are rehabilitated at the end of their productive life and many are redeveloped as work progresses, before production ceases.

Bouygues Telecom, in partnership with other operators, plays an active part in network-sharing programmes in sparsely populated areas. This makes it possible to pool usage of increasingly high-performance equipment, optimise the number of base stations and share costs. It also provides for optimum quality and long-term competition on services. Another advantage is limiting the impact of base stations on the land.

3.3.4 Climate change

3.3.4.1 GREENHOUSE GAS EMISSIONS

Bouygues has identified the risks and opportunities stemming from climate change and dwindling fossil fuel resources and has framed an energy/carbon strategy. In order to measure the impacts of its activities and implement priority reduction measures, in 2012 Bouygues published its first consolidated analysis of greenhouse gas emissions.

An energy/carbon strategy committee was set up in 2007 as a forum for sharing best practices on ways of reducing CO_2 emissions and drawing up sales arguments for low-carbon products.

For the last five years, Bouygues has responded to the Carbon Disclosure Project (CDP) questionnaire, the main source of data on how businesses worldwide are addressing the challenge of climate change. In 2013, the Group joined the CDLI France index, obtaining a rating of 95B. This result recognises Bouygues' commitment in favour of climate preservation and CO_2 emissions reductions. The index takes into account efforts for saving energy and for improving production processes and internal procedures in order to achieve greater energy efficiency. For more information, visit www.cdp.net

Group indicators

Business area	Scope (activity or region)	Coverage	2013	2012
Greenhouse gas emissions, Scope 1 (Kt CO_2 eq)				
Bouygues Construction	Global	97% of Bouygues Construction's consolidated sales	139.4	205.2 [a]
Bouygues Immobilier	France (excluding subsidiaries)	90% of Bouygues Immobilier's consolidated sales	2.8	2.7
Colas	Global	100% of Colas' sales before intercompany eliminations	2,022.2	
TF1	France	87% of TF1's consolidated sales	0.3	0.2
Bouygues Telecom	France	100% of Bouygues Telecom's consolidated sales	4.9	5.7
Greenhouse gas emissions, Scope 2 (Kt CO_2 eq)				
Bouygues Construction	Global	97% of Bouygues Construction's consolidated sales	132.4	183.9
Bouygues Immobilier	France (excluding subsidiaries)	90% of Bouygues Immobilier's consolidated sales	0.7	0.7
Colas	Global	100% of Colas' sales before intercompany eliminations	109.3	
TF1	France	87% of TF1's consolidated sales	3.3	3
Bouygues Telecom	France	100% of Bouygues Telecom's consolidated sales	41.4	41.4
Greenhouse gas emissions, Scope 3 (Kt CO_2 eq)				
Bouygues Construction	Global	97% of Bouygues Construction's consolidated sales	2,751	2,994
Bouygues Immobilier	France (excluding subsidiaries)	90% of Bouygues Immobilier's consolidated sales	416.5 [b]	417 (2011 data)
Colas	Global	100% of Colas' sales before intercompany eliminations	11,532	13,000 [c]
TF1	France	87% of TF1's consolidated sales	128.2 [d]	130 (2011 data)
Bouygues Telecom	France	100% of Bouygues Telecom's consolidated sales	743 [e]	737 [e]
Carbon intensity (tonnes of CO_2 equivalent per € million of sales) [f]				
Bouygues Construction	Global	97% of Bouygues Construction's consolidated sales	285	318
Bouygues Immobilier	France (excluding subsidiaries)	90% of Bouygues Immobilier's consolidated sales	170	175
Colas	Global	100% of Colas' sales before intercompany eliminations	1,056	997
TF1	France	87% of TF1's consolidated sales	53	51
Bouygues Telecom	France	100% of Bouygues Telecom's consolidated sales	168	150
GROUP CARBON INTENSITY (TONNES OF CO_2 EQUIVALENT PER € MILLION OF SALES)			**543**	**528**
GROUP TOTAL (MT CO_2 EQ.)			**18**	**17.7**

(a) This trend resulted from a change in steel sourcing terms at VSL (direct purchasing by customers instead of by VSL, which operates only as a service provider) and increased use in projects of concrete containing "blast furnace cement" (CEM III) as opposed to Portland cement (CEM I), which has a higher carbon profile because of its higher clinker content.

(b) Only back-office emissions under Scope 3 (specifically the items: work-home commuting, business travel, plant and equipment, inputs and waste) were updated in 2013. Other primary data stem from the 2011 audit.

(c) At Colas, no distinction was made between scopes 1, 2 and 3 for two reasons:

- *data on carbon emissions factors are not differentiated by scope;*
- *the nature of Colas' operations makes it extremely difficult to distinguish between its emissions and those of its suppliers or contractors, especially given its vertical integration and questions related to subcontracting and rented road construction equipment (with or without fuel, depending on the contract). It was therefore decided that the carbon scope would include all of the emissions generated by Colas' operations and those of subcontractors.*

The distinction in terms of scope used for 2013 is an estimation provided for purposes of comparison with the group's other business areas.

(d) Only emissions relating to business travel were updated in 2013. Other primary data stem from the 2011 audit.

(e) Primary data for Bouygues Telecom's Scope 3 are those from 2011. In 2012, the emissions factors used were those provided by Ademe's Version 5. In 2013, an update to emissions factors, in accordance with Ademe's Version 7, was carried out.

(f) Carbon intensity for each business area and the Group as a whole was calculated based on consolidated sales as provided by the Group's finance department.

Over 2013, the **Bouygues group** continued assessing its carbon footprint over a scope extended to cover Scope 3 because the risks and opportunities relating to energy and climate issues are the most substantial for each business area in terms of the goods and services of their suppliers and subcontractors. This is the field in which issues are hardest to gauge, because the quality of the findings depend on several different parameters, including availability of data, reliability of information systems, degree of disparity between data sources and changes in emission factors. Taking these areas of uncertainty into account, rules and methods for estimating carbon emissions by the Groups entities make it possible to analyse results in order of magnitude and over a sequence of several years.

Total emissions for **Bouygues Construction** in 2013 were 3.02 million tonnes of CO_2 eq. This figure, encompassing Scopes 1, 2 and 3.a, corresponds to the sum of emissions resulting from:

- the operation of Bouygues Construction's headquarters and regional offices (5% of emissions), relating to energy, goods and services, freight, travel and fixed assets;
- the projects of Bouygues Construction entities. For each project added to the CarbonEco® measurement application, the total calculated for CO_2 emissions (relating to energy, inputs, freight, site crew travel, fixed assets and waste) is prorated to the duration of the project. To generate sales of €1 million, Bouygues Construction emitted 285 tonnes of CO_2 eq. (vs. 318 in 2012).

To strengthen its commitment and give structure to its various initiatives, Bouygues Construction implements its policy around three avenues:

- Reducing carbon emissions linked to internal operations

  Although internal processes are responsible for a far lower proportion of total CO_2 emissions (5%), Bouygues Construction is keen to foster initiatives that:

  - reduce the impact of staff travel. Initiatives include the corporate travel plan at Challenger (the head office of Bouygues Construction), electric vehicles, and analysis of new working methods such as working from home, mobile working and tele-centres;
  - shrinking the energy footprint of headquarters and regional offices. Innovative technology is in place at Challenger, in Saint Quentin-en-Yvelines, leading to a ten-fold reduction in the site's energy consumption, and at subsidiary head offices (Norpac, Quille and Bouygues Energies & Services). This technology aims to reduce energy use and optimise on resources, leading to a reduced carbon footprint for the buildings concerned.

- Reducing carbon emissions related to the construction of structures

  This item accounts for 95% of CO_2 emissions at Bouygues Construction, making it a priority for action. Current R&D programmes are looking into optimising grey energy (by reducing the amount of carbon in materials used through solutions such as low-carbon concrete and timber structures) and increasing the use of renewable energy in buildings. For example, the Autonomous Building for Citizens (ABC) project aims for full energy independence in a building through better building envelopes and renewable energy sources. A prototype is planned for Grenoble, in partnership with the municipal authority.

- Reducing emissions relating from use of products and services and operations nationwide

  See sections "Design: performance commitments" and "Operating: controlling final energy consumption" under section 3.3.3.3.

Fostering renovation projects, promoting more efficient construction projects and inter-connecting buildings and urban districts (through micro grids and smart grids) are all steps towards a low-carbon society. To measure its carbon footprint and offer eco-friendly alternatives to customers, Bouygues Construction has developed CarbonEco®. More than 100 people have been trained to use this in-house application. The CarbonEco® database contains more than 2,000 score cards, 902 of which had an impact in the 2013 measurement.

Bouygues Immobilier's energy-carbon strategy aims to limit the company's impacts. Carbon balance audits are carried out for residential and office property developments. So that the energy-carbon strategy has a material effect after buildings have been handed over and to give customers the means for optimising consumption and emissions on a daily basis, Bouygues Immobilier has developed an application, SI@GO, that tracks energy use in office buildings after delivery. An energy-tracking system, with results displayed locally and via the internet, is being tested in two residential developments.

The first fully-fledged carbon audit (Scopes 1, 2 and 3) was carried out in 2009. Since then, on the basis of the results, Bouygues Immobilier has implemented action plans to reduce greenhouse gas emissions. In designing eco-neighbourhoods, for example, the company has entered into partnership with the Carbone 4 consultancy to offer eco-friendly alternatives, concerning aspects such as materials and soft mobility, in order to reduce the carbon footprint.

Lastly, in 2012 Bouygues Immobilier opted to anticipate upcoming regulations by publishing its corporate carbon balance audit, with an extended scope covering all emissions relating to operations. In connection with this, Bouygues Immobilier introduced action plans along with targets for reducing greenhouse gas emissions with regard to staff travel and computer installations, which together represent over 50% of total emissions. Bouygues Immobilier is targeting a 10% reduction in these corporate greenhouse gas emissions by 2015, and has brought forward its next Scope 3 carbon balance audit by one year to 2014.

Colas

Indicator	Scope (activity or region)	Coverage	2013	2012
Greenhouse gas emissions relative to the production of a tonne of asphalt mix *(kg CO_2 eq per tonne)*	All Colas asphalt mixing plants worldwide	100%	17	17
Greenhouse gas emissions avoided as a result of action taken by Colas *(in tonnes of CO_2 eq)*	All activities worldwide	100%	169,000	166,000

Colas based the calculation of its carbon footprint on Scope 3.a under ISO 14064 and the GHG Protocol guidelines. The scope of calculation covers all of the upstream activities of its business lines. The impact of road traffic on infrastructure maintained or built by the company is high, unquantifiable and beyond Colas' control. As a result, Scope 3.b has not been applied.

Colas has defined two priorities:

- controlling the energy consumption required for its activities and reducing the greenhouse gas emissions thus generated. Energy efficiency improvements are being sought by taking action to limit fuel consumption and burner consumption at asphalt mixing plants.
- reducing 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 innovation and R&D to make more environment-friendly products:
  - warm asphalt and asphalt mixes: by reducing the temperature significantly, these products save 10-30% on energy while reducing bitumen-fume emissions by 70-90%;
  - in-place recycling of pavement: this technique reduces greenhouse gas emissions by saving on input materials and reducing the need for haulage;
  - Végéroute® products: these products, developed by Colas laboratories, use plant-based instead of oil-based components;
  - recovery of pavement for use in production of asphalt mixes: bitumen is reclaimed from used pavement by recycling coatings, thereby reducing consumption of crude oil (from which bitumen is made). In 2013, in addition to aggregates, Colas group-wide recovered some 230,000 tonnes of bitumen, equivalent to the annual bitumen output of a medium-sized refinery.
  - the development of EcologicielL®, the first tool for offering low-carbon alternatives in roadbuilding. It played an important role in designing Seve®, an eco-comparison tool used by the entire road industry in France. Accredited for public procurement, it ensures a level playing-field for customers selecting eco-friendly alternatives; the eco-friendly alternatives proposed by Colas in 2013 represented 6,000 tonnes of CO_2 not emitted. To date, the recycling of bitumen recovered from demolitions and road planing is the largest source of CO_2 savings, avoiding the emission of 93,000 tonnes of CO_2 in 2013. In most countries, except France, eco-friendly alternatives are not permitted at the tendering stage. Colas endeavours to promote this outside France, but is encountering obstacles in the current economic climate faced by project owners.

At **TF1,** greenhouse gas emissions are restricted by a plan for reducing power consumption (targeting a 1% reduction annually), environmental criteria in guidelines for computer hardware and broadcasting-related purchases, and by the travel plan that has been in force since 2010.

Annually since 2007, **Bouygues Telecom** has updated its audit of the greenhouse gas emissions produced by its operations (Scope 3 every three years) and has published this since 2011. Reductions mainly target energy efficiency on sites and optimised staff travel, which involves all-electric car-sharing, working from home and video conferencing.

3.3.4.2 ADAPTING TO THE CONSEQUENCES OF CLIMATE CHANGE

To understand the future impacts of climate change on the conditions in which it operates, the **Bouygues group** has been a partner and active member of The Shift Project (theshiftproject.org), a multidisciplinary network of experts and economic agents with acknowledged energy and climate-change skills, since its inception in 2011. This think-tank carries out economic and scientific research and drafts summary reports.

In 2013, a working group from The Shift Project drew up a report on building thermal renovation and submitted a range of proposals to the French government, including the creation of a thermal renovation "passport".

Through its energy-carbon strategy, **Bouygues Construction** participates in the management of risks relating to climate change and offers new products and services to customers. R&D programmes are under way to develop new insulation materials and technologies. Lastly, Bouygues Construction takes climatic issues into account in its offerings, and factors in the findings of scientific research into climate change, in order to ensure the long-term viability of buildings and their facilities.

In order to tailor projects to the effects of climate change, **Bouygues Immobilier** factors bioclimatic architecture into its large-scale developments (research into the best location, choice of efficient insulating materials and the use of renewable energy sources).

Given the profile of **Colas'** businesses, tailoring the infrastructure that it builds or maintains to climate change depends on customers' standards and specifications. Working in a wide range of geographical locations, Colas is familiar with the operating and dimensioning constraints imposed by harsh climates.

Bouygues Telecom has set up an emergency response procedure in case of severe damage to network infrastructure from weather-related events. At the same time, the operator has for many years been testing solutions for using renewable energy sources such as solar panels and fuel cells to power base stations. Eight such sites have been established to date.

3.3.5 Protecting biodiversity

3.3.5.1 MEASURES TO PROTECT AND FOSTER BIODIVERSITY

The construction activities of the **Bouygues group** operate biodiversity protection policies for the areas surrounding their structures as well as for their quarries and gravel pits. The media and telecoms businesses contribute by raising awareness of this issue among staff, customers and viewers.

With the creation of the Biositiv structure in 2012, the Group now has an internal advisory unit that can help each business area develop a biodiversity strategy.

The new Beaugrenelle shopping centre, which was inaugurated in 2013 in the 15th *arrondissement* of Paris, is – with its green roof, plants, beehives and shared gardens – symbolic of this determination to foster biodiversity in the heart of the city.

Bouygues Construction

Indicator	Scope (activity or region)	Coverage	2013	Remarks
Percentage of infrastructure projects where biodiversity commitments have been made	Infrastructure activity	14% of Bouygues Construction's consolidated sales	68%	Bouygues Construction promotes the protection of biodiversity with regard to infrastructure projects by making contractual commitments with customers, especially on large-scale operations.

Bouygues Construction aims to offer solutions that encompass the protection of biodiversity at every stage of the construction project, whether infrastructure or building projects. To assert these commitments, Bouygues Construction has drafted a biodiversity charter and showcased its flagship projects at the Biodiversity Round Table, in June 2013, in which Bouygues Construction was a partner.

To deal with these challenges, Bouygues Construction has defined a three-prong strategy:

- Increase technical expertise and innovation
  - By recruiting professional ecologists (six overall, divided into two teams: biodiversity in infrastructure and urban biodiversity) and training the sustainable construction managers in technical departments;
  - By conducting R&D on biodiversity in infrastructures and urban biodiversity. In this respect, a sociological survey on the perception of biodiversity in urban settings was carried out in 2013.
- Offer customers new products and services
  - In major infrastructure projects, a new service package was developed together with Biositiv, a unit set up in 2012, as the result of a partnership between two subsidiaries (DTP Terrassement and Bouygues Travaux Publics) and Noé Conservation. This provides infrastructure project teams full support on the issue of biodiversity both at the tendering stage and during construction. Biositiv, along with the commitment of its stakeholders, received recognition under the National Biodiversity Strategy in 2012. This new approach was implemented on the large-scale Nimes-Montpellier railway bypass project, where it led to the protection of close to 150 species in the project area.
  - In property developments, taking biodiversity into account primarily responds to a societal concern, relating to the protection of nature in urban settings. Biodiversity is also a constituent of the environmental credentials of any property development, as measured by environmental certifications. The three major certifications – Leed®, Breeam® and HQE® – today all have criteria on biodiversity.

    Following work by Elan (the consultancy unit of Bouygues Bâtiment Ile-de-France) to create a reference base for measuring the impact of property developments on biodiversity, Bouygues Construction was a centrepiece in the launch in 2013 of the International Biodiversity & Property Council (CIBI), a non-profit body comprising sector stakeholders (such as investors, property investment companies, design offices, builders, equipment and vegetation suppliers, and environmental protection charities). CIBI exists to promote urban biodiversity through the award of Biodivercity®, a new quality label that exhibits the biodiversity performance of property developments. This new label was trialled at Challenger.
  - In services, for the last two years Bouygues Energies & Services has operated a sustainable lighting partnership with Noé Conservation to reduce light pollution, which disrupts the lifecycles of many species of animal and can alter their behaviour. This partnership in 2013 led to the launch of the Sustainable Lighting Charter for local authorities. It was implemented with regard to several operations, e.g. street lighting systems in Paris and Longjumeau.
- Getting involved in collective action for protecting biodiversity

Bouygues Construction has forged ties with various non-profit organisations and selectively takes part in projects by contributing its building experience. Examples include working with NatureParif and Lille Catholic University (for built-up areas) and the bird protection society, Noé Conservation (for urban biodiversity) and Orée.

Bouygues Immobilier factors biodiversity into urban development projects through its UrbanEra® initiative.

Colas

Indicator	Scope (activity or region)	Coverage	2013	2012
Aggregate production sites working to promote biodiversity *(% of number of sites)* [(a)]	Aggregates production activities	100%	22%	13%

(a) This indicator has been tracked since 2011. Data provided from sites will lead to a more precise formulation of its application criteria in 2014 to take into account both the diversity of situations and differences in interpretations between the various entities. These considerations do not undermine the trends indicated above, but will lead to more specific requirements regarding a certain number of sites.

Analysis of **Colas'** direct impact on biodiversity from its operations has resulted in a focus on quarries and gravel pits. Initiatives may take two forms:

- implementing and tracking efforts to promote and facilitate the existence and habitats of protected animal or plant species on site;
- installing beehives on site.

All these actions must be carried out in partnership with local stakeholders such as beekeepers, conservationists, nature reserves and NGOs. In 2013, 41% of sales before intercompany eliminations were covered by an initiative protecting biodiversity.

At the moment, more than 90 protected species are present on extraction sites operated by the Colas group of companies, in addition to 30 or so sites hosting beehives. The increase in this indicator shows that real progress has been made.

Trials are being carried out whereby Colas work crews are called on to tackle invasive vegetation. An increasing number of subsidiaries worldwide are looking into this issue from various angles.

Recognition of biodiversity issues at **TF1** consists primarily of raising awareness among the general public. Aside from the programme *Ushuaïa,* which has been on French screens for 20 years, the various channels and websites operated by TF1 raise awareness among viewers all year long about the environment and biodiversity, in many different types of programmes. In 2013, together with the Endowment Fund for Biodiversity, TF1 took part in the *Atlas de la biodiversité* (Biodiversity Atlas) initiative by jointly organising the award ceremony at the TF1 headquarters.

Alongside the Surfrider Foundation Europe, the **Bouygues Telecom Foundation** and its volunteers have for the past seven years taken part in *Initiatives Océanes* (the Oceans Initiative), a major eco-citizenship campaign to help protect oceans from waste by cleaning up beaches, lakes and rivers both in France and worldwide. As a partner of the Nicolas Hulot Foundation (FNH) since 2005, the Bouygues Telecom Foundation supports action under the latter's Biodiversity programme.

3.4 Social information

For further information, please visit www.bouygues.com.

The scope for social information is identical to that of environmental information. Exceptions are specified alongside the indicators concerned.

3.4.1 Local, economic and social impact of the company's business activity

3.4.1.1 EMPLOYMENT AND REGIONAL DEVELOPMENT

The **Bouygues group's** business activities have an impact on regional development through the construction and maintenance of transport infrastructure and buildings, the expansion and operation of a telecommunications network and the broadcasting of television programmes.

By nature, the performance of these activities in a given place helps to develop and sustain employment. Group companies, whether in France or elsewhere, use local labour as a priority and encourage the development of local subcontractors.

In France, public procurement contracts often come with integration requirements. To apply these criteria as effectively as possible, so that people remain in employment for the long term, Bouygues Construction and Colas forge partnerships with local and national specialised organisations.

Bouygues Construction

Indicator	Scope (activity or region)	Coverage	2013	2012
Projects carried out during the year in cooperation with one or more local integration bodies	France	54% of Bouygues Construction's consolidated sales	409	410

"Contributing to local development" is one of the 12 commitments of Actitudes, which is the name of the sustainable development policy of **Bouygues Construction.** Initiatives take two forms:

- Getting people back into work in France

  Bouygues Construction is determined to make occupational integration a genuine policy in favour of employment, by instigating a virtuous cycle between occupational integration, personal achievement and lasting employment.

  Bouygues Construction relies on a nationwide network of partners: Fondation Agir Contre l'Exclusion (FACE), the French Association of Diversity Managers (AFMD), l'Institut du service civique et l'Agence du service civique (the Civic Service Institute and the Civic Service Agency), le Service militaire adapté (SMA), l'Association française des entreprises privées (the French Federation of Private-Sector Companies) and the French Ministry of Urban Planning.

  Bouygues Construction is 1 of 40 signatory companies to the Companies & Neighbourhoods charter, which encourages the development of local economies and employment. In addition, together the entities of Bouygues Construction carry out over 400 occupational integration initiatives annually, e.g. urban redevelopment in the Pays de France district of Reims (24,000 hours of occupational integration), the Nord Franche-Comté hospital (46,000 hours of occupational integration) and the Dunkirk LNG project (a comprehensive integration project).

- Encouraging local employment abroad

  Bouygues Construction contributes to developing the regions where its entities are located by encouraging:

  - Access to the world of work: in Nigeria, the local subsidiary has forged partnerships with several universities and offers internships. Bouygues Construction also offers initial work experience to young people in the context of the National Youth Service Corps (NYSC). Altogether, 53 students were picked by the company to take part in these two programmes.
  - Raising awareness about construction professions: as part of International Women's Day, Leadbitter (a British subsidiary of Bouygues Construction) held an event entitled "Women in construction" so that female students could find out about career opportunities on offer in the construction industry.
  - Local recruitment: in Cuba, Bouygues Bâtiment International, which recruits 100% locally, has built a school in order to train its site workers. Over 150 employees have been trained there over the past five years.
  - Training programmes: one of Bouygues Construction's British subsidiaries, Denne, has set up a network of Skills and Employment Centres for the purpose of developing apprenticeships, training, locally sourced employment and schooling. Denne has opened five centres to date with a sixth one in the works.

Integration is also a core commitment of the Bouygues Construction corporate foundation, Terre Plurielle.

Bouygues Immobilier's 46 sites span the whole of France. This regional base puts the company at the heart of local economies, making local partnerships more effective and promoting local recruitment. Since 2010, the Bouygues Immobilier corporate foundation has supported the Médiaterre project run by Unis-Cité, a pioneer of voluntary community service in France, which aims to raise awareness of environmentally-responsible behaviour among residents of underprivileged neighbourhoods. In 2013, Lyon was added to the list of cities in which Unis-Cité operates. In April 2013, Bouygues Immobilier was awarded the "Europe" award at the 2013 Mecenova awards ceremony, by IMS-Entreprendre pour la Cité, for the support that it provides to this charity.

Colas aids employment and regional development through:

- a network of long-standing local operations where close ties with the customer are vital;
- its 61,000 employees, working in activities where jobs are local and cannot be relocated;
- the construction of road and rail infrastructure, which contributes to regional economic growth.

In addition, Colas takes many initiatives to promote employment and development in the regions where it operates.

- In France, the partnership signed in 2012 with Adecco Insertion, a network with more than 60 temporary employment agencies that help the unemployed back into work continued. The agreement aims to help units fulfil employment requirements in public procurement contracts by supporting actions to identify, select and support those who qualify for this type of assistance while offering them proper integration pathways that will increase their chances of securing long-term employment.

  An agreement was signed in September 2013, in relation to the "generation contract". This contains measures promoting the long-term integration of young people, the recruitment of older workers and the transmission of knowledge and skills.

- Internationally, many initiatives have been taken across the whole spectrum of Colas group companies.

In the southern hemisphere where it has had a long-standing presence, especially in Madagascar and Western and Central Africa, Colas operates health policies concentrating on AIDS, bowel infections and malaria, amongst others, encompassing employees, their families and local populations. One such initiative has been carried out jointly with the ILO for several years.

Created in 2007, the **TF1** corporate foundation, which focuses on diversity and helping young people find employment, recruits men and women aged between 18 and 30 living in underprivileged areas on the basis of a competitive process. The candidates selected by a jury of professionals are offered a two-year apprenticeship contract at the TF1 group. Altogether, 62 have joined the TF1 corporate foundation to date, including 13 in 2013. The arrangement covers 20 different professions.

Bouygues Telecom covers the whole of France with its six customer relations centres and its Club Bouygues Telecom store network. Furthermore, in 2008, Bouygues Telecom set up a co-development fund, Bouygues Telecom Initiatives (BTI), harnessing the impulse and creativity of new ICT start-ups. With 400 project evaluated and 21 start-ups in incubation (8 of which have received equity financing), BTI has generated 150 jobs directly.

3.4.1.2 LOCAL RESIDENTS

See section 3.3.2.3 “Dealing with noise and any other type of pollution arising from a business activity”

See section 3.4.1.1 “Local, economic and social impact of the company’s business activity – Employment and regional development”

See section 3.4.2.1 “Conditions for dialogue with local residents and organisations”

3.4.2 Relations with people and organisations affected by the company’s business activity

3.4.2.1 CONDITIONS FOR DIALOGUE WITH LOCAL RESIDENTS AND ORGANISATIONS

Dialogue with stakeholders is conducted at three levels: at **Bouygues group** level, at subsidiary level and at local level.

- The Group is firming up dialogue with stakeholders, including social and environmental ratings agencies, the financial community, trade unions, government departments and NGOs. The aim of this initiative is to address stakeholders’ expectations more fully and to identify sector-specific social and environmental issues.
- Each business area has entered into dialogue with stakeholders on its own specific issues in order to identify areas for long-term improvement and relevant actions for progress. Subsidiaries in each business area also conduct their own dialogue with stakeholders.
- At local level, procedures have been introduced first to promote grassroots dialogue between, on the one hand, production site and worksite managers and, on the other, local residents, and secondly to foster public acceptance of the Group’s business activities.

Bouygues Construction

Indicator	Scope (activity or region)	Coverage	2013	2012	Remarks
Worksites covered by consultation exercises, communication campaigns or local resident satisfaction surveys	Global (excluding VSL and Bouygues Energies & Services)	82% of Bouygues Construction’s consolidated sales	79%	68%	In 2013, substantial efforts were made by several subsidiaries of Bouygues Construction (most notably at Bouygues Travaux Publics and Bouygues Entreprises France-Europe) in the area of dialogue and consultation with local residents.

Bouygues Construction has established the conditions for ongoing dialogue with its various stakeholders: customers, shareholders and the financial community, staff and trade unions, suppliers and subcontractors, people living near worksites, civil society (including local authorities), charities and NGOs, and the scientific community, industry bodies and educational organisations.

In its operations, Bouygues Construction takes account of stakeholder expectations relating to both social and environmental issues through its numerous partnerships and exchanges with civil society bodies.

Since 2007, Bouygues Construction has been an active participant in the various focus groups led by Comité 21, the French environment and sustainable development committee.

The “Sustainable Construction Club” started by Bouygues Construction in 2010 is a forum for discussing current and strategic issues and future developments in the sphere of sustainable construction with customers and business partners. It has over 400 members. In 2013, two specific think tanks were established, one looking into the issue of urban leisure time and the other into new living styles in social housing. A new business-area forum on infrastructures was also created (www.clubconstructiondurable.org).

Dialogue with local stakeholders is a key priority for Bouygues Construction. This is essential for worksites to be properly integrated into their environment. For example, for people living nearby worksites, Bouygues Construction is endeavouring to minimise disturbances. The Ecosite initiative includes three standards relating to this issue:

- noise pollution (see section 3.3.2.3),
- cleanliness and storage;
- communication; through Ecosite, work crews are made aware of the importance of maintaining dialogue with local residents and other affected parties.

In 2012, **Bouygues Immobilier** drew up a map of its stakeholders. In partnership with local authorities, Bouygues Immobilier carries out consultation exercises with local residents living close to worksites and runs initiatives to reduce visual disturbances and noise pollution, in the context of its Green Worksite charter (see section 3.3.1.3). The Bouygues Immobilier corporate foundation also supports l'Observatoire de la Ville, an initiative by which Bouygues Immobilier can converse with all those involved in shaping towns and cities. Lastly, Bouygues Immobilier also attaches importance to social networks, including Twitter and the City of the Future blog (www.demainlaville.com), as channels for dialogue.

Colas

Indicator	Scope (activity or region)	Coverage	2013	2012	Remarks
Production sites covered by a local dialogue structure	Materials production activities worldwide	100%	34%	45%	Following a redefinition of this indicator's coverage in 2013, the coverage rate (expressed in terms of sales before intercompany eliminations) is broader than in 2012.

Decentralised management of stakeholders is the norm at **Colas,** except for matters that would benefit from a comprehensive approach.

For example, on the subject of bitumen fumes, Colas is spearheading industry dialogue with the scientific community and trade unions bodies, both in France and abroad.

TF1 encourages respectful, constructive dialogue with all stakeholders, chiefly with its industry regulator, the French broadcasting authority (CSA), and audiences. The General Secretariat is responsible for ensuring that undertakings given in agreements signed by TF1, TMC, NT1 and HD1 are met, and for dialogue with the CSA. Exchanges take place at least weekly, through hearings or written contributions giving rise to quantified requests and proposals for commitments and the drafting of reports. The Public Relations department was created to forge long-lasting ties with the general public around the country and through social networks. Using the communication channels provided (the TF1&Vous section on website, social networks, mail or telephone), audiences can interact about programmes and presenters at any time. This offering was singled out by the 2013 QualiWeb award, in the news/media category, for the best online customer relations. The news mediator receives opinions, queries and complaints from the public, which are forwarded by the Viewer Relations department on www.tf1.fr.

To meet the rising expectations of consumers and the public authorities, **Bouygues Telecom** has stepped up its involvement in work conducted jointly with the French Telecoms Federation (FFT) and the National Consumer Council (CNC). As part of the digitisation of customer relations, Bouygues Telecom has since 2011 been developing an "e-mail" channel for receiving complaints from consumer organisations. Within the FFT, Bouygues Telecom has signed up to two charters with public authorities, one with pledges on the environment and the other concerning disabilities. Achievements relating to these charters are reviewed annually and the findings made public.

In 2013, Bouygues Telecom remained actively involved in the work of Comop/Copic, a government-sponsored committee which brings together all stakeholders (ministries, elected officials, not-for-profit organisations and experts) to review the effects of exposure to electromagnetic fields. These deliberations have established a shared technical basis for assessing the exposure of the French public to the electromagnetic fields of base stations. Regarding the component on informing and consulting local residents, four years of research have pinpointed areas of improvement. At the behest of individuals, or under the terms of the *Guide entre opérateurs et communes* (the guide between operators and municipalities), Bouygues Telecom has systematically commissioned electromagnetic-field readings from companies certified by the French Accreditation Committee. Full results can be freely consulted by visiting www.cartoradio.fr. Lastly, public meetings are held at the request of local residents or elected officials to provide technical information on telecommunications network roll-out.

3.4.2.2 PARTNERING AND SPONSORSHIP

CORPORATE SPONSORSHIP

Sponsorship policy is implemented at **Bouygues group** level, within business areas and through community initiatives. The Group is active worldwide and contributes to local life wherever it operates.

The three main areas of sponsorship policy at the parent company level (Bouygues SA) are community and social projects, education and culture. The company helps and supports all kinds of initiatives, small scale or otherwise, giving priority to long-term actions. It pays particular attention to projects sponsored by Group employees. An Ethics and Sponsorship Committee, created in 2001, meets several times a year to consider applications and issue opinions (see section 3.4.4.1).

In the social field, Bouygues gives financial support to a number of charities such as Simon de Cyrène (since 2006) and L'Envol (since 2013). The latter organises holidays for children suffering from serious diseases.

The Francis Bouygues Foundation, created in 2005, provides support for deserving school leavers facing financial difficulties in higher education. Each grant holder is assigned a mentor from within the Group. A total of 486 students from nine intakes currently receive or have benefited from such a grant.

In the cultural sphere, Bouygues SA actively supports the Paris Opera (since 1991), the Théâtre des Champs-Élysées (since 1992) and the Orchestre de Paris (since 2006).

Each of the Group's five business areas also carries out its own sponsorship initiatives through their own corporate foundations. Several subsidiaries have made arrangements so that employees can take part in community action initiatives during their worktime.

PARTNERSHIPS

To meet major environmental challenges more effectively, Bouygues SA has set up partnerships with the academic world (see section 1.1.4).

Group spending on sponsorship

(€ thousands)	The Francis Bouygues Foundation	Bouygues SA	Bouygues Construction	Bouygues Immobilier	Colas[(a)]	TF1	Bouygues Telecom	2013 Group Total	2012 Group Total
Cash donations	1,219	1,352	3,900	643	4,300	3,476	595	15,485	14,180
Donations in kind (value)		7			632	34,498		35,137	27,734
TOTAL	**1,219**	**1,359**	**3,900**	**643**	**4,932**	**37,974**	**595**	**50,622**	**41,914**

(a) Information concerning 2013 was for the first time processed using the Xfi software application. Consequently:
- *reporting covered nine months in 2013. It proved impossible to provide an estimate for the final quarter of 2012 due to the reorganisation of mainland France road subsidiaries;*
- *consolidation uses the principles set out in the reporting software, which was not the case in 2012;*
- *the exchange rates applied are henceforth those used in the reporting software, which was not the case in 2012.*

Bouygues Construction

Indicator	Scope (activity or region)	Coverage	2013	2012	Remarks
Partnerships during the year supporting integration, education and health [(a)]	Global	97% of Bouygues Construction's consolidated sales	334	472	Bouygues Construction refocused initiatives on a smaller number of partnerships but has increased the related financial contribution (€3.9m in 2013 compared with €3.5m in 2012).

(a) The following are deemed partnerships: a partnership contract, a long-term commitment to a charity, a one-time operation with minimum funding of €1,000.

Bouygues Construction's commitment to the community is structured around three main areas, both in France and abroad:

- promoting community action and strengthening the social fabric of local communities;
- education and occupational integration;
- improvements in living environments, e.g. school rehabilitation, reconstruction of housing in disaster areas (e.g. in Haiti) and access to housing for underprivileged people, e.g. social business projects in France and Morocco.

All units of Bouygues Construction are involved in these initiatives.

Through Terre Plurielle, its corporate foundation, Bouygues Construction supports projects favouring access to healthcare, education and integration for the disadvantaged. Since its creation in 2008, the foundation has supported 120 projects sponsored by employees in 20 different countries.

The priorities of the **Bouygues Immobilier** corporate foundation, which was founded in 2009, are raising public awareness of architecture and urban planning, encouraging thinking among experts about the city of the future from a sustainable development standpoint, and promoting community action, by strengthening the social fabric of local communities. The Bouygues Immobilier corporate foundation is a founding partner of la Cité de l'Architecture et du Patrimoine. In 2013, the partnership agreement was extended for a further three years.

At **Colas,** sponsorship initiatives at local level are chosen and managed by subsidiaries and their profit centres. They mostly involve sports, cultural and humanitarian projects.

At parent company level, sponsorship policy at Colas focuses on three main areas:

- cultural sponsorship: the Colas Foundation commissions paintings on the theme of roads and Colas en Scène supports new dance works and music festivals;
- community sponsorship: Colas Life supports educational assistance initiatives;
- skills sponsorship: rehabilitation of pathways in the grounds of the Palace of Versailles (2010-2014).

TF1 Publicité and the TF1 TV channel provide charitable organisations with direct assistance and help them to raise their profile through special prime-time operations, the production and free airing of advertising spots, donations of game-show winnings and cash donations, managed by the Solidarity Committee. TF1 gives airtime to a variety of causes and charitable organisations. "Les Pièces Jaunes" (for children in hospital), "Les Restos du Cœur" (food banks and soup kitchens), "Sidaction" (AIDS), "ELA" (leukodystrophy) and, more recently, the "Laurette Fugain" charity all benefit from regular large-scale support. Staff and presenters at TF1 supported "Les Restos du Cœur" in defence of food aid within the European Union budget through participation in the Airfoodproject initiative. Altogether, 131 organisations received assistance, either in terms of enhanced visibility or cash donations.

The **Bouygues Telecom** Foundation and its 830 volunteers from within the workforce continued its work in three chosen areas. It supports "Association Les Petits Princes", a charity that makes the dreams of seriously ill children come true. In the environmental sphere, it supports awareness-raising and volunteer initiatives for the protection of biodiversity in partnership with the Surfrider Foundation and the Nicolas Hulot Foundation. In the cultural domain, it aims to promote the French language and foster new literary works by discovering and supporting talented new writers, through the Bouygues Telecom Foundation–Metro "Nouveau Talent" prize. The foundation has also offered its employees an opportunity to propose various charities of their own choice for sponsorship for the last six years. This system has also been open to Bouygues Telecom's customers for the last two, who therefore also benefit from this support for their own personal charitable initiatives.

3.4.3 Subcontractors and suppliers

3.4.3.1 INTEGRATING SOCIAL AND ENVIRONMENTAL CRITERIA INTO PURCHASING POLICIES

As a signatory of the UN Global Compact, the **Bouygues group** has pledged to factor CSR into its purchasing. The purchasing departments of the Group's business areas are key to this policy, the chief aim of which is to involve parties situated all along the value chain, in particular suppliers, subcontractors and service providers.

A Purchasing and CSR committee promotes the application of sustainable development principles at all stages of the process: upstream (with the help of risk maps and analysis); when suppliers are selected (through application of CSR criteria for products and services); when contractual relations are established (through the inclusion of the Supplier CSR Charter, drawn up in 2009); and when the contract is executed (through supplier CSR performance assessments and occasional audits).

Founded on respect for suppliers, the inclusion of CSR principles within purchasing policy has a three-fold aim:

- strengthen risk management;
- promote new purchasing practices, to bolster the Group's response to the future sustainable development challenges that it will face;
- comply with CSR disclosure obligations with regard to the Autorité des marchés financiers (AMF) and extra-financial ratings agencies, and those laid down under article 225 of the Grenelle 2 law.

In 2013, an internal audit was carried out across the business areas. Based on its findings, a Group-wide purchasing policy and a common training programme for all purchasing staff were drawn up, along with a list of indicators.

The Purchasing and CSR policy applies to all of the Group's business areas. It specifies the underlying principles of the CSR policy that the Group wishes to see applied for the various types of purchase carried out within business areas, both in France and internationally. The policy, adopted in January 2014, sets out the actions that the business areas must implement by 2015. These entail mapping risks and major challenges from a CSR standpoint for all purchases within each business area, and defining a business area purchasing and CSR policy (spelling out requirements, applicable rules, targets, assessments to be implemented, and indicators). Progress will be checked through management system audits.

Responsible purchasing

	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom
Expenditure *(€ million)*	7,740	1,650		1,620	4,870
Expenditure targetable by CSR criteria *(€ million)*	7,740	1,545		1,620	2,720
Proportion of expenditure actually covered by CSR criteria *(as a percentage)*	97%	80%		41%	98%
Expenditure covered by CSR assessments *(€ million)*	2,477			115	2,183
Number of suppliers and/or subcontractors that underwent a CSR assessment	2,457 *(2,409 in 2012)*	802 *(419 in 2012)*	49 *(67 in 2012)*	169 *(214 in 2012)*	319 *(326 in 2012)*

The indicators provide a snapshot, based on the overall scope of expenditure with suppliers and subcontractors, of the proportion that is targetable by CSR criteria and that which is currently covered. This improves transparency on the actual coverage of the policy.

Some types of expenditure (e.g. expenditure relating to rental guarantees, notary fees and financial expense) are labelled as "non-targetable" because CSR requirements cannot be realistically attributed to them.

Furthermore, a difference is made between expenditure that is covered by CSR criteria and expenditure that is covered by CSR assessments.

For example, CSR criteria include all types of possible action, such as expenditure that is covered by a responsible purchasing policy, contracts with a CSR charter or clause, and suppliers selected with help from CSR criteria and/or having undergone a CSR assessment or audit over the past three years. However, the "Expenditure covered by CSR assessments" indicator can be used to assess the initiatives that involve suppliers the most (solely using questionnaires and internal/external CSR audits), potentially giving rise to improvement plans.

Bouygues Construction

Indicator	Scope (entity or regional)	Coverage	2013	2012	Remarks
Percentage of sales generated by units with an action plan to involve partners, subcontractors and suppliers in their QSE policy	Global	97% of Bouygues Construction's consolidated sales	80%	81%	Requirements in the formulating of action plans were tightened up in 2013, which may account for the slight dip relative to 2012.
Percentage of sales generated by units that systematically include the Supplier CSR Charter in contracts with subcontractors and suppliers at entity level	Global	97% of Bouygues Construction's consolidated sales	70%	68%	The Supplier CSR Charter has four parts: Ethics, Compliance with labour standards, Health and safety, and Environmental protection.

At **Bouygues Construction,** the responsible purchasing policy is implemented by Bouygues Construction's Group Purchasing department, and by entities as part of the Actitudes sustainable development policy. Policy goals have been classified according to three criteria: economic (optimised total cost of ownership, supplier solvency and sustainability), social (health and safety, measures to combat illegal employment, respect for basic human rights, integration) and environmental (reducing CO_2 emissions, energy consumption, waste production, conservation of resources and protection of biodiversity). The responsible purchasing policy is implemented at every stage of the sourcing process.

Eight types of action are being taken within the sphere of purchasing:

- Careful selection of products and materials to favour eco-design.
- A responsible purchasing attitude, enabled by the implementation of a code of ethics and the signing of the major accounts – SME charter.
- Promotion of socially inclusive procurement (sourcing from the sheltered sector and disability-friendly companies).
- Responsible timber purchasing, by fighting the illegal timber trade, identifying and eliminating all sourcing of threatened wood-based products, and increasing the proportion of eco-certified timber purchases. In pursuit of this goal, in 2010 Bouygues Construction entered into a partnership with the WWF to join its Global Forest & Trade network. This partnership continued in 2013.
- The fight against illegal labour: various measures are implemented in cooperation with subcontractors and temporary employment agencies (checks of identity papers and work permits, worksite-access systems, work crew training, contractual requirements banning the use of illegal temporary workers, etc.).
- Selection and monitoring of suppliers. Bouygues Construction subsidiaries encourage their subcontractors to tackle issues such as health and safety, quality, the environment and action to combat concealed work.
- In 2013, Bouygues Construction put out a nationwide call for tenders to temporary staffing agencies that took social criteria and business ethics into account in the selection and subsequent monitoring of the latter.
- Managing supplier relations (with an eye on transparency, the reduction of environmental and social impacts, timely payments and joint value creation).
- Development of partnership-based innovations. For example, by making tools available to suppliers to roll out their innovations on a much larger scale. This may also involve the joint development of products or equipment.

In terms of purchasing policy, **Bouygues Immobilier** uses the EcoVadis platform to assess all its French materials suppliers listed in nationwide catalogues [(1)] in order to gauge their degree of commitment to environmental, social and ethical issues. In addition, all service providers have to fill out a questionnaire on their CSR policy, adapted to small businesses if need be. Bouygues Immobilier aims in residential property to have 80% of suppliers assessed by 2015; it is on target to achieve this result.

Bouygues Immobilier factors in social criteria through the work of the Disability Task Force, created in 2011 within the Human Resources department. Altogether, 44 disability liaison officers are involved in setting up subcontracting initiatives with Gesat, a national disabled employment network. One year was enough to achieve an increase of over 50% in subcontracting orders from the sheltered sector. As part of its company-wide agreement, Bouygues Immobilier pledged to increase purchases (excl. VAT) from the sheltered sector by 5% a year between 2011 and 2013. In 2012, sales excluding VAT generated by orders from sheltered workshops and disability-friendly companies rose by 10 %. The agreement will be renegotiated in 2014.

The responsible purchasing policy at **Colas** is gradual and targeted on specifics, given the high number of suppliers, service providers and subcontractors working for the group, the decentralised nature of purchasing at production site or worksite level, and business-related constraints. Colas has made relations with suppliers and service providers one of the issues requiring tight surveillance both in France and internationally.

(1) Nationwide catalogues are used by customers to personalise their accommodation. They list materials relating to indoor fittings and fixtures.

Policy was overhauled in 2013 and now consists of the following:

- identifying those suppliers, service providers and subcontractors who have made public commitments that take responsible purchasing into account (e.g. signatories of the UN Global Compact or members of Business in the Community (BITC) or Business for Social Responsibility (BSR) or which have received a respectable published ranking in this area (e.g. companies listed in indices such as the DJSI, FTSE4Good, etc.). Orders placed with such companies automatically overcome an initial responsible-purchasing hurdle. Next, the proportion of this type of purchase is evaluated, using data from purchasing information systems at subsidiaries (where this is available) or by using survey data. The aim is that each subsidiary will have this type of assessment in place for the 2013-2014 reporting year and be able to elucidate sources and methods used;
- pinpointing the major risks inherent in certain types of purchase, in each subsidiary. Risk mapping is used to analyse the threat of non-responsible purchasing taking place. To achieve this, a guide defining the concept of responsible purchasing and providing a non-exhaustive list of risks relating to certain types of purchasing has been drafted.

Once analysis has been carried out, the steering committee will decide on remedial action for reducing the identified risks and meeting the increasingly strenuous requirements in the CSR sphere. Designing relevant indicators will be the second stage in the implementation of this policy. In addition, Colas carries out supplier assessments in mainland France under the terms of framework agreements. To date, 49 have been carried out (19 in 2013 and 20 in 2012). In 2014, the aim is to increase the number of audits carried out by each buyer to three.

TF1's purchasing department has operated a responsible purchasing policy since its inception in 2008. Supplier assessment using Ecovadis, sourcing from the sheltered sector and disability-friendly companies and inclusion of sustainable development criteria in calls for tenders are the primary levers of this policy, regarding which all buyers within the central purchasing department have been trained. In 2013, CSR supplier assessments were extended to encompass rights buying and products sold on the home shopping channel (Téléshopping). Extending CSR assessments to all categories of purchasing is part of TF1's comprehensive responsible-purchasing policy. Training sessions for buyers of rights will be held in 2014 to strengthen in-house expertise in CSR. In addition, TF1 applied in 2013 for the "Responsible supplier relations" label, which is awarded by the ombudsman in charge of inter-company relations and the CDAF (the French association of purchasing managers and buyers). This label was obtained by TF1 on 27 January 2014.

Bouygues Telecom's responsible purchasing policy has the following aims:

- selecting and listing products and services that are environmentally friendly, socially responsible and manufactured along ethical lines;
- developing even-handed relations with suppliers.

This policy applies to its main suppliers, and priority actions are defined using a mapping of CSR risks by purchasing category. This risk map was first circulated in 2011 and was updated in late 2013. The supplier selection process factors in CSR criteria. To better ascertain the commitments of suppliers and subcontractors in this field, CSR assessments and audits are carried out and progress plans defined where applicable.

The use of companies in the sheltered sector, coupled with an effort to broaden the range of activities outsourced to these workshops, are a key part of the responsible purchasing policy. Services bought include the configuration of mobile handsets used for demonstration purposes in Club Bouygues Telecom stores, the management of used IT hardware and site ground maintenance.

Bouygues Telecom is a member of Pas@Pas, an organisation that promotes and facilitates subcontracting to the sheltered workshops, disability-friendly companies and occupational integration programmes. This action has received several accolades, including the panel's special prize at the CDAF awards in June 2013.

3.4.3.2 EXTENT OF SUBCONTRACTING AND RECOGNITION OF SOCIAL AND ENVIRONMENTAL RESPONSIBILITY IN RELATIONS WITH SUPPLIERS AND SUBCONTRACTORS

See section 3.4.3.1 "Integrating social and environmental criteria into purchasing policies".

3.4.4 Business ethics

3.4.4.1 INITIATIVES IN PLACE TO GUARD AGAINST CORRUPTION

The **Bouygues group** endeavours to comply with the strictest rules for the conduct of its business and to ensure that managers and employees adhere to shared values. It pays particular attention to prohibiting and preventing anti-competitive practices, unfair competition and corruption. For several years, Bouygues SA, Bouygues Construction, Bouygues Immobilier, TF1 and Bouygues Telecom have renewed their commitment to the UN Global Compact, one of the principles of which is to eradicate corruption in all its forms, and report back on an annual basis on the measures undertaken in this domain.

THE ETHICS AND SPONSORSHIP COMMITTEE

Created in 2001, the Ethics and Sponsorship Committee, an offshoot of the Board of Directors of Bouygues, helps define the Code of Conduct and principles underpinning corporate behaviour applicable to senior management and employees alike. It is made up of directors and meets three times per year, in conjunction with Board of Directors meetings. The committee makes recommendations or gives an opinion on initiatives aimed at promoting exemplary ethical conduct in business. It also ensures compliance with the values and rules of conduct thus defined. The boards of directors of Bouygues Construction, Bouygues Immobilier, Colas and Bouygues Telecom have set up their own ethics committees along the same lines as the parent company. Bouygues appointed a Group ethics officer in 2006, and each business area has today its own ethics officer as well.

THE GROUP CODE OF ETHICS

The Group's Code of Ethics has been distributed to all Bouygues group employees since 2006. An updated version is currently being produced and is due to be finalised in 2014. The Code of Ethics reminds staff that all operations within the Group, especially the negotiation and performance of contracts, must under no circumstances give rise to acts of corruption or influence peddling or related offences, irrespective of whether operations take place in the private or public sector. It reminds managers of their particular responsibilities and encourages employees to comply with the Group's ethical principles, pointing out that they should not confront an ethical dilemma alone. Line managers, legal departments, compliance officers and a whistleblowing procedure are there to help employees deal with such situations. The Code of Ethics forbids employees to offer or grant favours or benefits, pecuniary or otherwise, to third parties. These principles, which are supplemented by internal control benchmarks and, most importantly, by the anti-corruption compliance programme (since January 2014, see below) states that while support given by representatives, consultants or intermediaries in the area of commercial dealings may be required in the sectors where the Group's presence is reduced or due to their technical skills, calling on such intermediaries is only justified within this scope and only if the services provided are genuine. Their remuneration must be in keeping with the services and the payment compliant with internal procedures. The Group systematically initiates legal proceedings against any employee who wilfully breaks the law in the realm of business ethics.

THE ANTI-CORRUPTION COMPLIANCE PROGRAMME

At the suggestion of the Ethics and Sponsorship Committee, the Board of Directors of Bouygues approved an anti-corruption compliance programme at its meeting on 21 January 2014. This document specifies and sets out the provisions of the Group's Code of Ethics in preventing and fighting corruption.

It clearly states the position of the Group along with the resulting duties and responsibilities. It lays down the measures with regard to information, training and prevention, along with monitoring and sanctions that must be taken within each business area, on the initiative of each CEO. The programme also summarises the anti-corruption legislation that is in force. It devotes specific sections to Group rules and recommendations applicable to various practices that are prone to a risk of corruption, namely gifts and services, financing of political parties, sponsorship, use of business intermediaries and lobbying.

TRAINING

Senior managers are given training in ethics and the Bouygues group's values, dispensed by the Bouygues Management Institute. Resources and training courses include an international cycle and seminars on "Respect and Performance", "Corporate, Social and Environmental Responsibility", the "Development of Bouygues Values" and, more recently, seminars on "Responsibility within Organisations" and "Respect and Management". More than 700 senior executives have attended training courses since the Bouygues Management Institute (IMB) was set up in 2002.

Specific actions are taken within each business area, designed to supplement Group rules with codes of conduct suited to the characteristics of each business. The Group's five business areas are expected to take measures to prevent, detect and deal with business practices that do not comply with its ethical principles and values. Each subsidiary also organises training courses tailored to the different levels of management. They transmit the Group's ethical principles and values in practical ways, addressing the specific issues and risks associated with the subsidiary's business.

"A commitment to business ethics and compliance in relation to our customers and business partners" is one of the 12 pillars of **Bouygues Construction's** Actitudes sustainable development policy.

Bouygues Construction continues to implement an ethics policy designed to raise managers' awareness of compliance issues. All existing training programmes for sales staff and future managers include an ethics and compliance module. An entire ethics and compliance training course is available. The programme is implemented within each Bouygues Construction entity through training modules targeting specific categories of employees. In addition, an ethics component has been added to training for young and seasoned managers viewed as high potential. Furthermore, legal training is taken by buyers that have been in their posts for less than a year. Altogether, more than 50 training modules relating to business ethics are delivered every year.

At **Bouygues Immobilier,** presentation of the Code of Ethics is an integral part of the induction process. A training module on "Business ethics and fighting anti-competitive practices in property development" has been provided since 2011. In addition, twice yearly, an Ethics and Sponsorship Committee meets to control and approve the terms for conducting sponsoring actions carried out by Bouygues Immobilier and its subsidiaries. The Code of Ethics is reviewed annually at one of these committee meetings.

Colas has long had rules to promote compliance with business ethics and standards of integrity, contained in a code of conduct and a brochure on management principles, in connection with the Bouygues group Code of Ethics. Given the group's decentralised structure and the large number of employees in a position to enter into contracts, particularly with public sector customers, risks associated with business ethics cannot be eradicated with complete certainty. That is why training and refresher courses, including in audit and reporting, are regularly provided in programmes that aim to cover all subsidiaries. The main initiatives include:

- seminars organised by the Legal Affairs department as part of a multiyear programme that aims to cover the entire Colas group. This is supplemented by training programmes provided by the subsidiaries themselves. Regular refresher courses about the issue are given in all meetings of subsidiaries, executive management committees and senior management teams and at Colas group level;
- at US subsidiaries, implementation of a special communication and training programme on ethical issues in connection with compliance with the Federal False Claims Act. Staff can call an anonymous hotline to raise the alarm on ethical issues: 23 such alerts were handled in the US last year. An online training course on ethics has been set up, available to all staff that possess an email address;
- in Canada, the position of Ethics and Compliance Officer was created on 24 July 2013. A circular was sent to all staff in Canada restating the undertakings of Colas group in the areas of ethics and compliance, along with its zero-tolerance policy in these matters. Two training courses were delivered in 2013 to all managers of the subsidiary Sintra, in Quebec, on the risks inherent in operations within this province. Lastly, a hotline was set up for the reporting of all cases of proven or suspected misconduct in this area (see Chapter 4 "Risk Factors").

These initiatives will be maintained and expanded in 2014.

In 2013, **TF1** opted for its own Code of Ethics, so that the specific nature of its business can be better taken into account. A whistleblowing procedure will also be put in place. The Code of Ethics, which is currently being drafted, will be supplemented by four compliance programmes on major issues: anti-corruption, conflicts of interest, competition and stock-market affairs. Three charters will be appended to the code to deal with more specific themes relating to certain types of operation: a corporate relations charter, an editorial charter and a responsible purchasing charter. The work is being spearheaded by the Corporate Secretary of TF1 group, who also oversees business ethics, with help from legal, financial, human resources, editorial and CSR departments. The Code of Ethics will be available in 2014.

Bouygues Telecom's approach to business ethics aims to help staff navigate through the issues inherent in its operations, especially in terms of respect for customers, protection of their personal data and free competition. The policy is conveyed to all staff using various media and resources, i.e. through the Code of Conduct (which is available on the internet), a business ethics guide (to be revised in depth in 2014) and an e-learning module. A structure for implementation of these rules is planned for 2014.

3.4.4.2 MEASURES TO PROTECT CONSUMER HEALTH AND SAFETY

Respect for customers is a core value at the **Bouygues;** this obviously includes their health and safety.

Bouygues Construction has conducted several campaigns to measure air quality in its buildings over the past three years and has been working on solutions to lower the levels of primary pollutants. Several initiatives have arisen from this work. For example, Bouygues Entreprises France-Europe has published a guide on the "radon hazard". Furthermore, in partnership with Saint-Gobain, an R&D project is under way to quantify pollution resulting from construction materials and products. An in-house database of eco-friendly products (Polygreen) is also being developed so that the volumes of products' VOC [1] emissions can be included in it. Lastly, the Bouygues Bâtiment Ile-de-France – Habitat Social operating unit has been offering "habitat and safety" to customers for the past two years. With a focus on indoor air quality, this scheme uses eco-friendly alternatives for internal fixtures and fittings.

Bouygues Immobilier has been working for several years to improve the air quality in its buildings, harnessing the work of OQAI (a think tank on indoor air quality) and the Grenelle environment summit.

To ensure a healthy air quality inside its buildings, Bouygues Immobilier employs various levers:

- reducing pollutants at source to curb VOC emissions. Since 1 January 2012, mandatory labelling of building and decorative materials has provided consumers with information about their VOC emissions, with ratings ranging from A+ (minimum level) to C. Bouygues Immobilier has factored the issue of pollution into its responsible purchasing policy and only lists products in direct contact with indoor air whose health labelling corresponds to the A+ level;
- optimising ventilation and filtration systems and equipment to ensure sufficient renewal of indoor air to manage internal pollution sources (activities, furniture, cleaning, occasional crowding, etc.);
- conducting campaigns for measuring indoor air quality to assess pollutant levels and the proper functioning of ventilation.

Colas' end-customers are users of the infrastructure that it builds or maintains. The company has little leeway to modify its products and structures, because alternatives to the baseline solution described in public calls for tender are not permitted in most countries where it operates. It is possible to propose variants in France and some other European countries, but the scope is often limited and only applies to certain contracts. With the exception of safety issues, transport infrastructure does not have a direct effect on users' health. Colas carries out R&D in several areas to meet road safety challenges, including:

- the designing of high-performance road surfaces that give better grip, using rough and pervious products to improve skid resistance in wet weather;
- improved visibility (visibility of road markings in cold or wet weather and at night);
- the manufacturing of road safety equipment by Aximum, a subsidiary making safety and signalling equipment.

TF1 is active in the fight against obesity, chiefly by steadily increasing the number of programmes on the subject, in application of the nutritional charter that it has signed. On 22 November 2013 a new charter (which entered into force in January 2014 for a period of five years) was signed. Under this new charter, 12 to 17 hours of programming annually must be given over to nutrition and healthcare. These same programmes must be available as catch-up services. Furthermore, it stipulates reasonable pricing for collective campaigns promoting healthy foods and for health briefings by INPES (the French national institute for prevention and health education).

In order to inform its existing and potential customers, **Bouygues Telecom** continued to distribute the French Telecoms Federation's information leaflet, entitled *Mon mobile et ma santé* (My mobile phone and my health). It has checked existing information and expanded the range of advice given in stores, on websites and in brochures, in particularly with regard to the specific absorption rates (SAR) of handsets and with regard to recommendations promoting the use of the hands-free kits that come with the phones. Systematic checks are carried out on the phones sold by Bouygues Telecom and have been stepped up on own-branded products. Bouygues Telecom continued its own scientific research on exposure to radiofrequencies, in addition to government-led research, to which the company also contributes. In 2013, Radiation Protection Dosimetry, an international scientific journal, reported on a scientific publication concerning the "Dasmètre", an innovative piece of equipment that has been patented by Bouygues Telecom measuring the power level emitted by any type of telephone in real time. The company has furthermore adopted a proactive stance on protecting children and teenagers against

(1) VOC: Volatile Organic Compounds.

inappropriate content on the web. Parental screening solutions are offered free of charge on mobile phone, computers and TV. Bouygues Telecom also supports customers by providing advice on safe browsing for the youngest members of households. Bouygues Telecom guarantees network security for the provision of reliable services. The company and its staff pledge to respect the principles and rules applicable for the protection of customer data and ensure the same from service providers and other business partners.

3.4.4.3 OTHER ACTION IN FAVOUR OF HUMAN RIGHTS IN ADDITION TO SOCIAL COMMITMENTS

The following information supplements that provided elsewhere in this document under the headings 3.2.4.1 "Workplace health and safety conditions", 3.2.4.3 "Workplace accidents", 3.2.6 "Equal opportunities", 3.2.6.1 "Measures to promote gender equality" and 3.2.7 "Compliance with International Labour Organisation (ILO) conventions".

In this respect, action in favour of human rights is interpreted in a very broad sense. For example, this may include initiatives improving the access of disabled people to television programmes or involvement in schemes for coverage of blind spots.

Bouygues Construction has been a signatory of the UN Global Compact since 2006 and endeavours to implement its guidelines in all its business activities through the Code of Ethics, compliance policy and the Supplier CSR Charter. Bouygues Construction entities operating in emerging countries take action in a number of spheres, such as enabling local staff to benefit from Bouygues Construction's occupational health and safety standards, which are stricter than local requirements in many countries; providing decent working conditions and accommodation while respecting different cultures and communities; and introducing controls to ensure that subcontractors and suppliers do not use forced or child labour. Bouygues Construction also has strict procedures in place to combat illegal labour, including systematic checks of identity documents and work permits in liaison with the authorities, and personalised worksite-access passes.

With operations spanning 50 countries on 5 continents, **Colas** focuses on permanent operating units that employ local staff. As such, Colas does not employ many expatriate workers, namely 307 from a total of 24,000 staff outside France. The employment of local personnel and a respectful approach to staff both aid in furthering human rights.

Both in France and internationally, the Colas group pledges to comply with laws and regulations, including the Universal Declaration of Human Rights. Through the work of its audit department, it ensures that it is not complicit in human rights abuses. There is no indication that Colas is highly exposed to such issues. Colas is primarily active in OECD countries, which account for 90% of its business. Moreover, its vertical-integration policy automatically shields it from systematically using external sourcing and subcontracting.

Colas is in a special position because the nature of its activity does not allow for outsourcing. The end result is that purchasing policy in high-risk countries is carried out by Colas teams themselves, located directly in the countries. This, along with the management systems that Colas has put in place, reduces the risk of doing business with suppliers that violate human rights.

The audit department at Colas has precise instructions to issue an alert in the event that a problem of this kind is detected during one of its assignments, even if no actual complaint is lodged. In 2010, an external audit for rating purposes by BMJ, a CSR agency, did not reveal any weak points with regard to these issues.

Public trust is a core issue for **TF1.** The quality of the information broadcast by its channels and its websites, and the compliance of its programmes with its commitment to the community are therefore key issues in its societal impact. Combating stereotypes is at the forefront of its concerns, especially through the main TF1 TV channel, with all parties involved in these issues. All staff involved in programme production follow diversity training. As a major mainstream television broadcaster, TF1 is duty bound to ensure that its programmes are accessible to everyone, especially people with impaired hearing or vision. In 2013, all TF1 programmes were subtitled, and 86 programmes using audio description were broadcast.

Bouygues Telecom, in partnership with other operators, plays an active part in network-sharing programmes. By pooling existing infrastructure, such programmes aim to reduce the digital divide while keeping environmental impacts to a minimum. The company provides 2G coverage of blind spots and is bringing 3G high-speed mobile services to areas with a low population density. Since 2005, the company has been working hard to improve accessibility to electronic communication services for people with disabilities. It provides information on choosing a handset for different types of disability, available as a leaflet in stores, or on the website. Its customer service is accessible to people with total or partial hearing loss. In addition, in partnership with HandiCaPZéro, it offers the free installation of software for customers with impaired vision, along with suitable documentation. Lastly, Bouygues Telecom is part of the "Bea" electronic bracelet independence project, an innovative telecare service for the elderly and their families.

3.5 Independent verifier's report on the consolidated human resources, environmental and social information presented in the Registration document

(Year ended 31 December 2013)

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the shareholders,

In our quality as an independent verifier of which the admissibility of the application for accreditation has been accepted by the Cofrac, under the number n° 3-1050, and as a member of the network of one of the statutory auditors of the company Bouygues, we present our report on the consolidated human resources, environmental and social information established for the year ended on the 31 December 2013, presented in chapter 3 of the Registration document, hereafter referred to as the "CSR Information," pursuant to the provisions of the article L.225-102-1 of the French Commercial Code *(Code de commerce)*.

RESPONSIBILITY OF THE COMPANY

It is the responsibility of the Board of Directors to establish a Registration document including CSR Information referred to in article R. 225-105-1 of the French Commercial Code *(Code de commerce)*, in accordance with the guidelines used by the company, comprised of the Bouygues group human resources, environmental and social reporting protocol, in its version dated September 2013, supplemented by the reporting protocols of its subsidiaries (hereafter referred to as the "Guidelines"), and of which a summary is included in introduction of section 3.1.2 of the Registration document "CSR Reporting methodology" and which are available on request at the company's headquarters.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulatory requirements, the Code of Ethics of our profession as well as the provisions in article L. 822-11 of the French Commercial Code *(Code de commerce)*. In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

RESPONSIBILITY OF THE INDEPENDENT VERIFIER

It is our role, based on our work:

- to attest whether the required CSR Information is present in the Registration document or, in the case of its omission, that an appropriate explanation has been provided, in accordance with the third paragraph of R. 225-105 of the French Commercial Code *(Code de commerce)* (Attestation of presence of CSR Information);
- to express a limited assurance conclusion, that the CSR Information, overall, is fairly presented, in all material aspects, in accordance with the Guidelines.

Our verification work was undertaken by a team of nine people between July 2013 and February 2014 for an estimated duration of twenty weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the Order of 13 May 2013 determining the conditions under which an independent third-party verifier conducts its mission, and in relation to the opinion of fairness, in accordance with the international standard ISAE 3000 (1).

(1) ISAE 3000 – Assurance engagements other than audits or reviews of historical information.

1. Attestation of presence of CSR Information

- We obtained an understanding of the company's CSR issues, based on interviews with the management of relevant departments, a presentation of the company's strategy on sustainable development based on the human resources and environmental consequences linked to the activities of the company and its social commitments, as well as, where appropriate, resulting actions or programmes.
- We have compared the information presented in the Registration document with the list as provided for in the Article R. 225-105-1 of the French Commercial Code *(Code de commerce)*.
- In the absence of certain consolidated information, we have verified that the explanations were provided in accordance with the provisions in Article R. 225-105-1, paragraph 3, of the French Commercial Code *(Code de commerce)*.
- We verified that the information covers the consolidated scope, namely the entity and its subsidiaries, as aligned with the meaning of the Article L.233-1, and the entities which it controls, as aligned with the meaning of the Article L.233-3 of the French Commercial Code *(Code de commerce)*, with the limitations specified in section 3.1.2 of the Registration document "CSR Reporting methodology", notably the publication of most of the human resources information relating to the France scope, which represents 58% of the consolidated headcount.

Based on this work, and given the limitations mentioned above, we confirm the presence in the Registration document of the required CSR information.

2. Limited assurance on CSR Information

NATURE AND SCOPE OF THE WORK

We undertook fifty interviews with more than sixty persons responsible for the preparation of the CSR Information in the different departments of the parent company and its five subsidiaries, in charge of the data collection process and, if applicable, the people responsible for internal control processes and risk management, in order to:

- assess the suitability of the Guidelines for reporting, in relation to their relevance, completeness, reliability, neutrality, and understandability, taking into consideration, if relevant, industry standards;
- verify the implementation of the process for the collection, compilation, processing and control for completeness and consistency of the CSR Information and identify the procedures for internal control and risk management related to the preparation of the CSR Information.

We determined the nature and extent of our tests and inspections based on the nature and importance of the CSR Information, in relation to the characteristics of the company, its human resources and environmental issues, its strategy in relation to sustainable development and industry best practices.

For the CSR Information which we considered the most important [(1)]:

- at the consolidated entity and its five subsidiaries (Bouygues Construction, Bouygues Immobilier, Colas, TF1, Bouygues Telecom), we consulted documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information, and also verified their coherence and consistency with the other information presented in the Registration document;
- at the two subsidiaries contributing the most to the environmental and human resources impacts (Colas and Bouygues Construction, representing 89% of the workforce and 93% of consolidated greenhouse gas emissions - scope 1, 2 and 3), we defined a representative selection of entities that we selected [(2)], based on their activity, their contribution to the consolidated indicators, their location and a risk analysis. We undertook interviews to verify the correct application of the procedures and undertook detailed tests on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation. The sample selected represented on average 13% of the sales and 9% of the total workforce of the two subsidiaries.
- at the three other subsidiaries (Bouygues Immobilier, TF1, and Bouygues Telecom), the supporting documents available at the head offices covered nearly all of the activities.

For the other consolidated CSR information, we assessed their consistency in relation to our knowledge of the company.

Finally, we assessed the relevance of the explanations provided, if appropriate, in the partial or total absence of certain information.

(1) ***Human resources information:*** *the workforce (total headcount), absenteeism (absenteeism rate in France), workplace accidents (frequency and severity rates of workplace accidents among staff), as well as occupational illnesses (number of recognised occupational illnesses in France), training policies (average number of days training per employee per year);*
Environmental and social information: *general environmental policy, corporate structures, environmental assessment and certification procedures (rate of environmental certification of materials production sites for Colas, overall environmental certification rate for Colas, share of Bouygues Construction sales covered by an ISO 14001-certified environmental management system, buildings with environmental labelling or certification in the order intake for the year, share of eligible Bouygues Construction worksites with the Ecosite label, share of Bouygues Immobilier sales with a commitment to environmental labelling or certification schemes), waste preventing, recycling and elimination measures (recycled materials in relation to the volume of aggregates produced by Colas, recycling rate of asphalt mixes for Colas in order to recover bitumen, waste oil recovery rate for Colas, percentage of Bouygues Construction non-hazardous waste recycled, Bouygues Telecom handsets collected for recycling), energy consumption and measures to improve energy efficiency (energy used per tonne of asphalt mix produced for Colas, percentage of warm asphalt mixes produced in hot-asphalt plants for Colas), greenhouse gas emissions, use of raw materials, measures taken to protect biodiversity (rate of aggregate production sites working to promote biodiversity for Colas); impact on local residents and population (share of production sites covered by a local dialogue structure for Colas, share of Bouygues Construction worksites covered by consultation exercises, communication campaigns or local resident satisfaction survey), relations with subcontractors and suppliers, business ethics, initiatives in place to guard against corruption, measures to protect consumer health and safety (radiofrequencies and protection of young audiences).*

(2) *The Colas Rhône-Alpes Auvergne, Colas Réunion Mayotte and Barret Industries Corporation (United States) entities, the Bouygues Construction entities Dragages Hong-Kong, Brézillon (Bouygues Bâtiment Ile-de-France) and the "Direction Régionale ouest Infrastructures de réseau TP" (Bouygues Energies & Services).*

We consider that the sample methods and sizes of the samples that we considered by exercising our professional judgment allow us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work. Due to the necessary use of sampling techniques and other limitations inherent in the functioning of any information and internal control system, the risk of non-detection of a significant anomaly in the CSR Information cannot be entirely eliminated.

CONCLUSION

Based on our work, we have not identified any significant misstatement that causes us to believe that the CSR Information, overall, has not been fairly presented, in compliance with the Criteria.

OBSERVATIONS

Without qualifying our conclusion above, we draw your attention to the following points:

- The comparability of human resources information and some of the environmental and social information between fiscal years 2012 and 2013 is affected by changes in scope, definition or reporting arrangements made by the Bouygues group and its subsidiaries. Most affected indicators could not be restated and presented pro-forma. Comments on the comparability of data have been made in the relevant chapters.
- Given the diversity of businesses of the subsidiaries, most environmental and human resources indicators are specific to each subsidiary, which limits the presentation of data in a consolidated form.
- For environmental or social indicators measuring the implementation of actions (e.g. biodiversity, dialogue with local residents), the level of formalisation of actions varies from one business and one entity to another. If applicable, a comment specifies uncertainties related to their consolidation in the relevant chapters.

Paris-La Défense, the 25 February 2014

French original signed by:

Independent Verifier

ERNST & YOUNG et Associés

Éric Mugnier
Partner, Sustainable Development

Bruno Perrin
Partner

4 RISK FACTORS

4.1 Business-specific risks

4.1.1 Bouygues Construction

4.1.1.1 RISK MANAGEMENT POLICY

The risks facing the Bouygues Construction group in 2013 were of the same kind as those identified in previous years: operational risks relating to major projects, country risk, aggravated recession risk and compliance risk.

4.1.1.2 RISKS ASSOCIATED WITH MAJOR PROJECTS IN THE DESIGN OR EXECUTION PHASE

Major projects are a potential source of risk for Bouygues Construction because of their size and number. They frequently involve complex packages (public-private partnerships, concessions, long-term contracts), for which risk allocation must be tailored to the capacities of the company. The 2013 order intake includes a number of large-scale building and civil works contracts in France and in other countries.

The types of risk inherent in major projects include:

- In the design phase: design flaws, under-budgeting, poor assessment of the local environment, and inadequate contractual analysis;
- In the execution phase: business failure of 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.

To achieve tighter control over these two major risk areas, Bouygues Construction operates an organisational structure that reflects the specific requirements of each business, backed up by rigorous approval and control procedures.

Each entity has access to substantial, highly-qualified resources in technical fields such as design, costing, feasibility studies and methods. Clusters of staff with extensive expertise in highly specialised areas (tall buildings, materials engineering, façades and sustainable construction, for example) share knowledge and capitalise on experiences across all Bouygues Construction entities.

Support functions are organised on similar lines, with separate departments covering legal affairs, human resources, accounting, management control, information systems and procurement, all headed up by members of the Bouygues Construction management team. Specialist clusters dedicated to treasury management, financial engineering, tax and insurance provide expertise to all group entities.

Approval and control procedures apply at each key stage in design and execution. For major projects, project selection and key risks are subject to systematic monitoring.

Key operational risks are further mitigated by the fact that project execution teams are highly professional and adequately-staffed, and are actively supervised by experienced managers.

Design and execution processes are documented in management systems at operational unit level, and are subject to various measures designed to enhance performance and control:

- Particular attention is paid to the pre-execution phase of major projects, especially in design, contract drafting and site preparation;
- In the design phase, external consultants are used to back up in-house expertise on technical issues for the highest-risk projects;
- Regular costing audits are performed to check the reliability of procedures for expenses, subcontractor budgets, and site supervision costs;
- Support functions are always involved upfront, especially in contract management and procurement;
- Particular care is taken in the selection and monitoring of customers and partners;
- The subcontracting process is closely supervised, with major subcontractors and partners thoroughly assessed ahead of the awarding of highly-sensitive work packages (architectural, technical trades, etc.);
- Risk monitoring is assisted by the use of specifically-developed procedures and tools.

In 2013, a particular emphasis was placed on project selection, increased specialisation in project design and execution teams, and enhancing feedback procedures.

4.1.1.3 COUNTRY RISK

Bouygues Construction generates 54% of its sales in France and 76% in OECD countries.

Outside these areas, the risks to which it is exposed are of two types: political/social and economic/financial. Political and social risks include those deriving from governmental actions such as embargoes, asset seizures or the freezing of bank accounts, and from general strikes or civil disturbances. Economic and financial risks include currency devaluation, currency shortages or payment default.

Bouygues Construction uses a variety of means to limit these risks. Thorough investigations are conducted before prospecting for business in a new country. It is company policy to suspend commercial activities in regions with a particularly serious political risk, and not to prospect for business in the highest-risk countries (in particular those experiencing serious civil or military unrest, or subject to United Nations embargo).

The company also operates preventive legal, financial and insurance measures. These include systematically halting projects in the event of non-payment, favouring the use of multilateral international financing, and obtaining political risk insurance whenever it is available on the market on satisfactory financial terms.

The Quality, Security and Environment (QSE) departments are becoming increasingly involved in regular reviews of the security situation in the countries in which Bouygues Construction operates, in conjunction with the Bouygues group security department.

Regularly-updated business continuity plans are also in place. A key aim of such plans is to safeguard people, in particular by ensuring that guidelines issued by French embassies in at-risk countries are strictly followed, and by liaising with the embassies to develop evacuation plans for various alert levels. In addition, flexible and responsive organisational structures mean that in exceptional circumstances, Bouygues Construction can withdraw resources from countries where such risks materialise while keeping its losses to a minimum.

Bouygues Construction has responded to the extremely tense situation in several African countries by strengthening its preventive policies, by measures such as devoting more resources to safety and providing training to expatriate staff.

4.1.1.4 AGGRAVATED RECESSION RISK

With the euro zone due to move out of recession in 2014 and a further recovery anticipated in 2015, the European construction industry can expect modest growth especially in the United Kingdom and Switzerland, where Bouygues Construction generates substantial sales volumes.

In France, although a slight improvement is in prospect in 2015, the construction industry is likely to experience further slippage in 2014, with building flat at best and further difficulties in civil works.

At world level, growth remains more buoyant despite regular downgrades to forecasts, partly due to a slowdown in emerging markets. Nevertheless, world demand for investment in infrastructure is likely to remain high in the medium term.

Against this backdrop, Bouygues Construction has held or even slightly improved its position, thanks largely to resilience in the Paris region combined with the company's focus on large-scale high added value projects and on high-growth countries and segments.

Although volumes are healthy, contract prices remain under pressure and counterparty risk is on the rise, especially in terms of business failure on the part of subcontractors.

Despite a gradual easing in the project financing market, Bouygues Construction may (in common with other operators in the sector) experience difficulties in arranging the investment and bank financing needed to secure complex projects.

In addition to the risk of a sharp downturn in activity during the three-year plan, Bouygues Construction may occasionally be faced with specific problems connected with delays to or the abandonment of projects, and difficulties in obtaining payment for ongoing projects.

Nevertheless, the company has many strengths to help it resist and adapt to the economic climate. A diverse business mix and broad geographical footprint mean that it is less exposed than a mono-line or mono-region business.

In addition, Bouygues Construction is exposed to a favourable business environment in some countries or sectors. This applies to the company's established markets (Hong Kong and Singapore), but also to Central America, especially Cuba. The company is also engaged in a geographical diversification strategy, focusing on expansion in buoyant markets (United States, Canada, Australia) or in zones experiencing robust economic development (Sub-Saharan Africa).

The order backlog (excluding long-term contracts, i.e. beyond 2018) represents 16.3 months of sales, giving good visibility on short-term revenue prospects. Bouygues Construction analyses forecasts to anticipate adverse trends, so that it can react appropriately and reallocate production resources to less affected markets or activities.

Finally, Bouygues Construction encourages job mobility between its businesses and geographical areas and the development of synergies between group entities, so that it is always well placed to anticipate, react and adapt to changes in the economic environment.

4.1.1.5 COMMODITIES RISK

Bouygues Construction is not exposed to commodities risk.

4.1.1.6 INDUSTRIAL AND ENVIRONMENTAL RISKS

Because of the nature of its business (which is not subject to REACH or other regulations on classified sites), the Bouygues Construction group is not exposed to significant industrial or environmental risk.

4.1.1.7 COMPLIANCE RISK

In an environment where reputational damage can spread fast and widely, compliance breaches are a significant risk for Bouygues Construction. In addition, the poor economic climate is likely to increase the number of approaches liable to have adverse ethical implications.

The rollout of the ethics policy continued through 2013, as training in ethical and compliance issues was extended to all entities and an ethics/compliance module was added to existing managerial and sales training programmes (see chapter 3, section 3.4.4.1)

The actions scheduled in this area during 2014 form part of the rollout of the Bouygues group's compliance programmes.

4.1.2 Bouygues Immobilier

4.1.2.1 PROPERTY MARKET RISKS

The activities of Bouygues Immobilier are exposed to economic factors beyond the company's control, and to systemic risks associated with the cyclical nature of property markets. Fluctuations in the property market and in the broader economic situation can have a significant impact on the activities and profitability of Bouygues Immobilier, the consequences of which – whether negative or positive – take time to flow through into the company's financial results, due to the time required to complete projects.

Factors that can affect the property market include:

- International and domestic economic conditions, trends in purchasing power and the level of consumer confidence, the last two of which exert a strong influence on the residential market;
- The level of long-term interest rates (home loans) and the terms of access to credit (deposits required, and the duration of loans offered) have a very strong effect on the solvency of potential buyers, and hence on demand for new residential property;
- Similarly, demand for new office premises is experiencing high volatility due to the general economic climate, which has a direct effect on rents. Marked fluctuations can significantly affect the return on office property developments, at a time when the final investor is particularly demanding in terms of the quality and term of leases;
- Sales may also be significantly impacted by administrative or tax measures that affect segments of the property market (incentives for home-buyers and tax breaks for buy-to-let investors), or more generally by public policies that raise taxes imposed on households (tax rates, reduction or capping of tax breaks, increases in value added tax);
- Competition in property markets remains strong, especially in the acquisition of land and in sales of new residential property, exposing Bouygues Immobilier to a risk of market share erosion and to a consequent reduction in sales and profitability.

In exercising control over sales and profitability, Bouygues Immobilier focuses on optimising its responsiveness to market fluctuations. The land bank is regularly reassessed to ensure that it gives a good fit with commercial operations, and shows a strong bias towards unilateral promises that enable the company to withdraw if necessary. The acquisition of land and start of works are largely contingent on a substantial proportion of the project being pre-sold. Finally, the company maintains a reasonably balanced spread of products and customer profiles; a diversified product mix and broad geographical footprint help Bouygues Immobilier respond better to the specific demands of its various markets.

Bouygues Immobilier is also involved, through its subsidiaries, in property development projects outside France. The company adopts a selective approach to such projects, which expose it to the risks inherent in the relevant local markets. However, the level of business outside France is generally low, representing approximately 4% of sales in 2013. Bouygues Immobilier has adapted its strategy in response to the economic crisis. Currently, its activities outside France are primarily located in Poland and Belgium. In addition, Bouygues Immobilier will begin marketing a residential property development project in Morocco in 2014.

Any exposure to currency risk is hedged. The company requires its subsidiaries to obtain external legal advice to address the risk of non-compliance with local laws and regulations.

4.1.2.2 OPERATIONAL RISKS

Contractor default risk

Bouygues Immobilier is exposed to risk as a result of its reliance on contractors (service-providers, suppliers and subcontractors) in carrying out its activities, especially regarding its worksites. Issues such as financial difficulties, poor quality workmanship, and general failings (or breaches of regulations) can lead to late deliveries and cost overruns that may harm the company's reputation and profitability, or its customers.

To mitigate this risk, Bouygues Immobilier operates a tendering process, and closely monitors the execution of contracts. Tendering managers are required to track the financial soundness of successful bidders, ensure diversity among suppliers of strategic goods and services, and avoid suppliers becoming economically dependent on the company. These high-risk areas are covered by the annual internal control assessment.

Customer default risk

Bouygues Immobilier protects itself against counterparty risk by its vendor's lien, and usually requires bank guarantees for payment of the balance of the purchase price. The company monitors carefully the quality of service-sector tenants and operators of serviced residences. Detailed procedures have been issued to address these risks, and the selection process for operators of serviced residences has been reviewed and tightened to prevent any risk of default.

Treasury risk

Bouygues Immobilier limits liquidity risk through a policy of centralised management of its cash and financing needs. Although the company has held a net cash surplus for more than five years, it could nonetheless be exposed to an increase in working capital needs in the event of a downturn in sales. To address this risk, Bouygues Immobilier retains, and regularly renews, confirmed medium-term credit facilities.

The company carefully checks the terms for the issuance of bank guarantees, and applies the Bouygues group management rules in areas such as internal and external security, liquidity, counterparty quality, credit agreement terms, and the measurement and hedging of interest rate and currency risk.

Information system risks

Bouygues Immobilier operates a secure, centralised information systems architecture, hosted in a data centre with advanced security features (high availability, standby facilities, supervision) capable of providing the required level of service quality and security.

The company has launched a project to enhance its information systems back-up plan so that resumption of service in the event of an outage at the principal site will be closer to normal operational capability. A dedicated unit has been set up to adapt security arrangements in response to the seriousness of threats, and critical applications have been identified.

4.1.2.3 RISKS SPECIFIC TO PROPERTY DEVELOPMENT

Acquisition of land and commitment committees

Bouygues Immobilier's business hinges on its ability to secure building land in locations that its customers want and at prices they can afford.

There is however a risk that land may be acquired without it being possible to complete the proposed development.

Consequently, there are strict procedures governing decisions to purchase land. Any legal document that is intended to secure land (or a building) and that binds the company (even with a get-out clause) requires prior approval from a Commitment Committee. The terms of the transaction, and the decisions taken by the committee, are recorded in minutes that are distributed to all the stakeholders. Until such time as the land purchase is completed by notarised deed, all approvals granted at committee level and all commitments are reviewed on a monthly basis; any substantive change requires a further committee meeting in order to approve the amendment.

Administrative and regulatory risks

ADMINISTRATIVE PERMITS

Bouygues Immobilier's business also depends on its ability to obtain all the necessary administrative permits for construction of its property developments. Failure to address these issues adequately could have a range of consequences including the loss of building permits, legal disputes and appeals, and the abandonment of projects.

Strict procedures are therefore applied at every stage in a property development project, and processes are regularly strengthened to ensure that these risks remain adequately controlled.

To address the risk that administrative permits (primarily building permits, office development permits, and decisions by local or national commissions for retail developments) will be refused, withdrawn or appealed, Bouygues Immobilier ensures that any commitments to purchase land do not become binding until all possibility of appeal has been extinguished, and meticulously reviews the quality of all applications made for permits.

COMPLIANCE

Bouygues Immobilier may face claims from purchasers 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).

Finally, it can also face claims from customers for defects in properties sold to them. Under the terms of the completion warranty, Bouygues Immobilier arranges for contractors to remedy defects on the snagging list as soon as possible.

Most construction defects are either covered by compulsory insurance policies, or can be attributed to contractors. Bouygues Immobilier ensures that it abides scrupulously by its obligations in terms of public liability and damage to property, and that all parties (contractors, engineering consultants, technical consultancy firms, etc.) meet their obligations in respect of the standard ten-year construction insurance policy.

ENVIRONMENTAL REGULATIONS

Bouygues Immobilier pays particularly close attention to all regulatory developments arising from the Grenelle Environment Summit process in France and any other relevant decisions made by the authorities, including those relating to protected species (fauna, flora, etc.) which may result in additional costs not originally budgeted.

INVOLVEMENT OF THE LEGAL AND INSURANCE DEPARTMENTS

In all these areas, 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 standard form contracts. Subsidiaries operating outside France invariably consult local law firms when structuring projects and handling claims.

In France, all insurance policies are contracted centrally by the Insurance Department. The department also provides support to international subsidiaries when they renew existing policies or contract new ones. By handling these matters centrally, Bouygues Immobilier is able to retain control over the insured risks and ensure that adequate cover is obtained.

The Legal Department logs all claims filed against Bouygues Immobilier. These claims are handled by operational units, with assistance from a barrister. A centralised policy for retaining barristers has been implemented in the interests of greater effectiveness. Major claims are handled directly by the Legal Department; an example is the substantive claim relating to the decontamination works for the "Grand Sillon" project in Saint-Malo, currently entering the expert report phase.

Compliance with competition law

In carrying on its property development activities, and particularly in responses to consultations, land searches and co-promotion projects, Bouygues Immobilier pays scrupulous attention to compliance with competition law, and is especially vigilant as regards active or passive corruption. To this end, Bouygues Immobilier not only distributes the Bouygues group Code of Ethics internally, but also applies procedures specific to its own activities. Staff are regularly reminded of these procedures, in particular via annual internal control campaigns and training programmes for line managers (see chapter 3, section 3.4.4.1).

Technical and environmental risks

POLLUTION AND SOIL QUALITY

Bouygues Immobilier operates a risk prevention policy as regards soil quality: as soon as a plot of land is identified as being of interest, the company carries out a survey of soil and subsoil quality and contamination. Once the broad outlines of a project have been established, Bouygues Immobilier makes use of specialist firms as necessary to analyse risks relating to soil quality, pollution, flooding, safety, the environment, foundations required, etc, so as to obtain a detailed estimate of the cost implications.

Bouygues Immobilier also pays close attention to archaeological plans, given that the unforeseen discovery of archaeological remains during site works can have repercussions on the time and costs to project completion.

Where demolition or rehabilitation is required, Bouygues Immobilier oversees compliance with regulations on asbestos removal and decontamination in the buildings concerned.

SAFETY RISKS

Bouygues Immobilier is assiduous in ensuring compliance with public health regulations, including those that relate to the use of toxic materials during construction, asbestos, lead, termites, and gas and electrical installations.

In addition, building works give rise to a risk of site accidents. Bouygues Immobilier generally uses the services of external inspection firms to ensure compliance with safety and building regulations.

Bouygues Immobilier has also launched an awareness and training campaign on the responsibility of project owners in terms of safety and the prevention of illegal labour.

Finally, to help protect its own employees, Bouygues Immobilier has appointed and trained safety officers at each of its sites, and also carries out periodic checks of safety procedures.

REPUTATIONAL RISK

Given its status as market leader with a highly-visible brand and as a member of the Bouygues group, and given its large number of past and present customers, Bouygues Immobilier is exposed to significant risk in the event of actual or alleged wrongdoing, or of claims against the company.

To address this risk, Bouygues Immobilier has set up systems for monitoring its reputation in the media and on social networks, combined with customer feedback mechanisms and a communications policy to be activated in the event of a crisis.

4.1.3 Colas

The Colas group has for many years placed the analysis, monitoring and prevention of business-specific risks at the heart of management concerns, with responsibility located at the level best placed to assess risk. The group's decentralised structure is key to the management of these risks.

Risk evaluation and overall risk policy is managed at head office level and relies on feedback from reporting systems or dissemination of best practice. However, individual subsidiaries and profit centres are responsible for handling, controlling and monitoring their own risks. Major risks are identified, documented and assessed annually by executive operational management teams. This risk mapping exercise takes the form of a key risk matrix, focusing on risks liable to impair the attainment of operational, financial or strategic objectives. This matrix is then used to develop action plans to mitigate identified risks. It is supplemented by a risk prevention policy based on monitoring of loss experience, analysis of causal effects and feedback. Central coordination and leadership, based on reporting tools, serve to improve the risk identification and analysis process, collate feedback that can be passed back to the subsidiaries, and develop risk prevention policies and initiatives.

4.1.3.1 SECTOR AND MARKET RISKS

The sales and profits of Colas are particularly sensitive to:

- macroeconomic trends in the principal markets where Colas operates (France, Europe, North America), which can have an impact in terms of sales volumes, competitive pressure and price levels;
- trends in public-sector orders, given that some 60% of Colas sales are generated with public-sector customers (especially local and regional authorities in France), and in the ability of public-sector customers to obtain funding. This risk factor is being exacerbated by mounting public debt, the state of the public finances in many countries and the resulting austerity programmes, and (in France) cuts in government grants to local authorities. Administrative and political issues may also affect the level of public-sector orders, whether in terms of difficulties achieving consensus on budgets, upcoming elections, proposals to merge local authorities or changes in political majority. All these factors could put at risk or delay infrastructure projects that have already been approved or being planned.

However, these risks are mitigated by various factors, including the economically essential role of transport infrastructure maintenance in ensuring the mobility of people and goods, the broad geographical dispersion of the Colas group's operations and its diverse business mix, the large number of projects handled, and the ability to deliver complex contractual solutions.

4.1.3.2 CREDIT OR COUNTERPARTY RISK AND COUNTRY RISK

Colas is present in 50 countries on five continents, and is exposed to specific risks in the countries where it operates. Since 91% of Colas sales is generated in Europe and North America (United States and Canada), exposure to country risk is low. So is the risk of payment default, as the majority of sales are generated from the public sector (national, regional and local government) with a large number of low value contracts. Operations in high-risk countries with poor ratings from international agencies or credit insurance bodies (e.g. Coface in France) usually involve contracts funded by multilateral development agencies such as the U.S. Federal Reserve (Fed) or the World Bank.

The roadbuilding, waterproofing, road safety/signalling and construction materials businesses have an extremely diversified customer base (including large numbers of private sector customers and local authorities), so counterparty risk is low. In the railway sector, a very high proportion of business is with infrastructure companies or bodies under state control. Private-sector customers are subject to upfront credit analysis, backed up wherever possible with credit insurance, in order to mitigate counterparty risk. Based on statistical analysis, the most significant risks can be quantified at a few hundred thousand euros. Colas has responded to the increased risk level arising from the financial crisis by tightening the procedures applied prior to the signature and start of construction contracts.

4.1.3.3 COMMODITIES RISKS

Colas is sensitive to the regularity of supplies of commodities and to fluctuations in their cost. The main commodities involved are petroleum-based products in the roadbuilding business (bitumen, vehicle fuel, heating fuel and gas, oil), and commodities such as steel, copper and aluminium in the road safety/signalling, waterproofing and railway businesses. The biggest risk relates to bitumen and other petroleum-based products.

Supply risk

Delays or stockouts in the supply chain may lead to direct and indirect cost overruns in the roadbuilding and waterproofing businesses. This is not a systemic risk (except in the case of conflict and total breakdown in petroleum supplies), and may affect a country, or more likely a region, over a variable period of time. Some years ago, Colas took steps to address this risk by setting up a group-level bitumen unit, supported by similar units in some of the major regions where the company operates (e.g. North America), to improve supply chain capacity through bulk purchase agreements and imports. Over the years, Colas has developed a bulk storage policy in France, Europe, the French overseas departments, the Indian Ocean region and, on a larger scale, North America. In parallel, the acquisition of Société de la Raffinerie de Dunkerque (SRD), which produces around 300,000 tonnes of bitumen a year, is a significant factor in securing supplies for road building in France and Northern Europe. The risk related to temporary or potential closures of new refining plants in France (Berre, Petit-Couronne) was substantially reduced in 2013 due to the overall decline in bitumen consumption both in France and neighbouring European countries.

Price fluctuation risk

Bitumen prices have been subject to significant fluctuations for a number of years. Various factors limit the risk arising from these fluctuations: the number and average value of contracts (which means that prices can often be reflected in the tender bid), and the fact that many contracts (in France and elsewhere) include revision or indexation clauses. Employees involved in contract negotiations are made aware of this issue so that it can be factored into the process. In some regions, it is possible to enter into supply contracts that fix prices at a guaranteed level for a specific period. For large-scale contracts, hedges may be contracted on a case by case basis when the order is accepted. However in some of the Colas group's activities, such as third-party sales of manufactured goods, rises in prices of bitumen and other petroleum-based products are only passed on to customers to the extent that the state of the competition allows

Given these factors, it is not possible to quantify the sensitivity of operating profits to commodity price fluctuations: Colas is involved in thousands of contracts subject to varying degrees of legal protection, and the extent of price rises varies from region to region.

There is also an indirect risk that rises in the prices of these products might lead to a reduction in order volumes as customers react to the prospect of higher prices for works or services.

Risks relating to refined oil product sales

Sales of refined oil products (other than bitumen manufactured by SRD) to third parties are sensitive to fluctuations in raw material prices and to the global demand for certain refined products, which is dependent on activity levels in the industry. The profits of this business activity are therefore largely a function of the difference between the selling price of the refined products (oil, paraffin wax, bitumen and fuel oil) and the price of the raw material inputs to the refining process (atmospheric residue, hydrocrackate and feedstock). Depending on the economic environment, it may not always be possible to pass on higher prices for oil-based products to customers in full, which was the case in 2012. In 2013, world and European demand for base oils was seriously affected by the impact of the recession on many industrial sectors, even though there was no fall in prices for the raw materials used in the refining process. These two factors led to a larger operating loss than in 2012. An action plan has been implemented to further diversify the sources of raw materials for refining, to adapt production facilities with a view to cutting operating costs, and to identify opportunities for alliances with other oil industry operators in processing. If the price for refining base oils were to remain at the historically low level experienced in 2013, the operating loss could only be reduced gradually.

A hedging policy is used to mitigate the risk associated with SRD's supply/production/sale cycle. This cycle is very short: production starts the month after the raw materials are purchased, and the finished products are sold in the same month or within the following two months. Supply and sales contracts are established in order to reduce this risk. Input raw material purchases are handled by a specialist committee.

4.1.3.4 LEGAL RISKS

Compliance risk

The business activities of Colas involve a very large number of contracts (nearly 100,000 a year), awarded and executed on a decentralised basis (800 profit centres and 1,400 materials production units around the world). Apart from the usual laws and regulations that always apply (such as competition and criminal law), most public sector contracts are also subject to specific regulations both at national or international level. The multiplicity of contracts and decentralised structure inevitably expose Colas to legal compliance risk, particularly in terms of anti-competitive practices and corruption, despite substantial preventive measures (information, training, code of practice, etc.) and stringent disciplinary procedures (see chapter 3, section 3.4.4.1). For the company, these risks may lead to financial penalties (imposed by competition authorities, for example), criminal or civil liability, loss of contracts (a ban on tendering for certain projects), or reputational damage. It is very difficult to assess the likelihood of such risks or to quantify their effect.

In May 2013, a former director and a former employee of Sintra (the Quebec-based subsidiary of Colas Canada) were charged in connection with a judicial investigation into public-sector contracts in Quebec and the funding of political parties. In addition, a former Sintra employee who left the company in 2000 has testified to an inquiry into public procurement in Quebec (the Charbonneau Commission) that some of Sintra's practices at that time were non-compliant. Sintra is assisting the Quebec authorities with their inquiries. In parallel, major internal investigative and preventive procedures have been launched, in line with the ethical policy of the Colas group. After hearing both sides of the argument, the newly-formed authority responsible for licensing companies to tender for public-sector contracts in Quebec issued such a licence to Sintra at the end of July 2013.

4.1.3.5 INDUSTRIAL AND ENVIRONMENTAL RISKS

Risk of fire, explosion and accidental pollution

This risk varies according to the size and nature of the activities at each site, and is regarded as immaterial at most industrial sites due to their limited size. However, these sites are under regular surveillance to reduce the incidence of such events; for example, fire permit procedures and infrared thermal imaging audits of thermal and electrical installations are used to reinforce preventive maintenance measures. The biggest sites, and those which carry on the most sensitive activities, are treated separately: these comprise the Axter waterproof membrane production site at Courchelettes, and the SRD site at Dunkirk where bitumen and other refined products are manufactured. Going beyond regulatory requirements, these sites are monitored in conjunction with the engineering departments and their insurers, who issue risk prevention recommendations.

All sites are covered by appropriate insurance policies. In addition, some Colas production sites may accidentally generate pollution incidents due to leaks in pipes or storage facilities, even though installations such as storage tanks are designed and maintained to minimise the risk of such incidents. Given the large number of relatively small sites and the risk management policies applied, any such incident is likely to be limited in scope and immaterial at group level.

Environmental risks

CO_2 EMISSIONS

The production processes at the Colas group's industrial facilities generate CO_2 emissions. In 2013, most installations were not subject to the emissions quota scheme, the exceptions being SRD, a few asphalt mixing plants in Denmark and Belgium, and around twenty units in France that have been subject to the scheme since the start of 2013. It is probable that these units will be obliged to acquire emission quotas on the market. It cannot be ruled out that an increasing number of installations will be subject to this scheme in future, leading to higher operating costs.

The production processes at the SRD facility generate CO_2 emissions, so the site is subject to the quota system, with declarations audited by an accredited audit firm. It cannot be ruled out that SRD may have to acquire emission rights in the market in the future. In order to limit CO_2 emissions, a switchover from heavy oil to gas power was completed at SRD early in 2013.

Other atmospheric emissions are subject to regular inspections by external bodies, and to internal checks.

WASTE

In France, new guidelines for the management of waste in the building and civil works sector are currently being finalised. These guidelines are in line with European Union rulings on the declassification of certain products previously regarded as waste, and involve defining a set of limits for residual concentrations of various pollutants to determine whether products can be accepted for recycling, and what types of recycling/reuse are permitted. Once the guidelines and limits are issued in the second quarter of 2014, the issue will arise as to what do with existing stocks of recyclable waste.

In this transitional period, it is possible that hundreds of thousands of tonnes of building waste held at Colas recycling platforms in France will have to be removed, without it being possible to enforce ultimate liability on the project owners (who under European regulations are normally liable as regards the chemical nature of their waste).

REHABILITATION OF OPERATING SITES

The Colas group's industrial sites are subject to classified installation regulations in France, and to similar regulations in other countries where Colas has operations. In France, quarry operating licences incorporate site rehabilitation obligations that are agreed upfront with the competent administrative authority. Provisions are recorded in the financial statements to cover these obligations, and are periodically reviewed and adjusted. As at 31 December 2013, these provisions were €153 million (versus €158 million at the end of 2012). If legislation in this area were to be tightened, contingent rehabilitation costs could increase.

Colas has a policy of systematically obtaining environmental certification (e.g. ISO 14001). Documentation and progress measurement are handled via follow-up audits and certification procedures, supported by external bodies and internal resources. The process relies on a globalised checklist system, introduced four years ago, which now covers the majority of materials production activities and forms the basis for consolidated action plans. In 2013, 79% of Colas worldwide materials production sales were covered either by certification or by the internal checklist system. All these arrangements have been incorporated into the internal control system, both in France and in other countries.

A provision has been recognised in the Colas financial statements to cover the obligation to rehabilitate the SRD site when it is decommissioned. The amount of the obligation is being charged against profits over the projected operating life of the facility, and is periodically reviewed.

REGULATORY COMPLIANCE

Colas subsidiary SRD produces oils, bitumen and specialty products by refining petroleum products. It is governed by the regulations applicable to facilities defined as classified installations for environmental protection purposes and, because of the type of products involved, it is subject to several European directives: the Seveso II directive (high threshold), the Large Combustion Plant (LCP) directive governing control over emissions, and the Integrated Pollution Prevention and Control (IPPC) directive. The requirements under these directives are incorporated into operating licences granted by the competent administrative authority. Facilities on the site are designed and maintained to prevent or minimise the risk of pollution incidents or any other major incident. Specific control programmes are in place and are checked by an internal inspection team. Government inspectors perform regular audits to check that these programmes are appropriate and adequately monitored. Accident scenarios are devised in conjunction with the authorities as part of hazard analysis studies, and emergency response procedures are formally documented in internal action plans. Risk management is largely down to the professionalism of the onsite teams, who apply strict operating procedures documented in an ISO 14001 compliant safety management system. This system is submitted annually to a local information and consultation committee, made up of representatives of government (including the *sous-préfet*), local authorities, community groups and industrialists. All minor incidents and accidents are logged and assessed. Any alterations are subject to failure mode, effects and criticality analysis (FMECA), a standard method for assessing industrial hazards in complex systems. Maintenance work is subject to the strict requirements of the safety management system and to the preventive maintenance recommendations made by insurers' engineering departments. The site is shut down every five years for major upgrading. SRD is also subject to regular inspections by DREAL, the regional environment, development and housing department, which is responsible for checking that procedures are being properly applied.

Three other much smaller sites are Seveso classified (low threshold). These are depots for the storage of explosives used at quarries on the islands of Martinique, Mayotte and Saint-Martin. Other facilities outside Europe subject to hazardous substance risks are the KBC refinery in Malaysia (operated by the Thai subsidiary, Tipco) and a few explosives depots in Africa and the Indian Ocean region. These facilities are managed using the same prevention rules as in Europe, but are subject to differing administrative frameworks according to the country where they are based. All these sites require the implementation of specific safety management tools and are subject to very strict French and European legislation. These requirements have generally become more stringent over time; if this trend were to continue, the capital and operating expenditure needed to ensure compliance could increase in the future.

4.1.3.6 OPERATIONAL RISKS

Workplace accident risks

The Colas group may be exposed to workplace accident risks, arising in particular from the use of heavy plant and industrial equipment, as well as a risk of road accidents either when staff are travelling or when exceptional loads are being transported. For many years, Colas has operated an extremely proactive prevention and training policy, Colas has detailed procedures in place for the haulage of heavy plant and industrial machinery (reminders of the regulations applicable to carriage of exceptional loads by road, use of standard local calculation software by all subsidiaries, preparation of a transport action plan by each subsidiary, instructions and procedures for securing heavy plant in transit, procedures for the contractualisation of transport and plant hire). Stringent fire prevention procedures are in place (especially in the waterproofing business) and preventive measures are also applied to excavation work where there is a risk of fracturing underground supply networks carrying dangerous substances (such as gas mains).

Occupational health risks

BITUMEN AND ULTRAVIOLET RADIATION

During 2013, the International Centre for Cancer Research (ICCR) published an official monograph on bitumen fumes, while Anses (the French national agency responsible for health and safety in food, the environment and the workplace) issued an official opinion on the same issue. The ICCR is the world authority on the subject and was unable to conclude in its monograph as to whether or not there is a link between cancer and exposure to bitumen fumes in a roadbuilding setting, despite the numerous studies carried out to date. The Anses findings replicated the risk analyses carried out by the industry.

The only adverse health effect known to be associated with working conditions on roadworks contracts is irritation of the respiratory tract and eyes. Colas therefore continues to class the risk from exposure to bitumen fumes as low and sufficiently reduced, except in confined spaces where specific risk analysis is necessary due to the combined effect of vehicle exhaust fumes and ventilation issues. It cannot be ruled out that if further studies establish a link, however uncertain, between the use of bitumen in roadworks and cancer, new regulations could be introduced, although nothing at this stage points to such a development. The image of the Colas group, as a leading player in the roadbuilding industry, could be adversely affected by any new media campaigns, court rulings or scientific studies in this area.

Colas continues to take regular measurements of the on-site exposure of its employees to bitumen fumes. The monitoring process is coordinated by the Human Resources department, with support from the Environment department; the company also does its best to facilitate the work done by researchers and occupational doctors. Colas encourages public authorities and project owners to adopt warm asphalt mixes as standard, since by significantly reducing the temperature at which bitumen based products are applied, the emission of bitumen fumes can be virtually eliminated. The company is looking into all work planning solutions that might limit the exposure of site workers to ultraviolet radiation and bitumen, and maintaining its proactive policy of innovating to ensure the health and safety of its people. For example, it is company policy, wherever possible, to buy pavers (the machine that applies bitumen mixes to roads) with on-site fume extraction systems. The group is also seeking to limit the temperature at which mixes are applied (subject to quality constraints), and increasing its use of warm asphalt mixes. For all of its activities involving the use of bitumen worldwide, Colas can access techniques that enable mixes to be applied at temperatures below 200°C. Some of these techniques were invented by Colas, in particular the techniques used for asphalt (which Colas has made available to all industry operators in France, where it produces these materials).

In addition, the nature of the Colas group's activities means that many employees work in the open air and may have repeated exposure to ultraviolet radiation, the principal environmental factor in skin cancers. Employees are issued with preventive guidelines (and regular reminders) – they must apply appropriate sun creams to the face and other exposed skin and wear hats and overalls – and the company raises awareness among occupational doctors to systematically screen for skin cancer.

DUST AND SOLVENTS

Exposure to silica dust is being actively addressed by occupational health professionals, both on roadbuilding sites and in quarry and gravel extraction facilities. This risk is significantly reduced by initiatives being taken in France and internationally (sealed cabs equipped with air conditioning and filters, basic anti-dust masks, various dust abatement techniques, and replacement of drilling and planing machinery with machines fitted with aspiration 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.

ASBESTOS

Alleging asbestos exposure, some former SRD employees (and/or their heirs and assigns), some of whom were employees of BP prior to the asset-for-share exchange of 31 December 1991, have instigated proceedings against BP and/or SRD, and against the public health insurance scheme (CPAM) of their place of residence. At this stage, proceedings to determine whether this is a case of occupational disease linked to asbestos exposure, and the enforceability of the claim against the employer, are still ongoing in 21 cases. If the claim of occupational disease is held to be valid and enforceable against the employer (and hence potentially against SRD), then the employer could be faced with an increase in future contributions, and could also incur the financial consequences of a successful claim for occupational disease due to gross negligence (two gross negligence cases have been brought).

CONTRACT EXECUTION RISKS

General contract execution risk is relatively limited due to the large number of contracts and their low average value. However, some subsidiaries do work on large-scale projects, for example concession or PPP-type contracts. The complexity of these major projects means that these subsidiaries are exposed to increased risks in terms of contingencies (geological, archaeological, acquisition of land for construction), costing, execution, deadlines (e.g. delay in land being made available by the customer), etc.

Risks related to weather conditions and natural phenomena

The activities of Colas may be sensitive to natural phenomena, especially weather conditions. Adverse weather such as rain, snow or frost may lead to site shutdowns or business interruption, with the result that fixed costs may not be covered; it may also generate additional costs to complete a contract (increased use of temporary staff, plant hire) within a shortened timescale.

In addition, natural phenomena (earthquakes, floods, cyclones, storms, lightning, etc.) may disrupt Colas' activities or lead to the accidental destruction of infrastructure under construction. Such events may result in reduced sales or additional costs, some of which may be borne by insurers.

RISKS RELATED TO ACQUISITIONS

The Colas group has built much of its development on acquisitions. Such a strategy may be limited by excessive valuations or a lack of suitable targets, by competition for proposed acquisitions, or more specifically by the application of competition law. It cannot be ruled out that, for various reasons, Colas may experience difficulties integrating acquisitions into its organisational structure, which could result in profits and cash flows falling below expectations, and possibly even the recognition of impairment losses against goodwill.

No corporate acquisition may be made without a specific prior investment request, supported by an appraisal prepared in a format defined in the internal procedures guide. Such proposals are submitted to group senior management for review before being presented to the Board of Directors of the subsidiary making the acquisition.

EMPLOYEE-RELATED RISKS

The activities of Colas rely on its human capital. This means that in ensuring a smooth transition between generations of employees, Colas is faced with risks relating to the recruitment, training and retention of staff, to control over salary levels, and to potential industrial action. In addition, the unavailability (for whatever reason) or death of key executives could delay certain development projects and affect the operational management of the Colas group. Consequently, anticipating future personnel needs and nurturing talent are major priorities of human resources policy for the Colas group.

4.1.3.7 INSURANCE AND RISK COVERAGE

Colas seeks to protect assets and people against foreseeable and insurable losses, but without impairing its competitiveness. Estimated risks are managed at every level via prevention, legal assignment of the risk, or obtaining insurance cover.

Obtaining insurance for risks is dependent on the risk being defined and measured (in terms of the probability and occurrence of loss). The principal risk exposures must be covered by insurance.

Colas has an in-house Risk and Insurance Department, which in addition to a supervisory role also provides risk management assistance to subsidiaries on an as-needed basis. Some risks are covered by Group-wide policies managed by Colas on the basis of information from subsidiaries, while for other risks a subsidiary may opt to obtain cover under an existing policy (in which case, the subsidiary must subscribe to that policy). At the international level, some insurance policies are contracted locally, either to comply with local regulations or because the frequency of claims means that policies need to be managed locally.

Public liability

Public liability insurance provides cover against losses incurred by third parties; the main types of cover involved are compulsory motor insurance, contractors' public liability insurance, product liability, operating liability, and ten-year construction warranties. The amount of cover is tailored to the risks incurred, and is usually more than €5 million.

Damage to property

This type of insurance covers damage to assets held by Colas and its subsidiaries; cover is usually equivalent to the value of the insured asset.

Construction

Specific insurance is taken out for civil engineering structures under construction where there is a contractual obligation to do so.

Colas has a long-established prevention policy, which is upgraded on an annual basis. As a result, the Colas group has developed a genuine partnership with its insurers, enabling its policies to be renewed on terms more or less unchanged from previous years.

4.1.4 TF1

4.1.4.1 OPERATIONAL RISKS

Risk of losing key programmes

NATURE OF THE RISK

The performance of TF1 depends partly on its ability to offer premium programmes in order to maintain its leadership in audience ratings. The loss of key programmes would therefore expose TF1 to a risk of lower audience figures, but also – in pay-TV – to the emergence of tensions with the distributors of the Group's channels in an increasingly concentrated TV rights market.

HOW THE RISK IS MANAGED

Thanks to the talent of its creative staff and its long-standing special relationships with French and foreign producers, TF1 currently offers the best programming. Future programming schedules are locked in via multi-year contracts with the biggest producers, considerably reducing the risk of loss of key programmes in the medium and long term.

TF1 is monitoring closely the emergence of new players in the acquisition of sports television rights, which may upset the current balance in the rights market for various media platforms.

Risks related to the economic crisis

NATURE OF THE RISK

The crisis that has hit the world economy since 2009 has affected TF1 and its partner companies, as it has all economic players. In response to the economic conditions experienced in 2013 and forecast for 2014, TF1 is stepping up its drive for a more flexible business model and a lighter cost base.

HOW THE RISK IS MANAGED

To mitigate the effect of any future shocks and enhance responsiveness to further economic downturns, TF1 is continuing with the reorganisation initiated in 2008. New group-wide processes are constantly being implemented, some of the fixed cost base has been migrated to variable cost, and the business model is under constant review. Further initiatives include the preparation and implementation of a cost-saving plan, and adaptation of processes and structures in a medium/long-term perspective.

4.1.4.2 INDUSTRIAL AND ENVIRONMENTAL RISKS

TF1 programme broadcasting – Risk of signal transmission interruption and execution risk

NATURE OF THE RISK

TF1's programmes are currently broadcast to French homes by:

- radio waves in free standard definition DTT (R6 multiplex) via the 124 main transmission sites and 1,502 secondary transmission sites operated by TDF, TowerCast, OneCast and Itas Tim;
- radio waves in free high definition DTT (R5 multiplex) via the 124 main transmission sites and 1,179 secondary transmission sites operated by TDF, TowerCast, OneCast and Itas Tim;

- satellite in free-view standard definition and high definition digital on the Astra 1 position from SES in the DTT SAT offering and on Eutelsat's Atlantic Bird 3 in Fransat's offering;
- cable in Secam analogue on some networks;
- cable in standard definition digital;
- satellite in standard/high definition digital in the packages offered by CanalSatellite (SES Astra 1) and AB (Eutelsat AB3);
- ADSL, and in some cases fibre-optic cable, in standard definition digital via all internet service providers (Bouygues Telecom, Free, Orange, SFR);
- cable, fibre, satellite and ADSL simulcast in digital high definition via a growing number of networks.

TDF is by far the leading national TV signal transmission operator, with a network and technical resources currently unmatched by any other company, in particular as regards hosting on existing masts.

TF1 is therefore dependent on TDF for signal transmission. Despite the emergence of alternative transmission operators, TF1 cannot at present do without TDF's hosting facilities. As a consequence, if the TDF network breaks down, TF1 cannot switch to other terrestrial transmission systems to provide quick and affordable coverage of its full broadcast area.

Also, incidents can occur with the antenna system (antenna, wave guides and frequency multiplexers), and power supply is not under TDF's control (it is the responsibility of EDF).

There have been disruptions of TF1 signal transmissions for technical reasons, such as transmitter failures or power outages. Contractual penalties are not commensurate with potential operating losses to TF1 during these incidents (including loss of audience, reputational damage, rebates claimed by advertisers, and loss of merchandising rights).

There is no backup for TF1's HD signal transmissions, which are currently carried by TDF's terrestrial multiservice (TMS) transport network. Consequently, multiplex transmission interruptions affecting groups of transmitter sites are possible, and isolated cases do occur. TMS is now fully deployed but service continuity issues persist, sometimes with significant impacts (more than 1 million viewers). A deterioration in labour relations brings a risk of malicious actions that could have an impact on transmission of TF1's signal. There have been several minor service interruptions at transmission sites in the past.

The loss that TF1 could incur in the event of transmitter failure is proportional to the number of television viewers served by the transmitter. A failure in the Paris region (10 million viewers) could have serious economic repercussions. For this reason, TF1 has negotiated a digital transmission agreement requiring a very rapid response from TDF in the event of a failure, and has requested reinforced backup measures.

Finally, the reallocation of frequencies associated with the deployment of the new R7 and R8 multiplexers could have an impact on existing multiplexers, and cause local disruption to the TF1 group's networks.

HOW THE RISK IS MANAGED

Multi-platform radio wave transmission (SD DTT, HD DTT) and the variety of alternative networks (satellite, cable, ADSL and fibre, the latter two run by multiple operators) will gradually minimise the impact of any failures of the TDF network, since these networks are not connected to each other and are staffed separately. Transmission sites are generally reliable because of duplicate coverage from transmitters.

In order to limit multiplex transmission interruptions affecting groups of transmitter sites, back-up transmission solutions for TF1 HD will be studied before broadcasting on TF1 SD DTT comes to an end. MR5 has secured a backup satellite commitment with the CSA (the French broadcasting regulator), to start in late 2014 or early 2015.

Risks associated with the growth of digital terrestrial television and the development of the internet and new media (Source: Médiamétrie)

NATURE 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 digital terrestrial television (DTT) since 2005, including the launch of six new channels at the end of 2012, has played a significant role in fragmenting the audiences of the incumbent channels;
- there have been gradual changes in how entertainment is consumed, due to the emergence of factors such as: the expansion of the freeview channel offering in the basic packages of internet service providers; the spread of the internet more generally; and the increased consumption of non-linear content, as a result of the expansion of web-TV and the legal or illegal uploading of content to the internet. These new developments could divert part of existing media and off-media advertising budgets, and also capture some of the viewing time currently spent on pay-TV activities such as movies and series;
- the development of connected TV offers yet another new space fuelling the distribution of non-linear content, driven by the arrival of powerful players such as Apple, Google and Netflix.

In addition to audience fragmentation, the proliferation of channels could intensify competition in the rights market, particularly for high-profile, attractive content such as drama series.

The effect of these developments could be accentuated, especially at a time of economic crisis, if the major incumbent channels were to be faced with more aggressive commercial policies. TF1 is responding to this situation with a programming policy focused on maintaining the gap over its rivals, in terms of both audience and commercial performance.

The rollout of DTT has split the television audience among a larger number of players, and the broadcasting landscape has changed rapidly: in January 2007, 40% of French households were receiving multi-channel offerings, but by the end of December 2012 this figure had risen to 100%.

With this growth in freeview television offerings, TF1's audience share would have been expected to decline. However, the channel's audience has proved resilient: while multi-channel offerings have increased four-fold in eight years, TF1's audience share among individuals aged 4 and over has declined from 31.8% in 2004 to 22.8% by the end of December 2013. TF1 scored 99 of the top 100 audiences in 2013. Meanwhile, DTT's aggregate market share has increased from 5.8% in 2007 to 24.3% in December 2013 (a rise of 18.5 points).

HOW THE RISKS ARE MANAGED

TF1's ongoing exposure to fragmentation risk is mitigated by the rebalancing of the business mix towards DTT with the acquisition of exclusive control over TMC and NT1 and the launch of HD1. This gives TF1 the opportunity to tap into the new audience share for DTT while limiting the impact on its premium channel.

The TF1 group has consolidated its market leadership by:

- building a coherent global offer through its freeview channels, thanks to powerful programming;
- positioning itself as a major DTT player through its interests in TMC (the leading DTT channel in 2013, and the 5th most popular national channel) and NT1, and the launch of the HD1 channel on 12 December 2012;
- optimising the acquisition of programmes for its premium channel and its DTT channels by adopting a cross-disciplinary organisational structure, providing the best fit between each channel's needs and programme purchases on the one hand, and exploiting and circulating acquired rights (subject to regulatory undertakings) on the other;
- tightening the group's control over the value chain by using the in-house production subsidiary TF1 Production for part of its programme output;
- adapting commercial policy to reflect the new competitive landscape, especially in marketing slots in programmes with big audience-pulling potential;
- establishing MYTF1 as one of the leading French media websites.

TF1 is also establishing a position in the connected TV market at reasonable cost, for example by signing partnership agreements with manufacturers and in social media (including Twitter and Facebook) and offering viewer interactivity on flagship programmes carried on the premium channel (*Danse avec les Stars, Secret Story, The Voice, Miss France 2014, MasterChef*).

Risks associated with changes to spectrum allocation

NATURE OF THE RISK

Following completion of the switchover to 100% digital in November 2011, the frequency spectrum is still subject to changes that may generate various types of risk for TF1's operations. At present, the rollout of the R7 and R8 multiplexes is being accompanied by frequency changes for all the other multiplexes in each of the thirteen rollout phases.

In the medium term, the arrival of "first dividend" 4G risks generating interference for television viewers, since the spectrum auctioned to the mobile phone operators is adjacent to the DTT spectrum. The mobile phone operators are responsible for taking the necessary measures to prevent interference to TV reception, in particular by installing filters.

In the longer term, the possible freeing-up of a second digital dividend could profoundly alter the terrestrial broadcasting landscape. Such a step would inevitably involve the switch-off of several DTT multiplexes.

Maintaining the range of channels currently available on DTT would require some technical changes, including:

- Discontinuation of MPEG-2 coding on standard definition unscrambled channels in favour of the universal use of MPEG-4, which uses less bandwidth. This would end the duplication whereby TF1 has to broadcast both the standard definition and the high definition versions.
- Potential abandonment of the DVB-T standard in favour of DVB-T2, which uses a narrower range of radio wave frequencies.

Funding public information campaigns about these technical changes, and potential compensation for termination related to the discontinuation of multiplexes, expose TF1 to a risk for as long as the new framework has not been defined.

HOW THE RISK IS MANAGED

Uninterrupted reception for viewers is a priority for TF1, which is working closely with the CSA (the French broadcasting regulator) as these developments progress. More generally, TF1 is maintaining close contact with regulators and legislators to try to limit the impact of these changes.

General policy on industrial and environmental risks

The "Réagir" Committee, created in 2003, continues to work on monitoring and preventing major risks associated with the TF1 group's key processes. It also updates and regularly tests rapid recovery plans that may be triggered when an exceptional event results in an interruption in signal transmission or denial of access to the TF1 building.

Since 2007, TF1 has had a secure external backup site for programme transmission, the production of news bulletins (TF1 and LCI), and the preparation of advertising spots for the TF1 TV channel. The company's vital functions are included in the security plan through an alert and activity resumption process. Besides real-time security, numerous key areas such as accounting, treasury, payroll, Eurosport, e-TF1 and IT are protected by multiple-level security systems. Procedures are tested periodically so that the system can be adjusted if necessary. Broadcasting continuity is ensured 24/7, and an operations simulation is performed every month.

In 2013, various exercises were held to test that these arrangements were operating effectively. The results provided an opportunity to update fallback systems – especially in news production (PNS2) – and to check on improvements identified in internal audits and extensions to backup routines for IT applications and data.

There were no broadcasting incidents in 2013 that required fall-back on an external backup site.

Launched in 2011, "Réagir 1 Vigilance" is a preventive plan activated on an as-needed basis, and in particular at any time of heightened risk (building works, demonstrations, live broadcasts, service launches, software upgrades, etc). This plan not only ensures that staff remain vigilant, it also offers improved responsiveness to incidents before they escalate. In 2013, 71 "Réagir 1 Vigilance" e-mails were sent to the relevant departments.

As in the case of operational risks, the TF1 group has insurance policies (including Civil Liability and Property & Casualty) that could be called upon to cover some of the risks mentioned above.

4.1.4.3 LEGAL RISKS

CSA broadcasting licence and enforcement powers

NATURE 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). This licence expired in 1997, but was renewed for a further 5-year period (via decision 96-614 of 17 September 1996) from 16 April 1997, with no requirement to submit to a competitive tendering process.

The TF1 channel's broadcasting licence was renewed automatically for the 2002-2007 period, pursuant to a decision by the CSA (the French broadcasting regulator) of 20 November 2001. Under Article 82 of the law of 30 September 1986 as amended, this licence was automatically extended to 2012, in return for a commitment to provide a DTT simulcast. A further CSA decision of 10 June 2003 amended TF1's licence and contract terms to build in the DTT simulcast stipulations.

The "Future Audiovisual and Television Broadcasting Modernisation Act" of 5 March 2007 introduced two automatic five-year extensions of TF1's licence. The first compensated for the early switch-off of the channel's analogue signal on 30 November 2011 and was subject to TF1 joining the consortium set up to implement the analogue switch-off. The second was in return for the channel's commitment to provide DTT coverage to 95% of the French population. Accordingly, TF1's licence is now set to expire in 2022.

The TF1 group is subject to a variety of commitments covering general obligations to broadcast and invest in production, either through its schedule of conditions or as a result of regulations applicable to its activity. A change to the regulations could raise the current constraints imposed on TF1, with a possible negative impact on the company's profitability.

If TF1 fails to meet its contractual obligations, the CSA can, after giving formal notice and depending on the severity of the offence, impose one of the penalties set forth in Article 42-1 of the Law of 30 September 1986. These include a fine; a temporary ban (of no more than one month) on producing, broadcasting or distributing the service, or a category of programme, or part of a programme, or one or more advertising slots; and reducing the term of the licence to use frequencies by up to one year.

HOW THE RISK IS MANAGED

TF1's compliance with its obligations is strictly monitored, and the company has a dedicated Programme Compliance department tasked with ensuring that the channel's programmes comply fully with regulatory requirements.

Risk associated with societal pressure on advertising and programmes

NATURE OF THE RISK

Political attitudes to societal issues such as violence or public health may induce the legislator to attempt to tighten legislation relating to advertising or programmes. TF1 takes this situation into account in discussions with its key partners, so that these issues can be addressed over time in the interests of all stakeholders.

In addition, TF1 has a policy of acquiring the best programmes from its production partners in France and internationally, and broadcasts programmes intended for a mass audience.

HOW THE RISK IS MANAGED

TF1's Programming and "Viewing & Compliance" teams exercise the utmost vigilance in protecting young viewers in order to keep this risk to a minimum. As regards advertising, a team from TF1 Publicité views each advert once it has been cleared by the ARPP (the French advertising regulator), and TF1 Publicité ensures that adverts comply with the regulations and with editorial policy.

Risk associated with additional taxes or legislative changes

NATURE 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 by 1 January 2016. In return, the tax paid by French television channels to fund the loss of the France Télévisions group's revenue was reduced to 0.5% of their advertising revenue.

This illustrates the economic risk to which television channels are exposed as a result of new taxes, such as the tax on advertising spending.

In addition, a draft bill amending the law of 30 September 1986 on the freedom of communication may be tabled during 2014, though it is not possible at this stage to quantify either the positive or the negative effects of any such amendments.

HOW THE RISK IS MANAGED

Generally speaking, TF1 maintains close contact with regulators and legislators to try to limit the impact of this risk.

Acquisition of 100% of NT1 and of the 40% of TMC owned by Groupe AB

NATURE OF THE RISK

On 11 June 2009, the TF1 group and Groupe AB signed an agreement whereby TF1 was to acquire 100% of NT1 and the 40% of TMC owned by Groupe AB.

This acquisition received clearance from the French Competition Authority on 26 January 2010, subject to undertakings by the TF1 group as to its future conduct.

Under the terms of the deal, TF1 made a number of substantial undertakings to the Authority.

These undertakings were made as of the date of the decision to approve the deal, and are valid for five years.

The undertakings on rights and audiences are aimed at facilitating the free movement of rights to the benefit of competing channels, and at restricting the right to repeat screenings to no more than two freeview channels.

TF1 also undertook not to engage in any cross-promotion on the TF1 channel of programmes aired on the channels acquired by TF1.

In terms of the advertising market, the undertakings are intended to maintain the independence of advertising slots on TF1 from those on TMC and NT1. In particular, TF1 undertook not to engage in any form of linkage, subordination, rebates or trade-offs between its own advertising slots and those on TMC and NT1. TF1 also undertook that TMC's and NT1's slots would be marketed by a company independent from the one responsible for selling airtime on the TF1 channel.

An independent commissioner, approved by the Competition Authority, is tasked with ensuring that TF1 complies fully with all of its undertakings. These undertakings are available for consultation (in French only) on the Competition Authority website via the following link: http://www.autoritedelaconcurrence.fr/pdf/engag/10DCC11engagementsversionpublication.pdf.

Failure to comply with these undertakings could expose TF1 to penalties under Article L. 430-8 of the French Commercial Code.

The CSA also approved this deal, agreeing to amend the licences for the TMC and NT1 channels in return for various undertakings from TF1 regarding plurality and diversity of programming schedules in the interest of viewers:

- replicating in the agreements for the two channels some of the undertakings given to the French Competition Authority, for the same period (no cross-promotion, repeat screenings of programmes already aired on TF1 limited to one of the two other channels; ban on bidding for the same sports rights for more than two free-to-air channels);
- providing undertakings with regard to broadcasting regulation for the duration of the agreements (with a rendezvous clause), including:
  - extending TF1's production obligations (through a Group-wide agreement) to include a guarantee of original programming on TMC and NT1,
  - revising NT1's primetime slot from noon to midnight in 2010 to 6pm to 11pm from 2011,
  - obliging TMC and NT1 to broadcast 365 and 456 hours respectively of original programmes every year,
  - enhancing NT1's content with innovative programmes, cultural broadcasts and live shows,
  - allowing for the early release of rights to audiovisual works on final broadcast.

The undertakings given by the TF1 group to the two authorities do not undermine either the financial or industrial logic of the deal.

HOW THE RISK IS MANAGED

Independent commissioners are regularly monitoring TF1's compliance with its undertakings to the French Competition Authority.

The commissioners appointed by the Authority have issued a report on TF1's compliance with its undertakings during 2012, which concluded that *"as in 2010 and 2011, the TF1 group complied with all of its undertakings during 2012"* (report filed with the Competition Authority).

General policy for managing legal risks

In terms of legal risks, the TF1 group has taken out a public liability insurance policy that covers the consequences of TF1 and its current and future subsidiaries being held liable for loss incurred by third parties; the amount of cover is commensurate with the risks incurred.

This insurance policy is arranged by the TF1 group Legal Affairs Department with leading insurance companies.

The deductibles under this policy have been determined in light of the nature of the risks incurred and the potential reductions in premium, so as to optimise the overall cost of covering the risks to which the TF1 group is exposed.

4.1.5 Bouygues Telecom

4.1.5.1 SUSTAINABILITY OF THE MOBILE TELEPHONY BUSINESS MODEL

The asymmetrical regulatory measures introduced to encourage the entry of a fourth operator into the French mobile telephony market, and the January 2012 launch by this fourth operator (Free Mobile) of low-cost offers into the mature French market, have led to radical economic and financial upheaval in the French telecoms sector, leading in turn to a sharp fall in revenue per customer. An opinion issued by the French Competition Authority on 11 March 2013 stated that combined intervention by the competition and regulatory authorities was needed to exercise control over the 3G roaming deal enjoyed by Free. Developments in the market will continue to be very heavily influenced by future regulatory measures. Competition in this sector is very intense, and could become even more so in the future.

The success of Bouygues Telecom will depend on its ability to meet this competitive challenge by adapting to the ongoing transformation in the market and making rapid breakthroughs, including:

- launching offers adapted to the new competitive environment;
- further cost reductions;
- implementing the network-sharing agreement with SFR signed in January 2014;
- developing new sources of growth.

The 4G network on which Bouygues Telecom has been working for several years was launched on 1 October 2013 and offers a potential source of new growth based on the incremental value added from increased data traffic.

Bouygues Telecom's ability to reconnect with a sustainable business model is dependent on the extent to which it can meet these objectives, and on future regulatory developments. If it fails to do so, the company could be exposed to a loss of market share, with significant negative implications for its profits and financial position.

Finally, in an environment where regulatory decisions appear to be a determining factor, the risk cannot be ruled out that an operator might be able to offer 4G without meeting its coverage obligations, thereby securing a strong competitive advantage.

4.1.5.2 SUSTAINABILITY OF THE FIXED LINE BUSINESS MODEL

Bouygues Telecom was a relatively late arrival as an internet service provider, in 2008. The need to reach critical mass is a big challenge for the company, which risks losing its market positioning if it fails to do so. Competition, which is heavily dominated by the incumbent operator at present, could be further intensified by changes to the competitive landscape, especially by capital tie-ups between competing operators or by the emergence of new players in the market.

The success of Bouygues Telecom will depend on its ability to retain existing customers and capture new ones by offering sufficiently attractive offers relative to those of its rivals.

4.1.5.3 PSYCHOSOCIAL RISK

In a particularly agitated competitive environment, and in the wake of the voluntary redundancy plan implemented at the end of 2012, Bouygues Telecom continues to pay close attention to the psychosocial risks to which its employees are exposed, in particular via:

- the "well-being and stress observatory", set up in 2000 with occupational doctors, whose findings and action plans are submitted to the Health, Safety and Working Conditions Committee (CHSCT) and to employee representatives;
- the presence of a social worker and an occupational psychologist at each Bouygues Telecom site;
- periodic employee satisfaction surveys.

4.1.5.4 ADVERSE REGULATORY AND TAX CHANGES

New taxes and regulatory requirements are being applied to fixed and mobile services at European and national level, with an impact on the profitability of Bouygues Telecom. The operator is always on the lookout for such developments in order to anticipate and mitigate their impact. The company also maintains constant dialogue with national and European authorities, either directly or through the French Telecoms Federation (FFT).

As an example, extending the scope of network equipment subject to approval could have a significant impact on operating and capital expenditure at Bouygues Telecom.

In addition, exposure to electro-magnetic waves is an issue of ongoing concern in France, thanks to lobbying by various organisations. From the outset, Bouygues Telecom has had a team dedicated to mobile telephony and health. This team is responsible for ensuring that the regulations are rigorously applied, and for carrying out a conscientious risk assessment based on collective experience. Bouygues Telecom also 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.

4.1.5.5 CONTINUITY OF SERVICE AND SECURITY

Cyber-attacks on networks and information systems are becoming more frequent. Incidents of this type carry a double risk – disclosure of confidential customer data and/or service denial – which could have significant implications for Bouygues Telecom's reputation and profits. Protective steps taken by Bouygues Telecom include a security policy based on information system access controls and anti-intrusion systems.

Service interruption can also be caused by technical equipment breakdown or by an onsite incident affecting the network or information systems. Bouygues Telecom addresses these risks by:

- security measures at key sites including restricted access, fire prevention, air conditioning, power supplies, etc;
- a business continuity plan for critical technical systems, maintained in a state of operational readiness at all times;
- a crisis management plan, based on maintaining certain employees on-call in order to ensure a reactive, co-ordinated response to major incidents.

Bouygues Telecom also carries out regular crisis simulation and disaster recovery exercises, and commissions regular audits of security systems in conjunction with Anssi (the French national agency for information systems security). In the first half of 2013, Anssi was commissioned (under Decree L. 33-10 of the French Postal and Electronic Communications Code of 15 November 2012) to carry out an audit of the security and business continuity systems of the Home Localisation Register (HLR) function of French telecoms operators.

4.1.6 Bouygues SA

The principal risk facing Bouygues SA as the parent company of a diversified group is a significant impairment of the value of one or more of its equity holdings. As required under accounting standards, the value of the principal equity holdings is tested for impairment at least once a year (see Note 2.7.4 to the consolidated financial statements, in chapter 7 “Financial Statements”).

4.2 Market risks

In addition to the information provided below, readers should refer to the tables provided in the following notes to the consolidated financial statements, in chapter 7 “Financial statements” in this document:

Note 4.4 Cash and cash equivalents

Note 8.1 Interest-bearing debt by maturity

Note 8.2 Confirmed credit facilities and drawdowns

Note 8.3 Liquidity at 31 December 2013

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 17.1 Interest rate hedges

Note 17.2 Currency hedges

4

4.2.1 Management of interest rate risk and currency risk

Some Bouygues group entities use hedging instruments to limit the impact on the income statement of fluctuations in exchange rates and interest rates. The Group’s policy on the use of financial instruments is described below.

4.2.2 Risks to which the Group is exposed

4.2.2.1 CURRENCY RISK

In general, the Bouygues group has little exposure to currency risk in routine commercial transactions, given that its international operations (primarily Bouygues Construction and Colas) do not involve exports. Where possible, expenses relating to a contract are incurred in the same currency as that in which the contract is billed. This applies to most projects executed outside France, on which local-currency expenses (sub-contracting and supplies) represent a much higher proportion than euro-denominated expenses. Exposure to currency risk is therefore limited to contract margins, and to design work carried out in France. The Bouygues group also pays particular attention to risks relating to assets denominated in non-convertible currencies, and to country risk generally.

4.2.2.2 INTEREST RATE RISK

The Group’s financial expenses have low sensitivity to interest rate risk. The bulk of debt is at fixed-rate either in the form of fixed-rate bond issues (see Note 8.4 to the consolidated financial statements, in chapter 7 “Financial statements”), or via a portfolio of hedging instruments that convert variable-rate debt into fixed-rate debt.

Consolidated financial expenses would be only marginally affected by fluctuations in euro interest rates, or by a divergence in interest rate trends between the euro and other major currencies.

On average over the year, the amount of variable-rate debt in the balance sheet is less than the amount of surplus cash invested at variable rates.

4.2.3 Principles applied to all hedging instruments

The only instruments used for hedging purposes are forward currency purchases and sales, currency swaps and purchases of currency options for currency risk hedging purposes; and interest rate swaps, future rate agreements, and purchases of caps and collars for interest rate risk hedging purposes.

These instruments:

- are used solely for hedging purposes;
- are contracted solely with high-quality French and foreign banks;
- carry no liquidity risk in the event of reversal.

Specific reports are prepared for those responsible for the management and supervision of the relevant Group companies describing the use of hedging instruments, the selection of counterparties with whom they are contracted, and more generally the management of exposure to currency risk and interest rate risk.

4.2.4 Hedging rules

4.2.4.1 CURRENCY RISK

(see Note 17.2 to the consolidated financial statements, in chapter 7 “Financial statements”)

Group policy is to hedge systematically all residual currency exposure relating to commercial transactions. If the future cash flow is certain, the currency risk is hedged by buying or selling currency forward, or by means of currency swaps. For some large contracts, options may be taken out for hedging purposes before the contract award has been confirmed; if the hedged item ceases to exist (for example, if the service is not provided or the contract is cancelled), the hedge is closed out immediately.

In the interests of efficiency, the currency positions of some Group entities may be managed centrally, which in some cases may result in the offset of matching positions.

Currency derivatives are used solely for hedging purposes.

4.2.4.2 INTEREST RATE RISK

(see Note 17.1 to the consolidated financial statements, in chapter 7 “Financial statements”)

Group policy is for each sub-group to hedge some or all of its financial assets and liabilities, where these are foreseeable and recurring.

The aim is to control future interest expense by fixing the cost of debt using swaps and future rate agreements, or by limiting it through the use of caps, over a period equivalent to that of the financial liabilities to be hedged.

As with currency risk, the interest rate positions of some Group entities may, in the interests of efficiency, be managed centrally and partially offset.

4.2.5 Accounting methods

In general, the financial instruments used by the Group qualify for hedge accounting. This means that the hedging relationship is documented in accordance with the requirements of IAS 39. Two types of accounting treatment are used:

- fair value hedges: changes in the fair value of the hedging instrument and changes in the fair value of the hedged item are recognised symmetrically in the income statement;
- cash flow hedges: changes in the fair value of the hedging instrument are recognised in the income statement for the ineffective portion of the hedging relationship, and in shareholders’ equity (until the hedge is closed out) for the effective portion.

4.2.5.1 MARKET VALUE OF HEDGING INSTRUMENTS

As of 31 December 2013, the market value (net present value) of the hedging instruments portfolio was -€15 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: -€12 million;
- cash flow hedges: -€3 million.

In the event of a +1% movement in the yield curve, the hedging instruments portfolio would have a market value of +€4 million; in the event of a -1% movement in the yield curve, the hedging instruments portfolio would have a market value of -€29 million.

In the event of a 1% depreciation in the euro against each of the other currencies, the hedging instruments portfolio would have a market value of -€29 million.

These calculations were prepared by the Bouygues group, or obtained from the banks with whom the instruments were contracted.

4.2.5.2 EXPOSURE TO EQUITY RISK

In the event of adverse trends in the business of an investee or in the economic environment in which it operates, the Bouygues group could be exposed to the risk of a fall in the price of the shares it holds in that investee.

4.2.5.3 LIQUIDITY RISK

At 31 December 2013, available cash stood at €3,194 million (including -€12 million of financial instruments contracted to hedge net debt). The Bouygues group also had €5,516 million of undrawn confirmed medium-term credit facilities as at the same date. Consequently, the Group is not exposed to liquidity risk.

The credit facilities contracted by Bouygues and its subsidiaries contain no financial covenants or trigger event clauses.

The bond issues maturing in 2015, 2016, 2018, 2019, 2022, 2023 and 2026 all contain a change of control clause relating to Bouygues SA. Bouygues bond issues are rated BBB+ (long term) by Standard & Poor's. The Bouygues bond issues maturing in 2022 and 2023 are rated A3 (long term) by Moody's.

For a more detailed discussion of the effects of a change of control, refer to Note 8 to the consolidated financial statements ("Non-current and current debt") and to the disclosures in paragraph 6.1.4 of chapter 6 "Information on the company" about factors likely to have an impact on any public tender offer price.

4.3 Claims and litigation

Bouygues group companies are involved in a variety of litigation and claims in the normal course of their business. In particular, subsidiaries are involved in competition law litigation and claims. Risks are assessed on the basis of past experience and analysis by the Group's in-house legal departments and external counsel. To the company's knowledge, there is at present no exceptional event, dispute or claim likely to have a substantial negative impact on the business, assets and liabilities, results or financial position of the Group as a whole.

Disputes and claims are subject to regular review, especially when new facts arise. The provisions recorded in the financial statements appear to be adequate in light of these assessments (see Note 6 to the consolidated financial statements in chapter 7 "Financial statements" of this document). The Bouygues group uses all legal means to defend its legitimate interests. Details about which claims are or are not covered by provisions have not been disclosed, since such disclosure might affect the outcome of some ongoing claims.

4.3.1 Bouygues Construction

4.3.1.1 SOUTH AFRICA – GAUTRAIN PROJECT

This rail infrastructure project linking South Africa's principal airport to Johannesburg and Pretoria came into full service on 8 June 2012. Although this rail link has been a striking commercial success, with passenger numbers ahead of expectations, a number of difficulties remain between Gauteng Province and Bombela Ltd, the concession company holding the contract, in which Bouygues Travaux Publics owns a 17% equity stake. These difficulties are mainly of a technical nature, and relate to the execution of the works contract entered into between Bombela Ltd on the one hand, and a joint venture (the "Works Joint Venture"), held equally by Bouygues Travaux Publics and Murray & Roberts, a major South African construction company, on the other.

Seepage of water into the tunnel, although not affecting the commercial operation of the line, has led to a dispute about how to interpret the technical specifications on the flow of water. In accordance with the contract, this dispute was referred for settlement to the Arbitration Foundation of South Africa (AFSA). On 23 November 2013, the arbitration tribunal issued a ruling based on a strict interpretation of the technical specifications. The ruling required the Works Joint Venture to make good the loss suffered by Gauteng Province for this breach of contract, and to carry out works on a section of the tunnel of approximately 1,800 metres in length. Bouygues Travaux Publics and Murray & Roberts are currently working on defining a technical solution that will bring the affected section of the tunnel into line with the arbitration tribunal's interpretation of the technical specifications.

Bouygues Travaux Publics and Murray & Roberts, acting together in the Works Joint Venture, take the view that the progress of the works was seriously affected by the delay in obtaining the compulsory purchases required for execution. This dispute has also been referred to the AFSA for arbitration. The arbitration tribunal has been appointed, and an initial decision from the tribunal on points of law that will determine the future orientation of the disputes (separation issues) is due in mid-2015.

A further dispute between Gauteng Province and the Works Joint Venture, also referred to the AFSA, relates to the terms for the construction of the main structure of Sandton station. In an initial ruling dated 2 July 2012, the tribunal accepted the co-contractors' interpretation that the technical modifications to the construction of the structure were not included in the fixed contract price, and that consequently the cost overruns incurred as a result of these should be borne by Gauteng Province. The parties having failed to agree on the amount of these overruns, the arbitration tribunal reconvened. In a ruling dated 15 August 2013, the tribunal ordered Bouygues Travaux Publics and Murray & Roberts to submit a valuation of the cost overruns, based on properly substantiated actual expenditure. The co-contractors are preparing a new valuation report, which is due to be presented to the arbitration tribunal in the second half of 2014.

4.3.1.2 FRANCE – FLAMANVILLE EPR

In January 2014, the Cherbourg District Court held a hearing at which Bouygues Travaux Publics appeared alongside a subcontractor of and a supplier to the works consortium following a workplace accident in which a temporary agency employee was killed on site. The court's ruling is due in early April 2014.

A preliminary investigation is under way into facts that may indicate improper subcontracting and illegal labour. A number of members of the works consortium (including companies and individuals) are under investigation, and could be summoned to appear before the Cherbourg District Court during 2014. In addition, employees of a temporary staff agency filed a claim alleging that they had suffered loss as a result of having been employed on terms constituting illegal labour and improper subcontracting. Bouygues Travaux Publics was cleared by the Cherbourg Employment Tribunal on 12 February 2014, but this ruling is open to appeal.

4.3.1.3 FRANCE – ÎLE-DE-FRANCE REGIONAL AUTHORITY CONTRACTS

Following a Competition Council (now 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 of construction companies in connection with the awarding of public works contracts for the renovation of secondary school buildings in the region. The Regional Authority's urgent summary application to the Paris District Court was rejected in a ruling issued on 15 January 2009 on the ground that, prima facie, there were serious reasons for objecting in principle to the compensation claim. Invited to revisit the substantive issues of the claim, the Regional Authority filed a further application to the Paris District Court in February 2010, this time claiming damages for a loss it estimated at €242,000,000 based on the joint and several liability of the parties collectively responsible for the loss, i.e. the companies and individuals found to have engaged in anti-competitive practices. In a judgment of 17 December 2013, the Paris District Court ruled the Regional Authority's claim inadmissible. The Authority has appealed against this decision.

4.3.1.4 FRANCE – EOLE

Following a Competition Council (now Competition Authority) ruling of 21 March 2006, imposing penalties on a number of companies for general collusion in sharing contracts and specific collusion on tranches 34B and 37B of the East-West Express Rail Link (EOLE) project, on 21 March 2011 SNCF brought an action in damages before the Paris Administrative Court seeking relief for losses that it claims to have suffered as a result of anti-competitive practices by construction companies when the project tranches were awarded. The Group is challenging the reality of the alleged loss suffered by SNCF. It considers the action to be ill-conceived and potentially time-barred.

4.3.1.5 USA – PORT OF MIAMI TUNNEL

A dispute arose with the client regarding the execution of a contract awarded to Bouygues Travaux Publics to finance, design, build and maintain a major road tunnel in the port of Miami. The claim was referred to the Dispute Resolution Board (DRB) as stipulated in the concession contract. The DRB delivered its ruling on 17 January 2012. Pursuant to this ruling, an amendment to the contract was signed on 30 January 2013, relating to the terms for bearing the cost of the additional injections of concrete that had been carried out. This amendment is currently being executed, and the dispute is now settled.

4.3.1.6 UNITED STATES – PATENT INFRINGEMENT ACTION

Freyssinet Inc., a subsidiary of the Freyssinet group, has brought an action in the Maryland District Court against VSL International AG and VStructural LLC, alleging infringement of a patent relating to devices for anchoring structural cable on cable-stayed bridges. An out-of-court settlement was reached on 31 May 2013, and the Maryland District Court has agreed to relinquish the case.

4.3.1.7 SPAIN – DECISION BY THE COMISIÓN NACIONAL DE LA COMPETENCIA ON 2 AUGUST 2012

On 2 August 2012, the *Comisión Nacional de la Competencia* (CNC), the Spanish competition commission, issued a decision establishing the existence of anti-competitive practices over several years involving a number of companies in the FCC, VSLI, Dywidag, Freyssinet, Acciona, Ferrovial and other groups. As regards companies in the Bouygues Construction group, the CNC imposed a fine of €2.4 million on CTT Stronghold and a fine of €0.4 million on VSL Spain. CTT Stronghold and VSL Spain have appealed against this decision.

4.3.1.8 FRANCE – PARIS LAW COURTS COMPLEX

The contractual documents enabling work to start on the major project to build the new Paris Law Courts complex were signed on 15 February 2012. *"Justice dans la Cité"*, a not-for-profit organisation that intends to use all possible means to prevent the relocation of the Paris District Court to the Batignolles district in the 17th *arrondissement* of Paris, has filed a number of claims with the Paris Administrative Court challenging the legality of various administrative procedures relating to the project. More specifically, the claimant contests the eligibility of the project for a public-private partnership contract. The Paris Administrative Court, in three rulings issued on 17 May 2013, rejected all the claims on grounds of lack of locus standi. The claimant appealed against these rulings, and a hearing was held before the Paris Administrative Appeal Court on 14 January 2014. The Appeal Court reopened the case, and a further hearing in plenary hearing session was scheduled for 14 March 2014. Work on the project has not yet been able to start as a result of this dispute, because the lenders have refused to authorise any drawdown on the credit facility.

4.3.2 Bouygues Immobilier

In France, Bouygues Immobilier is not currently involved in any significant litigation other than the case relating to decontamination works at the "Grand Sillon" residential project in Saint-Malo, in the west of the country. An expert has been appointed and is currently investigating. In Spain, a dispute between Bouygues Inmobiliaria (the Spanish subsidiary of Bouygues Immobilier) and Cafel Inversiones relating to the construction of a shopping centre is currently subject to arbitration proceedings. Each of the parties has submitted its claim for compensation. An initial ruling as to the competence of the arbitration tribunal to hear Cafel's claim was delivered in 2013. Bouygues Inmobiliaria has applied to the Madrid Superior Court to have this ruling overturned. The arbitration tribunal is expected to give a ruling during 2014.

4.3.3 Colas

4.3.3.1 HUNGARIAN COMPETITION LAW CASES AND ASSOCIATED COMPENSATION CLAIMS IN HUNGARY

In six rulings issued between 2004 and 2012, the Hungarian competition council imposed fines on around ten Hungarian companies, including the Colas subsidiaries Egut, Debmut, Hoffmann, Colas Dunantul and Alterra, for anti-competitive practices in tendering for public contracts. These fines amount in aggregate to approximately HUF 4,143 million (around €14 million [(1)]), of which approximately HUF 1,437 million (around €5 million [(1)]) have already been paid. The balance relates to decisions that are not yet binding or have been cancelled.

In 2013, two adverse rulings (in the Supreme Court and the Appeal Court) enabled the Hungarian competition council to claim payment from Egut of the HUF 1.2 billion fine already levied on the company (this sum was paid by Egut in September 2013) plus associated interest of HUF 588 million. Egut has applied for this payment to be suspended, and lodged an appeal with the Constitutional Court. The Hungarian competition council is also seeking payment from Colas Dunantul of the HUF 1.5 billion fine already levied against that company, plus associated interest of HUF 534 million. Colas Dunantul has applied for this payment to be suspended, and lodged an appeal against the Appeal Court's decision. Following on from these decisions, claims for damages against some Hungarian sub-subsidiaries of Colas have been filed in the Hungarian courts, in respect of losses allegedly incurred as a result of the anti-competitive practices. Collectively, these claims total approximately HUF 6,967 million (around €24.4 million [(1)]), excluding any interest and legal costs that may be payable. The largest claim relates to the M3 motorway, in which the Hungarian National Development Authority is suing two Colas subsidiaries for damages of HUF 5,186 million (approximately €18 million [(1)]) plus interest, following the ruling against these companies delivered by the competition council on 23 January 2004. A report submitted on 22 April 2010 by a court-appointed expert stated that the client had not suffered any loss; the expert reaffirmed this conclusion before the court on 10 December 2010, in response to a challenge by the plaintiff. In September 2011, the court appointed a new construction expert and an accounting expert. Faced with the risk that the claim by the Hungarian National Development Authority would be ruled inadmissible, on 12 October 2012 the Hungarian government brought an action against all parties involved in the anti-competitive practices (rather than the individual companies awarded the contracts), on the basis of joint and several liability. This new action is likely to be time-barred. There were no significant developments in these cases during 2013.

(1) Based on the exchange rate at 31 December 2013.

4.3.3.2 CLAIM RELATING TO THE A2 CERNAVODA-CONSTANTA MOTORWAY CONTRACT IN ROMANIA

On 9 March 2009, Colas SA signed a €175 million design-and-build contract with CNADNR (the Romanian National Company of Motorways and National Roads) relating to a 20-km tranche of the A2 motorway between Cernavoda and Constanta. Following difficulties encountered in the execution of the contract, negotiations were opened with the Romanian government, but failed to reach agreement. Colas therefore terminated the contract on 28 March 2011 on the grounds of breach of contract by the project owner. Colas filed a request for arbitration with the International Chamber of Commerce on 19 December 2011. The arbitration hearing was held in Bucharest in November 2013. Colas claimed more than 150 million Romanian lei, or approximately €35 million (excluding interest), while CNADNR filed a counterclaim for approximately €3,750,000. The ruling could be delivered in mid-2014.

4.3.3.3 CLAIM RELATING TO THE DN6 ROAD CONTRACT IN ROMANIA

CNADNR is claiming reimbursement of 4.7 million Romanian lei (approximately €6.3 million) from Colas Romania in respect of this completed contract, even though an independent engineer has accepted that this sum was properly owed and paid to the company. Colas Romania has applied to the International Chamber of Commerce for arbitration to counter this claim.

4.3.3.4 CLAIM RELATING TO THE D47 MOTORWAY IN THE CZECH REPUBLIC

The Czech directorate of roads and motorways has filed a claim under arbitration proceedings before the Czech Economic and Agricultural Chamber for reimbursement of the sum of CZK 168 million (approximately €6 million), which it alleges was overcharged pursuant to the application of price adjustment clauses by ISK and Colas CZ, acting as part of a consortium of companies with joint and several liability.

4.3.3.5 CLAIM FOR DAMAGES AGAINST COLAS ÎLE-DE-FRANCE-NORMANDIE BY THE SEINE-MARITIME DEPARTMENT LOCAL AUTHORITY

In a French Competition Council decision dated 15 December 2005, upheld by a judgment issued by the French Supreme Court on 15 January 2008, six companies including Colas Île de France-Normandie were found to have colluded on road surfacing contracts in the Seine-Maritime department between March 1988 and December 1998. Collectively, the fines amounted to €33.7 million; Colas Île-de-France-Normandie paid a total of €21 million. In light of this judgment, the Seine-Maritime department local authority brought an action on 25 February 2010; the principal claim sought a joint and several order for reimbursement of the price paid by the authority under the disputed contracts, while the subsidiary claim was for a joint and several order for the contracting parties to make good the loss suffered by the authority, corresponding to the overcharging on the disputed contracts. On 11 July 2013, an out-of-court settlement was agreed by the Seine-Maritime department local authority and the contractors involved (including Colas Île-de-France-Normandie). Under the terms of this settlement, Colas Île-de-France-Normandie agreed to pay compensation of €6.6 million to the authority. All of the obligations of the parties under this settlement have been fulfilled.

4.3.3.6 INSPECTIONS BY THE FRENCH SOCIAL SECURITY AGENCY (URSSAF)

At the end of 2009, Urssaf issued Colas with a reassessment notice relating to relief from social security charges for the years 2006 to 2008 under the "Tepa" Law and the Fillon plan. Urssaf is demanding repayment in full (in the form of a lump-sum payment) of all the reliefs 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 €51.2 million as of 31 December 2013.

4.3.3.7 TAX DISPUTE IN CANADA RELATING TO TECHNICAL ASSISTANCE INVOICED BY COLAS TO ITS SUBSIDIARY SINTRA INC.

The Canadian revenue agency is contesting the deductibility of technical assistance fees invoiced by the Colas parent company to its subsidiary Sintra Inc. for the years from 2004 to 2012, largely on the grounds of insufficient documentation. The amounts in question during this period total CAD 71.8 million, or around €48.9 million. All available means of recourse will be used, including the mediation procedure stipulated in the Franco-Canadian tax treaty.

The risk to consolidated profits is limited, given the convention between France and Canada for the avoidance of double taxation. Consequently, the position adopted at consolidated level is to recognise a provision only for the amount of any penalties and late payment interest.

4.3.3.8 INVESTIGATION IN QUEBEC

In May 2013, a former director and a former employee of Sintra (the Quebec-based subsidiary of Colas Canada) were charged in connection with a judicial investigation into public-sector contracts in Quebec and the funding of political parties. In addition, a former Sintra employee who left the company in 2000 has testified to an inquiry into public procurement in Quebec (the Charbonneau Commission) that some of Sintra's practices at the time were non-compliant. Sintra is assisting the Quebec authorities, and major internal investigative and preventive procedures have been launched. After hearing both sides of the argument, the newly-formed authority responsible for licensing companies to tender for public-sector contracts in Quebec issued such a licence to Sintra at the end of July 2013.

4.3.4 TF1

4.3.4.1 INTELLECTUAL PROPERTY LITIGATION (COPYRIGHT, ASSOCIATED RIGHTS)

The TF1 group has been affected by the pirating of content in which it owns rights. Legal action was taken in 2008 to put a halt to these acts and claim damages from a number of websites such as Dailymotion and YouTube. In a judgment of 29 May 2012 by the Paris District Court, the TF1 group's action against YouTube was ruled to be inadmissible, and the group's claim was held to be without foundation insofar as it was against YouTube. The TF1 group appealed against this judgment, and the appeal will be heard by the Paris Court of Appeal in April 2014. However, in a judgment issued by the same court on 13 September 2012, the TF1 group's claim against Dailymotion was held to be partially admissible and well founded. Dailymotion, given its continuing role in hosting the website, was reprimanded for its failure to withdraw promptly content to which the TF1 group owned the rights and which was illegally posted. Dailymotion was ordered to pay the TF1 group the sum of €270,000, including the costs of the proceedings. It was also served with an injunction to remove keywords referring to TF1 and LCI from its search engine.

However, because the claims of TF1 group companies in respect of numerous other items of content were deemed inadmissible, these companies have also appealed against the Paris District Court ruling of 13 September 2012 seeking redress for their entire loss; this appeal will be heard by the Paris Appeal Court in October 2014.

4.3.4.2 REALITY TV SHOWS

A number of lawsuits have been brought against TF1's audiovisual production subsidiary Glem (which became TF1 Production on 1 January 2009), in relation to the *L'Île de la Tentation* reality TV show, arguing that contestants' "participation contracts" should be reclassified as "employment contracts" and that contestants should be granted performing artist status. In a ruling of 3 June 2009, the Supreme Court held that there had been contracts of employment but rejected the Court of Appeal finding that the arrangements for the show had constituted illegal labour. Other claims have been filed with the Boulogne-Billancourt Employment Tribunal regarding other seasons of *L'Île de la Tentation* and other contestants in the show and proceedings have also been brought in relation to other shows, such as *Koh Lanta,* in which TF1 acquired rights from third-party producers. Even though some decisions at first instance have upheld the position of TF1 Production, the Supreme Court has always confirmed the reclassification of the "participation contracts" as contracts of employment, not only for *L'Île de la Tentation* but more recently for *Koh Lanta* as well (ruling of 25 June 2013). However, the Supreme Court rejected the claim of performing artist status by *L'Île de la Tentation* contestants in a ruling of 24 April 2013, and judgments in the lower courts have never considered TF1 as a co-employer.

The amounts awarded in the lower courts are limited to €2,000 for each contestant whose claim for back salary was time-barred (damages, plus costs under Article 700 of the French Code of Civil Procedure), and €8,500 for each contestant whose claim for back salary was not time-barred. The latest rulings on this issue (Versailles Appeal Court, 23 April 2013) significantly reduced the sums awarded to claimants, not only as regards back salary but also damages, resulting in payouts of €4,500 for non time-barred candidates. However, in one specific case – a ruling from the Versailles Appeal Court of 11 December 2012, relating to candidates in the final season of *L'Île de la Tentation* – the claimants were awarded, in addition to the usual sums for reclassification of their contracts as employment contracts, additional compensation of €11,600 on the grounds of illegal labour. This was because the Court believed that at the time the programme was made (in the first half of 2008), TF1 Production was aware of the judgment issued by the Paris Court of Appeal on 12 February 2008 but deliberately chose to maintain participation contracts instead of employment contracts. TF1 Production appealed against these rulings, and on 5 February 2014 the Supreme Court overturned the Versailles Appeal Court rulings of 11 December 2012.

4.3.4.3 PAY-TV

On 20 December 2013, the CSA (the French broadcasting regulator) sent TF1 a questionnaire relating to a complaint filed by the Canal+ group with the French Competition Authority on 12 June 2013 alleging that TF1 was abusing a dominant position in the advertising market. This questionnaire was sent in connection with a request by the Competition Authority rapporteur to the CSA for an opinion on the matter. However, the Competition Authority has not as yet issued an official notice of complaint to TF1 on this issue.

4.3.5 Bouygues Telecom

4.3.5.1 COMPETITION

Bouygues and Bouygues Telecom are pursuing their lawsuit in the European Court of Justice (ECJ) in an attempt to challenge the state aid (of approximately €9 billion) provided when France Télécom was recapitalised in 2002. In August 2004, the European Commission confirmed that state aid incompatible with the common market had been granted but decided not to order its repayment. The Court of First Instance, now known as the General Court (EGC) later annulled the Commission's decision in May 2010, holding that the claim that state aid had been granted had not been made out. The European Commission appealed the EGC ruling to the European Court of Justice. Bouygues and Bouygues Telecom also applied to the ECJ challenging this ruling. In a ruling of 19 March 2013, the ECJ overturned in full the EGC ruling, and held that state aid had been granted. It referred the case back to the EGC to determine whether the French State had acted as a "prudent investor" and whether the aid should be clawed back by the French state. In connection with these new proceedings, written submissions have been filed with the EGC by the Commission, Orange, the French State, Bouygues Telecom and Bouygues.

Proceedings are ongoing before the EGC following an appeal by the French State and France Télécom seeking cancellation of the European Commission decision that its approval of the pension funding arrangements set up in 2006 for France Télécom employees with civil servant status would be contingent upon the employer's contributions paid in respect of such employees being brought fully into line with those paid by its competitors no later than 31 July 2012.

Bouygues Telecom filed a complaint with the French Competition Authority about the practices of Orange, which dominates the French mobile telephony market, in terms of B2B offerings. The Authority has resumed its examination procedure following the rejection of appeals lodged by Orange challenging the site visit and seizure conducted at its premises in December 2010. Bouygues Telecom also filed a claim for damages against Orange in the Paris Commercial Court on 13 June 2013. Orange has requested the Court to stay proceedings until the Competition Authority has issued its decision, and the Court is expected to rule on this request early in 2014.

Bouygues Telecom also filed a complaint in 2006 with the Competition Council (now the Competition Authority) alleging abuse by Orange France and SFR of their dominant position in respect of their unlimited "on-net" packages. The Competition Authority fined Orange €117.4 million and SFR €65.7 million for having sold "on-net" packages that generated an abusive price differential between the price of "on-net" calls (to their own networks) and "off-net" calls (to other operators' networks). The Competition Authority also ordered Orange and SFR to stop selling these packages, and to inform customers that they could terminate their subscription to the offers at any time and at no cost. Orange and SFR have appealed this decision to the Paris Court of Appeal, with the hearing scheduled for 28 February 2014. Encouraged by the Competition Authority's decision to fine Orange and SFR, Bouygues Telecom filed two claims for damages in the Paris Commercial Court, one against Orange and the other against SFR, on 13 June 2013. Orange requested the Court to stay proceedings until its appeal to the Appeal Court had been decided, and the District Court was due to rule on this request early in 2014. In the case brought by Bouygues Telecom against SFR, the Court has summoned the parties to a conciliation hearing on 15 May 2014.

Following the launch by Orange of its "Open" quadruple-play offer (a fixed-mobile offer combining internet access, television, fixed and mobile telephony), Bouygues Telecom filed a complaint with the French Competition Authority in January 2013 alleging abuse of a dominant position on the part of Orange.

Proceedings are ongoing before the Paris Commercial Court in the action brought by SFR against Bouygues Telecom in relation to the latter's "Bbox Fibre" offer. SFR alleges that this offer competes unfairly with SFR's FTTH (Fibre To The Home) offer. In its claims, SFR is attempting to prohibit or modify use of the terms "fibre", "very high speed" and "up to 100 MB"; these are key elements in the marketing strategy for this offer, which is based on Numericable's FTTLA (Fibre To The Last Amplifier) network. Bouygues Telecom is contesting these claims, citing a previous ruling of the Paris Commercial Court in support of its position. This judgment rejected similar claims by France Télécom against Numericable.

Bouygues Telecom used the fast track procedure in the Paris Commercial Court seeking redress for loss suffered following a campaign of disparagement against the company by Free. The Court issued its ruling on 22 February 2013, ordering Iliad, Free and Free Mobile to pay Bouygues Telecom a total of €25 million as compensation for the loss suffered, in terms of both loss of customers and reputational damage. The same judgment ordered Bouygues Telecom to pay Free Mobile a sum of €5 million for disparagement. Proceedings are ongoing before the Paris Appeal Court following an appeal lodged by Iliad, Free and Free Mobile.

On the launch of its fourth-generation (4G) mobile network on 1 October 2013, a number of rival operators applied to the urgent applications judge of the Paris Commercial Court for an injunction to prevent dissemination of Bouygues Telecom's advertising claims about the coverage of the various 4G networks. In a ruling of 4 October 2013, the judge upheld Orange's application and prohibited Bouygues Telecom from disseminating comparative advertising showing Orange to be neck-and-neck with SFR in terms of the number of people with 4G coverage at the end of 2013. However, on 11 October 2013 the judge rejected applications by SFR that sought to prohibit two other Bouygues Telecom adverts, one including the tag-line *"The biggest 4G network with over 40 million people covered"* and the other comparing the number of towns and cities with 4G coverage from each operator. In response to an application by Free regarding the same comparative advertising, the judge ruled on 11 October 2013 that the urgent applications procedure was not applicable.

4.3.5.2 REGULATORY MATTERS

On 27 June 2013, the European Court of Justice rejected the infringement proceedings brought by the European Commission against France in relation to its new tax on the sales revenues of electronic communications operators intended to contribute towards the funding of public service broadcasting. Bouygues Telecom has filed claims in the domestic courts challenging this tax, which are currently being examined.

Other claims are also pending challenging the legality of various other taxes.

As an internet service provider (ISP), Bouygues Telecom is the target of numerous legal actions to block access to contentious websites. In 2013, Arjel (the French online gaming regulator) brought further proceedings to block access to unlicensed websites. Actions to block sites are ongoing, for example a case brought before the urgent applications judge of the Paris District Court by various representatives of the film industry seeking to require ISPs to block access to various streaming and movie download sites that are in breach of copyright. In a ruling of 28 November 2013, the Paris District Court accepted this request. However, the Court non-suited the film industry representatives' request to make ISPs monitor developments on the sites referred to in the judgment.

Bouygues Telecom has instituted dispute settlement proceedings before Arcep (the French electronic communications and postal services regulator) seeking fair rights of access to the vertical fibre optic network being rolled out by France Télécom in densely-populated areas. In its decision of 16 November 2010, Arcep accepted some of Bouygues Telecom's claims. Consequently, the terms of the rollout would have to be amended to suit Bouygues Telecom's status as a new market entrant, and a significant portion of the cost would have to be spread more fairly between the operators. France Télécom appealed to the Paris Court of Appeal to have these findings overturned, but the appeal was rejected on 19 January 2012. France Télécom then appealed to the Supreme Court, which on 16 April 2013 definitively rejected that appeal.

Free Mobile and Orange have filed a claim to overturn Arcep decision 2013-0514 of 4 April 2013 amending Bouygues Telecom's licence to use 900 MHz and 1800 MHz frequencies. This decision is part of a specific process relating to the lifting of restrictions on a frequency band in accordance with the principle of technological neutrality, as enshrined in both EU and national law. It enables Bouygues Telecom to refarm its 1800 MHz frequencies to offer very-high-speed fourth-generation mobile services. Orange and Free Mobile argue that Bouygues Telecom has a significant competitive advantage in the mobile phone market due to its licence to refarm its 1800 MHz for 4G from 1 October 2013, an argument that Bouygues Telecom rejects. The case is currently being prepared before the Council of State and a hearing at first instance is expected during 2014.

In parallel, Free Mobile also applied to the urgent applications judge of the Council of State on 11 June 2013 seeking suspension of the aforementioned Arcep decision of 4 April 2013. In a ruling issued on 11 July 2013, the Council of State rejected Free Mobile's application on the grounds of non-urgency. In particular, the Council of State held that the benefit enjoyed by Bouygues Telecom *"does not result solely and exclusively from the contested decision but also from strategic, technological and business choices made by mobile telephony operators in recent years, given that the lifting of technological restrictions has been envisaged for several years in anticipation of the technological neutrality principle…"*.

For its part, Bouygues Telecom lodged a claim on 23 May 2013 with the Council of State alleging abuse of power in respect of Decree 2013-238 of 22 March 2013 (amending Decree 2007-1532 of 24 October 2007) setting the fee payable for the 1800 MHz frequencies. Bouygues Telecom is seeking cancellation of this decree, which sharply increases the fixed portion of the usage fee for the 1800 MHz frequencies for which the company had previously been granted a licence.

4.3.5.3 CONSUMER PROTECTION – CUSTOMERS

The financial and IT crimes unit of the Marseille police, acting under powers delegated to officers by the investigating magistrate, notified Bouygues Telecom that an investigation has been launched into alleged hacking into automated data processing systems in an attempt to bypass SIM card locking codes. This investigation follows a claim filed by SFR and has uncovered a large-scale scam that is also targeted at Bouygues Telecom and Orange. Bouygues Telecom has joined itself as a civil party in the criminal proceedings to obtain access to the case file so that it can assess the extent of its financial loss. The investigation is in progress.

Bouygues Telecom is being sued in the Paris District Court by the UFC-Que-Choisir consumer protection association alleging that time limits on the validity of prepaid call cards constitute an unfair contract term. Similar cases are pending against other operators. In a judgment of 15 May 2012, the court dismissed all the claims made by UFC-Que-Choisir against Bouygues Telecom and another operator. UFC-Que-Choisir lodged an appeal, but on 6 December 2013 the Paris Court of Appeal upheld the ruling of the Paris District Court.

On 7 June 2012, UFC-Que-Choisir brought an action against Bouygues Telecom and nine other mobile operators in the Paris District Court alleging unfair contract terms. UFC-Que-Choisir is seeking the deletion of certain clauses from the B&YOU general terms and conditions of service on pain of Bouygues Telecom being ordered to pay penalties, plus €150,000 in damages. In 2013, CLCV (a national consumer organisation) brought an action against Bouygues Telecom in the Paris District Court seeking the deletion of certain allegedly unfair clauses and claiming €150,000 in damages. These proceedings are ongoing.

4.3.5.4 CONTRACTS

The Nortel group, an equipment manufacturer, filed for protection from its creditors in January 2009. Subsequently, an agreement was signed on 25 November 2009 with a view to selling the entire worldwide assets of Nortel's GSM and GSM-R businesses. Bouygues Telecom filed proof of its debt and laid claim to product inventories to which it held title. Bouygues Telecom is also facing direct payment claims (amounting to about €750,000) from Nortel subcontractors whose invoices have not been paid by Nortel. In turn, Nortel's court-appointed liquidator is seeking to recover from Bouygues Telecom a sum of approximately €440,000 which the company has withheld because of the subcontractor claims it faces. The proceedings are ongoing.

Bouygues Telecom received a claim concerning a GHT white chrome KP handset whose battery allegedly exploded while it was being recharged. As a precaution, Bouygues Telecom recalled all the potentially defective handsets. Bouygues Telecom also applied to the Paris Commercial Court to appoint an expert in connection with this case. This expert confirmed the precautionary measures taken by Bouygues Telecom.

4.3.5.5 MOBILE BASE STATIONS

A number of important decisions have brought a halt to the proceedings brought by various groups of local residents seeking the dismantling of mobile phone base stations in line with the precautionary principle. In a series of rulings issued on 26 October 2011, the Council of State held that mayors were not entitled to use their general policing powers to prevent the erection of base stations. In rulings issued on 14 May 2012, the Court of Conflicts ruled that the ordinary courts were not competent to rule on an application to have mobile phone base stations dismantled. The ordinary courts remain competent to rule on claims of nuisance to adjacent properties. As regards the case before the Supreme Court relating to a pensioner who had made a summary application for the dismantling of a base station located a few metres from his retirement home, the plaintiff has finally decided to withdraw his action.

4.3.5.6 PATENTS

A company based in Luxembourg with no industrial activity has brought an action against Bouygues Telecom for infringement of a patent it claims to own, relating to a process for routing calls between the mobile network and the public switched telephone network (PSTN) which is allegedly used in UMTS mobile phone networks. The patent having expired at the end of June 2012, the claimant can no longer seek an injunction preventing exploitation of the patent, and has limited itself to financial claims against Bouygues Telecom. The action is being contested by the operator, with support from its equipment suppliers. Three of the four "seizures of counterfeit goods" carried out by the plaintiff on the premises of Bouygues Telecom and its suppliers were struck out by the Paris District Court on grounds of bad faith on the part of the plaintiff, who concealed essential information from the judge who ordered the seizures. The plaintiff brought similar legal actions abroad, which led to the patent being declared void in the Netherlands and a finding that there had been no patent infringement in Germany.

4.3.6 Bouygues SA

Bouygues SA is in dispute with the French tax authorities following the capital increase reserved for employees under the Bouygues Partage employee share ownership plan. The dispute relates to the tax deductibility of the difference between the value of the shares at the date of the capital increase and the subscription price of the shares. The amount in dispute is in the region of €55 million. A reassessment notice has been issued and paid. Bouygues, which considers the conditions for deductibility to have been fully met, referred the dispute to the Montreuil Administrative Court. In a judgment of 18 July 2013, the Montreuil Administrative Court rejected Bouygues' action. Bouygues has appealed this judgement and therefore the dispute has been submitted to the Paris Administrative Court of Appeal.

On 18 January 2012, the Paris District Court heard the libel action brought by Bouygues, Bouygues Construction and Bouygues Bâtiment Ile-de-France against *Le Canard Enchaîné,* its publisher and the two journalists responsible for articles about the awarding of the contract for the new French Ministry of Defence headquarters in Paris. The Bouygues group was claiming damages for accusations that it considered false and seriously defamatory. On 14 March 2012, the District Court dismissed the Bouygues group's case, finding that the journalists acted in good faith. However, it did recognise that five of the allegations published by *Le Canard Enchaîné* were libellous. It also found that *Le Canard Enchaîné* had failed to provide any evidence that a judicial investigation into Bouygues was in progress. Bouygues SA and the Group companies involved have appealed against this decision. Following the hearing on 26 February 2014, the Appeal Court is expected to deliver its ruling during the first half of 2014.

4.4 Insurance – Risk coverage

4.4.1 Organisation and policy

The Bouygues group's policy on insurance is handled by separate insurance departments in each of the five business areas with a significant degree of autonomy, and a central Risks and Insurance department that provides leadership and coordination on a Group-wide basis.

Policies are usually contracted by the insurance departments at business area 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 Bouygues group and its subsidiaries operate a prevent and protect policy, developing new measures to further reduce the probability and impact of accidents and claims. This policy also reduces the overall cost of risk, improving the Group's position when negotiating premiums and cover with its insurers.

A high proportion of the Group's policies are compulsory, for example third-party vehicle cover and (for buildings in France) cover such as ten-year building guarantees and builder's liability insurance, reflecting the importance of construction activities in the business mix. These policies can account for up to 70% of the insurance budget of the business area most involved in construction.

Looking beyond compulsory insurance, Group policy is to transfer significant risks to the insurance market by establishing stable relationships with leading insurers, and to negotiate policies on the best possible terms as regards cover and cost.

Insurers are selected using key criteria such as financial stability, technical competence and management expertise. The main programmes are placed via specialist insurance brokers with leading insurers such as Allianz, Axa, Generali, SMABTP, Zurich etc.

Worst-case scenarios are used in determining the level of cover required, subject to restrictions imposed by insurance market capacity and the cost of cover.

Deductibles on these policies are set at entity level to ensure an optimum trade-off between the likelihood of claims and the premium reductions that can be obtained from insurers by increasing the deductible. On this basis, some risks are insured with no deductible, while others are subject to a higher deductible, of up to €1.5 million for some property insurance claims.

Total premiums paid by each of the Group's business areas to general insurance companies for fire, accident and sundry risk cover represent less than 1% of their sales.

The Bouygues group owns a captive reinsurance company, Challenger Réassurance, which may become involved in some of the risks to which the Group is exposed. The company is governed by Luxembourg law and is supervised by the Luxembourg insurance regulator.

4.4.2 Core insurance programmes

To prevent certain information being used to the detriment of the Group and its shareholders, especially in legal disputes, the amount of premiums and terms of cover are kept strictly confidential, especially in the case of liability insurance.

- **Property insurance:** Cover is generally set on the basis of capital value; where this is impossible, cover is set at a level corresponding to the worst-case scenario subject to market constraints.

  Generally, when damage to insured assets is liable to lead to a business interruption, insurance is taken out to cover the financial consequences, such as operating losses and/or additional costs. The amount of cover reflects the expected downtime at the damaged site based on the worst-case scenario and on the recovery plans in place.
- **Contractor's insurance:** Cover is generally equal to market value. Exceptionally, cover for some geographically dispersed projects may be limited to the cost of repairing damage incurred in a worst-case scenario. The scenario used depends on the type of project (e.g. motorway, viaduct or tunnel) and its geographical location, so as to build in the risk of damage from natural disasters such as seismic activity and hurricanes. In some cases, the amount of cover may be limited by the total capacity available in the world insurance market, for example in the case of earthquake damage abroad.
- **Liability insurance:** These policies provide cover against loss or injury to third parties for which Group companies may be liable. Because Group companies vary greatly in size and in the nature of their activities, cover is tailored to the risks incurred.

The Group considers that its current policies are suitably matched to its risk exposure profile, taking account of what is available on insurance markets in terms of capacity, cover and terms. The insurance policies described are subject to market constraints, and hence may contain exclusions and/or limitations; they may be subject to change in response to market conditions or to changes in the risks to which the Group is exposed.

5 CORPORATE GOVERNANCE, INTERNAL CONTROL AND RISK MANAGEMENT

5.1 Information on corporate officers at 31 December 2013

Chairman and CEO

MARTIN BOUYGUES

32 avenue Hoche, 75008 Paris, France
Date of birth: 03/05/1952 – French
Date of first appointment: 21/01/1982
Expiry date of current term of office: 2015
Number of shares in the company: 324,040 (66,049,480 via SCDM)

Expertise/experience

Martin Bouygues joined the Bouygues group in 1974 as a works supervisor. In 1978, he established Maison Bouygues, specialising in the sale of catalogue homes. In 1987, Martin Bouygues was appointed Vice-Chairman of the Bouygues Board of Directors, on which he has served since 1982. On 5 September 1989, Martin Bouygues took over from Francis Bouygues as Chairman and CEO of Bouygues. At Martin Bouygues' instigation, the Group pursued its development in construction as well as in media (TF1) and launched Bouygues Telecom in 1996. In 2006, Bouygues acquired a stake in Alstom and is thus in a position to expand into new high-growth business lines in transport and power.

Principal positions outside Bouygues SA

Chairman of SCDM.

Other positions and functions in the Group

In France: Director of TF1 (1); member of the Board of Directors of the Francis Bouygues Foundation.

Other positions and functions outside the Group

In France: Member of the supervisory board and the strategy committee of Paris-Orléans (1); standing representative of SCDM and Chairman of Actiby, SCDM Participations and SCDM Invest-3.

Outside France: Member of the Board of Directors of the Skolkovo Foundation (Russia).

Former positions and functions during the last five years (outside the Bouygues group)

2010 – Standing representative of SCDM, Chairman of FI Participations (June 2008 to April 2010); director of Sodeci (1) (Ivory Coast) (June 2002 to March 2010) and CIE (1) (Ivory Coast) (June 2001 to March 2010).

2009 – Standing representative of SCDM, Chairman of Investaq Énergie (June 2008 to July 2009).

Deputy CEO

OLIVIER BOUYGUES

32 avenue Hoche, 75008 Paris, France
Date of birth: 14/09/1950 – French
Date of first appointment: 05/06/1984
Expiry date of current term of office: 2016 (2015 Deputy CEO)
Number of shares in the company: 500 (66,049,480 via SCDM)

Standing representative of SCDM and director

Expertise/experience

Olivier Bouygues is a graduate of École Nationale Supérieure du Pétrole (ENSPM) and joined the Bouygues group in 1974. He began his career in the Group civil works branch. From 1983 to 1988 at Bouygues Offshore, he held the posts of director of Boscam, a Cameroon subsidiary, then director of the France Works and Special Projects division. From 1988 to 1992, he was Chairman and CEO of Maison Bouygues. In 1992, he became Group Executive Vice President of Utilities Management, which grouped the international and French activities of Saur. In 2002, Olivier Bouygues was appointed Deputy CEO of Bouygues.

Principal positions outside Bouygues SA

CEO of SCDM.

Other positions and functions in the Group

In France: Director of TF1 (1), Colas (1), Bouygues Telecom, Bouygues Construction and Eurosport.

Outside France: Chairman of the Board of Directors of Bouygues Europe (Belgium).

Other positions and functions outside the Group

In France: Director of Alstom (1) and Finagestion; Chairman of SCDM Énergie, Sagri-E and Sagri-F; non-partner manager of Sir.

Outside France: Chairman & CEO and of Seci (Ivory Coast); director of Sodeci (1) (Ivory Coast), CIE (1) (Ivory Coast) and Sénégalaise des Eaux (Senegal).

Former positions and functions during the last five years (outside the Bouygues group)

2011 – Standing representative of SCDM, Chairman of SCDM Énergie (September 2005 to September 2011); non-partner manager of Sib.

2010 – Standing representative of SDCM, Chairman of SCDM Investur (July 2007 to September 2010) and SCDM Investcan (January 2008 to September 2010); member of the management committee of Cefina (February 2005 to June 2010).

2009 – Chairman of the Board of Directors of Finagestion (December 2004 to October 2009).

(1) Listed company.

Directors

FRANÇOIS BERTIÈRE

3 boulevard Gallieni, 92130 Issy-les-Moulineaux, France
Date of birth: 17/09/1950 – French
Date of first appointment: 27/04/2006
Expiry date of current term of office: 2015
Number of shares in the company: 54,113

Expertise/experience

François Bertière graduated from École Polytechnique and École Nationale des Ponts et Chaussées, and is a qualified architect (DPLG). He began his career in 1974 in the Infrastructure Ministry. In 1977, he was appointed technical advisor to the office of the French Ministry of Education, then deputy director in charge of planning at the Regional Infrastructure Department of Upper Corsica in 1978. In 1981, he became director of urban development at the Public Development Agency (EPA) of Cergy-Pontoise. He joined the Bouygues group in 1985 as Deputy CEO of Française de Constructions. In 1988, he was appointed Chairman and CEO of France Construction, Vice-Chairman and CEO of Bouygues Immobilier in 1997, then Chairman and CEO of Bouygues Immobilier in 2001. François Bertière has been a director of Bouygues Immobilier since 1991.

Principal positions outside Bouygues SA

Chairman and CEO of Bouygues Immobilier.

Other positions and functions in the Group

In France: Director of Colas [(1)]; Chairman and director of the Bouygues Immobilier Corporate Foundation; member of the Board of Directors of the Francis Bouygues Foundation; director of CSTB (French building technology research centre).

MRS FRANCIS BOUYGUES

50 rue Fabert, 75007 Paris, France
Date of birth: 21/06/1924 – French
Date of first appointment: 19/10/1993
Expiry date of current term of office: 2015
Number of shares in the company: 110 (5,290,034 via BMF)

JEAN-PAUL CHIFFLET

12 Place des États-Unis, 92127 Montrouge cedex, France
Date of birth: 03/09/1949 – French
Date of first appointment: 25/04/2013
Expiry date of current term of office: 2017
Number of shares in the company: 500

Expertise/experience

Jean-Paul Chifflet is a graduate of Institut des Hautes Finances in Paris. He joined the Crédit Agricole group in 1973 where he was successively head of sales coordination at Crédit Agricole du Sud-Est Regional Bank, corporate secretary at Crédit Agricole de la Drôme Regional Bank then at Crédit Agricole du Sud-Est Regional Bank, head of development and credit at Crédit Agricole du Sud-Est Regional Bank, and deputy CEO of Crédit Agricole Ain – Saône & Loire Regional Bank and then Crédit Agricole Centre-Est Regional Bank. In 1997, he was appointed head of relations with the Regional Banks at Caisse Nationale de Crédit Agricole (CNCA) and was appointed CEO of Crédit Agricole Centre-Est in 2000. From 2006 to 2010, Jean-Paul Chifflet served as corporate secretary of Fédération Nationale du Crédit Agricole (FNCA), vice-chairman of SAS Rue La Boétie, and a director of Calyon, LCL and Siparex Associés. From 2007 to 2010, he sat on the Conseil Économique et Social. Jean-Paul Chifflet was appointed CEO of Crédit Agricole SA in March 2010.

Principal positions outside Bouygues SA

CEO of Crédit Agricole SA [(1)].

Other positions and functions outside the Group

In France: Chairman of LCL, Crédit Agricole CIB, Amundi Group and member of the Executive Committee of the French Banking Federation (FBF).

Former positions and functions during the last five years (outside the Bouygues group)

2010 – Corporate secretary of Fédération Nationale du Crédit Agricole (FNCA), vice-chairman of SAS Rue La Boétie; director of Crédit Agricole CIB (former-CALYON), LCL and Siparex Associés (2006 to 2010); member of the Conseil Économique et Social.

GEORGES CHODRON DE COURCEL

3 rue d'Antin, 75002 Paris, France
Date of birth: 20/05/1950 – French
Date of first appointment: 30/01/1996
Expiry date of current term of office: 2015
Number of shares in the company: 930

Member of the Accounts Committee and of the Selection Committee

Expertise/experience

Georges Chodron de Courcel is a graduate of École Centrale de Paris and holds a degree in economics. He joined Banque Nationale de Paris (BNP) in 1972, where he became head of financial research in the finance department in 1978, then executive secretary of Banexi in 1982. He then became director of securities management and director of financial and industrial investment. In 1989, he was appointed Chairman of Banexi, then central director of BNP in 1990. In 1995, he became Executive Vice-President then COO of BNP from 1996 to 1999. After the merger with Paribas in August 1999, Georges Chodron de Courcel was head of the corporate and investment banking arm of BNP Paribas from 1999 to 2003. He has been Chief Operating Officer of BNP Paribas since June 2003.

Principal positions outside Bouygues SA

Chief Operating Officer of BNP Paribas [(1)].

Other positions and functions outside the Group

In France: Director of Nexans [(1)], Alstom [(1)], FFP [(1)] and Verner Investissements; member of the supervisory board of Lagardère SCA [(1)]; non-voting director of Exane.

(1) Listed company.

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Outside France: Chairman of BNP Paribas (Suisse) SA (Switzerland); Vice-Chairman of Fortis Banque [(1)] (Belgium/ Netherlands), director of Erbé SA (Belgium), Groupe Bruxelles Lambert [(1)] (Belgium), Scor Holding (Switzerland) AG (Switzerland), Scor Global Life Rückversicherung Schweiz AG (Switzerland), Scor Switzerland AG (Switzerland) and SGLRI Ltd – Scor Global Life Reinsurance Ireland (Ireland).

Former positions and functions during the last five years (outside the Bouygues group)

2013 – Non-voting director of Scor SE [(1)].

2013 – Director of CNP – Compagnie Nationale à Portefeuille (Belgium).

2012 – Chairman of Compagnie d'Investissement de Paris and Financière BNP Paribas (May 2002 to July 2012).

2011 – Non-voting director of Safran SA [(1)] (March 2005 to April 2011).

2009 – Director of BNP Paribas Zao (Russia) (January 2006 to July 2009).

YVES GABRIEL

1 avenue Eugène Freyssinet, 78280 Guyancourt, France
Date of birth: 19/03/1950 – French
Date of first appointment: 10/09/2002
Expiry date of current term of office: 2016
Number of shares in the company: 58,845

Expertise/experience

Yves Gabriel is a civil engineering graduate of École Nationale des Ponts et Chaussées, and joined the Bouygues group in 1976. His career began at Screg Île-de-France as works engineer; he then became sector head and manager of a regional branch office. In 1985, he established Screg Bâtiment where he was CEO until 1992. From 1989 to 1992, he also served as COO of Bouygues' industrial construction division and was Chairman of Ballestrero. From 1992 to 1996, he was CEO of the Screg group (French road construction group). In November 1996, he joined the Saur group as Deputy CEO responsible for operations in France and the merger with the Cise group, acquired from Saint-Gobain. In June 2000, he was appointed CEO of the Saur group. In September 2002, he was appointed Chairman and CEO of Bouygues Construction, and director of Bouygues.

Principal positions outside Bouygues SA

Chairman and CEO of Bouygues Construction.

Other positions and functions in the Group

In France: Director of Bouygues Energies & Services; standing representative of Bouygues Construction on the boards of Bouygues Bâtiment International, Bouygues Bâtiment Ile-de-France and Bouygues Travaux Publics; Chairman and director of Fondation Terre Plurielle, Bouygues Construction's Corporate Foundation.

Other positions and functions outside the Group

In France: Director of Fédération Nationale des Travaux Publics (FNTP), French national civil works federation; director of Institut de la Gestion Déléguée (IGD) and SMABTP.

ANNE-MARIE IDRAC

9 Place Vauban, 75007 Paris, France
Date of birth: 27/07/1951 – French
Date of first appointment: 26/04/2012
Expiry date of current term of office: 2015
Number of shares in the company: 500

Chairwoman of the Ethics and Sponsorship Committee and member of the Accounts Committee

Expertise/experience

Anne-Marie Idrac graduated from Institut d'Études Politiques in Paris and École Nationale d'Administration (the Simone Weil intake). She has spent most of her career working in the fields of the environment, housing, urban development and transport. She was successively director general at the Public Development Agency (EPA) of Cergy-Pontoise, director of land transportation, Secretary of State for Transport, Chair and CEO of the RATP (Paris public transport authority), Chair of the SNCF (French state railways), and Secretary of State for Foreign Trade.

Principal positions outside Bouygues SA

Senior Advisor for Suez Environnement [(1)] and Sia Partners.

Other positions and functions outside the Group

In France: Member of the supervisory board of Vallourec [(1)]; director of Total [(1)] and Saint-Gobain [(1)].

Outside France: Director of Mediobanca [(1)] (Italy).

PATRICK KRON

3 avenue André Malraux, 92300 Levallois-Perret, France
Date of birth: 26/09/1953 – French
Date of first appointment: 06/12/2006
Expiry date of current term of office: 2016
Number of shares in the company: 500

Expertise/experience

Patrick Kron is a graduate of École Polytechnique and an engineer of the Corps des Mines de Paris. He began his career at the French Industry Ministry in 1979 as an engineer in the Loire Valley regional department for industry, research and the environment (DRIRE), then in the Ministry's general directorate. In 1984, he joined the Péchiney group, where he held senior operational responsibilities in one of the group's factories in Greece before becoming manager of Péchiney's Greek subsidiary in 1988. Between 1988 and 1993, Patrick Kron held various operational and financial positions at Péchiney, notably President of the Electrometallurgy Division. In 1993, he became member of the executive committee of the Péchiney group and was Chairman and CEO of Carbone Lorraine from 1993 to 1997. From 1995 to 1997, he ran Péchiney's Food and Health Care Packaging Sector and held the position of COO of the American National Can Company in Chicago (United States). From 1998 to 2002, Patrick Kron was Chairman of the executive board of Imerys. A director of Alstom since 24 July 2001, he was appointed CEO of Alstom on 1 January 2003, and then Chairman and CEO on 11 March 2003.

(1) Listed company.

Principal positions outside Bouygues SA

Chairman and CEO of Alstom [1].

Other positions and functions outside the Group

In France: Chairman of Alstom Resources Management; director of Afep; Vice-Chairman and director of “Les Arts Florissants” vocal group.

Outside France: CEO and director of Alstom Asia Pte Ltd (Singapore).

Former positions and functions during the last five years (outside the Bouygues group)

2012 – Director of Alstom UK Holdings Ltd (United Kingdom).

HERVÉ LE BOUC

7 Place René Clair, 92653 Boulogne-Billancourt cedex, France
Date of birth: 07/01/1952 – French
Date of first appointment: 24/04/2008
Expiry date of current term of office: 2014
Number of shares in the company: 2,010

Expertise/experience

Hervé Le Bouc holds a degree in engineering from École Spéciale des Travaux Publics (ESTP). He joined the Bouygues group in 1977 and began his career at Screg Île-de-France (now a Colas subsidiary) as a site engineer, subsequently working as an area supervisor and then a regional manager until 1989. In 1985, he was appointed Director reporting to the Chairman and Chief Executive Officer. In 1989, he was named director in charge of commercial development of Bouygues Offshore for Europe, French overseas departments and territories (Dom-Tom) and Australia, and subsequently South East Asia and Mexico. He became COO of Bouygues Offshore in 1994, then CEO in 1996 and Chairman and CEO in 1999. From November 2001 to September 2002, he served concurrently as COO of Bouygues Construction, Chairman of the Board of Bouygues Offshore and Chairman of the Board of ETDE (now Bouygues Energies & Services). From September 2002 to February 2005, Hervé Le Bouc was CEO of Saur, then Chairman and CEO from February 2005 to April 2007. In February 2007, Hervé Le Bouc became a director of Colas and was named Deputy CEO in August of the same year. On 30 October 2007, he was appointed Chairman and CEO of Colas.

Principal positions outside Bouygues SA

Chairman and CEO of Colas [1].

Other positions and functions in the Group

In France: Chairman & CEO and director of Colasie; director of Bouygues Immobilier; standing representative of Colas [1] on the boards of Société Parisienne d’Études d’Informatique et de Gestion, Colas Midi Méditerranée and Screg Est; manager of Échangeur International; standing representative of Spare on the board of Sacer Atlantique; standing representative of IPF on the boards of Aximum, Colas Rail and Colas Centre-Ouest; standing representative of SPP on the boards of Colas Sud-Ouest and Colas Nord-Picardie; Chairman of the Colas Foundation.

Outside France: Director of Hindustan Colas Limited (India), ColasCanada (Canada), Tipco Asphalt (Tasco) (Thailand), Isco Industry (Korean Republic) and Colas Inc (United States); standing representative of Colas [1] on the supervisory boards of Colas Émulsions (Morocco) and Grands Travaux Routiers (Morocco).

Former positions and functions during the last five years (outside the Bouygues group)

2014 – Standing representative of Colas [1] on the board of Cofiroute.

HELMAN LE PAS DE SÉCHEVAL

38 avenue Kléber, 75008 Paris, France
Date of birth: 21/01/1966 – French
Date of first appointment: 24/04/2008
Expiry date of current term of office: 2014
Number of shares in the company: 620

Chairman of the Accounts Committee and member of the Remuneration Committee

Expertise/experience

Helman le Pas de Sécheval is a graduate of École Normale Supérieure with a PhD in Physical Sciences and an engineering degree from École des Mines. He began his career in 1991 as a project manager in the financial engineering department of Banexi. From 1993 to 1997, he was deputy inspector-general of the underground quarries of Paris. In July 1997, he was appointed deputy to the head of the Department of Financial Operations and Information of the COB (now the AMF), becoming head of this department in 1998. From November 2001 to December 2009, Helman le Pas de Sécheval was group Chief Financial Officer of Groupama, with responsibility for the group’s financing, investing, reinsurance and accounting divisions and oversight of the group’s financial subsidiaries as well as GIE Groupama Systèmes d’Information. From January 2010 to December 2011, he was Managing Director of Groupama Centre-Atlantique. In September 2012, he was appointed General Counsel of Veolia Environnement.

Principal positions outside Bouygues SA

General Counsel of Veolia Environnement [1].

Former positions and functions during the last five years (outside the Bouygues group)

2011 – Vice-Chairman and director of Groupama Banque (October 2009 to December 2011); director of Gan Assurances, Groupama Holding and Groupama Holding 2 (February 2010 to December 2011); standing representative of Groupama Centre-Atlantique on the board of GIE Groupama Systèmes d’Information (January 2010 to June 2011); Managing Director of Centaure Centre-Atlantique (January 2010 to December 2011); director of Silic [1] (November 2001 to December 2011); standing representative of Groupama Centre-Atlantique on the board of GIE Groupama Supports & Services (July to December 2011); standing representative of Groupama SA and co-manager of SCI d’Agassac (January 2004 to December 2011); standing representative of Groupama Centre-Atlantique and co-manager of SCA d’Agassac (January 2004 to December 2011); director of Groupama Assicurazioni S.p.A., former Nuova Tirrena (Italy) (October 2009 to December 2011).

(1) Listed company.

2010 – Standing representative of Groupama SA on the board of GIE Groupama Systèmes d'Information (October 2007 to January 2010); non-voting director of Gimar Finance & Compagnie (December 2004 to January 2010).

2009 – Chairman of Groupama Asset Management (May 2005 to December 2009), Groupama Private Equity (May 2005 to November 2009), Groupama Immobilier (May 2005 to December 2009) and Compagnie Foncière Parisienne (October 2003 to December 2009); standing representative of Groupama SA on the supervisory board of Lagardère SCA [(1)] (September 2002 to December 2009); director of Groupama Vita S.p.A. (Italy) (March 2002 to November 2009) and Groupama Assicurazioni S.p.A. [(2)] (Italy) (March 2002 to November 2009).

COLETTE LEWINER

Tour Europlaza, 20 avenue André Prothin, 92927 Paris La Défense cedex, France
Date of birth: 19/09/1945 – French
Date of first appointment: 29/04/2010
Expiry date of current term of office: 2016
Number of shares in the company: 11,930

Chairwoman of the Remuneration Committee

Expertise/experience

Colette Lewiner is a graduate of École Normale Supérieure and holds the prestigious rank of "agrégée" teacher in physics, as well as a PhD in science. She spent a large part of her career with EDF, where she was the first woman to be appointed Senior Vice President within the group, with responsibility for development and marketing strategy. She went on to lead Cogema's engineering subsidiary SGN. In 1998, she joined Capgemini, where she headed the Global Energy, Utilities and Chemicals sector, before becoming Advisor to the Chairman on matters regarding energy and utilities. In September 2010, in addition to her functions at Capgemini, Colette Lewiner was appointed non-executive chairwoman of TDF. She is an Officer of the Legion of Honour and a Commander of the National Order of Merit.

Principal positions outside Bouygues SA

Advisor to the Chairman of Capgemini [(1)] on matters regarding energy and utilities.

Other positions and functions in the Group

In France: Director of Colas [(1)].

Other positions and functions outside the Group

In France: Chairwoman and member of the Board of Directors of TDF; director of Nexans [(1)], Eurotunnel [(1)] and Lafarge [(1)].

Outside France: Director of TGS Nopec Geophysical Company [(1)] (Norway) and Crompton Greaves Limited [(1)] (India).

Former positions and functions during the last five years (outside the Bouygues group)

2012 – Vice-Chairwoman, Global Leader Energy, Utilities and Chemicals sector of Capgemini.

2011 – Director of La Poste (December 2005 to April 2011).

SANDRA NOMBRET

1 avenue Eugène Freyssinet, 78280 Guyancourt, France
Date of birth: 24/05/1973 – French
Date of first appointment: 29/04/2010
Expiry date of current term of office: 2016

Director representing employee shareholders and member of the Ethics and Sponsorship Committee

Expertise/experience

Sandra Nombret has a DESS postgraduate diploma in foreign trade law. She joined the Bouygues group in 1997. She is currently Senior Legal Officer for the Near and Middle East, Africa, Central Asia, Canada and Cyprus at Bouygues Bâtiment International.

Principal positions outside Bouygues SA

Deputy Director, Legal Affairs at Bouygues Bâtiment International.

NONCE PAOLINI

1 quai du Point du Jour, 92656 Boulogne-Billancourt cedex, France
Date of birth: 01/04/1949 – French
Date of first appointment: 24/04/2008
Expiry date of current term of office: 2014
Number of shares in the company: 500

Expertise/experience

Nonce Paolini holds a Master of Arts degree and graduated from Institut d'Études Politiques de Paris (IEP) in 1972. He started his career at the French power and gas utility EDF-GDF, where he worked first in operational positions (customer service/sales and marketing), and then in senior management (organisation, training, human resources, corporate communications). He joined the Bouygues group in 1988 as human resources development director, then became the Group corporate communications director in 1990. He joined TF1 in 1993 as human resources director and became Deputy CEO of the TF1 group in 1999. In January 2002, he was appointed Senior Vice-President of Bouygues Telecom to head up sales and marketing, customer relations and human resources. Nonce Paolini became Deputy CEO in April 2004 and a director in April 2005.

Nonce Paolini has been CEO of TF1 since 22 May 2007, and Chairman and CEO since 31 July 2008.

Principal positions outside Bouygues SA

Chairman and CEO of TF1 [(1)].

Other positions and functions in the Group

In France: Chairman of Holding Omega Participations (H.O.P.); Chairman and director of Monte Carlo Participation (MCP) and of the TF1 Corporate Foundation; director of Bouygues Telecom; standing representative of TF1 [(1)] on the boards of Extension TV, TF1 – Acquisitions de Droits and TF6 Gestion; standing representative of TF1 [(1)] and member of the Board of Directors of Groupe AB.

Outside France: Vice-Chairman and director of Télé Monte Carlo (TMC) (Monaco).

(1) Listed company.
(2) Groupama Assicurazioni was absorbed by Nuova Tirrena on 1 November 2009, which took on the Groupama Assicurazioni company name.

Other positions and functions outside the Group

In France: Director of the Fnac group, standing representative of TF1 [(1)] on the board of École de la Cité, du Cinéma et de la Télévision.

Former positions and functions during the last five years (outside the Bouygues group)

2012 – Chairman of Programmes Européens Francophones Audiovisuels Spéciaux 4 (November 2011 to September 2012).

2009 – Standing representative of TF1 [(1)] on the board of Médiamétrie (July 2007 to November 2009); standing representative of TF1 [(1)] on the board of WB Television (September 2008 to November 2009); member of the supervisory board and Vice-Chairman of France 24 (September 2007 to February 2009).

JEAN PEYRELEVADE

44 rue de Lisbonne, 75008 Paris, France
Date of birth: 24/10/1939 – French
Date of first appointment: 25/01/1994
Expiry date of current term of office: 2016
Number of shares in the company: 500

Chairman of the Selection Committee

Expertise/experience

Jean Peyrelevade is a graduate of École Polytechnique and Institut d'Études Politiques de Paris (IEP), and is a senior civil aviation engineer. He was deputy head of the private office of the Prime Minister in 1981, and in 1983 became Chairman of Compagnie Financière de Suez and, at the same time, of Banque Indosuez. He was appointed Chairman and CEO of Banque Stern, then in 1988 became Chairman of UAP, before becoming Chairman of Crédit Lyonnais in 1993 for ten years. He was Chairman of the supervisory board of Leonardo & Co until December 2013.

Principal positions outside Bouygues SA

Managing partner of Aforge Degroof Finance.

Other positions and functions outside the Group

In France: Member of the supervisory board of Hime (Saur group).

Outside France: Director of Bonnard et Gardel Holding SA (Switzerland); member of the supervisory board of KLM (Netherlands).

Former positions and functions during the last five years (outside the Bouygues group)

2013 – Chairman of Leonardo Midcap CF (September 2009 to January 2013); Chairman of the supervisory board of Leonardo & Co (January 2013 to December 2013); director of Leonardo & Co NV (Belgium) (January 2012 to December 2013).

2012 – Chairman of the Board of Directors of Leonardo & Co (March 2010 to December 2012).

2011 – Director of DNCA Finance (November 2006 to July 2011).

2010 – Vice-Chairman of Leonardo France (November 2006 to March 2010).

2009 – Member of the supervisory board of CMA-CGM (June 2005 to September 2009); director of Société Monégasque d'Électricité et de Gaz (Monaco) (June 1991 to June 2009).

(1) Listed company.

FRANÇOIS-HENRI PINAULT

10 avenue Hoche, 75008 Paris, France
Date of birth: 28/05/1962 – French
Date of first appointment: 22/12/1998 (as standing representative of Financière Pinault)
Date of second appointment: 13/12/2005 (in a personal capacity)
Expiry date of current term of office: 2016
Number of shares in the company: 500

Member of the Remuneration Committee and of the Selection Committee

Expertise/experience

François-Henri Pinault is a graduate of École des Hautes Études Commerciales (HEC). He has spent his whole career within the Kering group (formerly PPR). He was CEO of France Bois Industries from 1989 to 1990 and was appointed Chairman and CEO of Pinault Distribution in 1991. In 1993, he became Chairman of CFAO. He was appointed Chairman and CEO of Fnac in 1997, then Executive Vice-President of the Kering group and subsequently head of Internet activities and Chairman of the supervisory board of PPR-Interactive from 2000 to 2001. Since 1998, François-Henri Pinault has been a director, and since 2003 Chairman of the Board of Directors of Artémis. In 2005, he became Chairman of the Executive Board and then Chairman and CEO of Kering.

Principal positions outside Bouygues SA

Chairman, CEO and director of Kering [(1)].

Other positions and functions outside the Group

In France: Managing partner of Financière Pinault; Chairman of Artémis; Chairman of the supervisory board of Boucheron Holding; director of Sapardis, Fnac SA and Soft Computing [(1)]; Chairman of the supervisory board of Yves Saint Laurent SAS; member of the management board of SC du Vignoble de Château Latour.

Outside France: Non-executive director of Kering Holland NV (Netherlands); Deputy Chairman of the Administrative Board of Puma SE [(1)] (Germany); board member of Christies International Plc (United Kingdom); Chairman and board member of Volcom Inc (United States); Chairman and director of Sowind Group (Switzerland); director of Stella McCartney (United Kingdom); director of Brioni SPA (Italy); director of Kering International Ltd.

Former positions and functions during the last five years (outside the Bouygues group)

2013 – Chairman and member of the board of Gucci Group NV [(1)] (now Kering Holland NV); Chairman of the supervisory board of Yves Saint Laurent SAS.

2012 – Vice-Chairman of the supervisory board of CFAO [(1)] (October 2009 to September 2012).

2011 – Vice-Chairman and director of Sowind Group (June 2008 to July 2011); Chairman of the supervisory board of Puma AG [(1)] (June 2007 to July 2011).

2009 – Chairman and CEO of Redcats (December 2008 to April 2009).

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ROSE-MARIE VAN LERBERGHE

33 rue Frémicourt, 75015 Paris, France
Date of birth: 07/02/1947 – French
Date of first appointment: 25/04/2013
Expiry date of current term of office: 2016
Number of shares in the company: 250

Expertise/experience

Rose-Marie Van Lerberghe is a graduate of École Normale Supérieure and École Nationale d'Administration, and holds the prestigious rank of "agrégée" teacher in philosophy. She is also a graduate of Institut d'Études Politiques de Paris (IEP). After holding various positions at the Labour Ministry, in 1986 Rose-Marie Van Lerberghe joined the Danone group, where she was Group Director of Human Resources. In 1996, she became Delegate General for Employment and Vocational Training, then Chief Executive Officer of Altédia in 2000. From 2002 to 2006, she was the Director General of Assistance Publique des Hôpitaux de Paris. From 2006 to 2011, she chaired the Korian management board. She is currently Chairwoman of the Board of Directors of Institut Pasteur.

Principal positions outside Bouygues SA

Chairwoman of the Board of Directors of Institut Pasteur.

Other positions and functions outside the Group

In France: Director of Air France [(1)], Casino [(1)], Klépierre [(1)] and CNP Assurances [(1)]; member of the Conseil Supérieur de la Magistrature.

Former positions and functions during the last five years (outside the Bouygues group)

2011 – Chairwoman of the Korian [(1)] management board.

MICHÈLE VILAIN

3 boulevard Gallieni, 92130 Issy-les-Moulineaux, France
Date of birth: 14/09/1961 – French
Date of first appointment: 29/04/2010
Expiry date of current term of office: 2016

Director representing employee shareholders and member of the Accounts Committee

Expertise/experience

Michèle Vilain joined Bouygues Immobilier in 1989, holding various positions in the IT and Office Automation department, including responsibility for customer services. She is currently Deputy Director, in charge of customer relations within the Support Functions division.

Principal positions outside Bouygues SA

Senior Vice-President, in charge of customer relations for the Residential Property France division at Bouygues Immobilier.

SCDM

32 avenue Hoche, 75008 Paris, France
Date of first appointment: 22/10/1991
Expiry date of current term of office: 2016
Number of shares in the company: 66,049,480

Other positions and functions in the Group

In France: Director of GIE 32 Hoche.

Other positions and functions outside the Group

In France: Chair of Actiby, SCDM Participations and SCDM Invest-3.

Former positions and functions during the last five years (outside the Bouygues group)

2011 – Chair of SCDM Énergie (September 2005 to September 2011).

2010 – Chair of SCDM Investcan (January 2008 to September 2010); SCDM Investur (July 2007 to September 2010) and SCDM Invest-1 (June 2008 to April 2010).

2009 – Chair of Investaq Énergie (June 2008 to July 2009).

(1) Listed company.

5.2 Report by the Chairman of the Board of Directors on corporate governance, internal control and risk management

This report has been drawn up by the Corporate Secretary in close cooperation with the Group's senior management. The section on corporate governance has been prepared taking into consideration various internal documents (by-laws, rules of procedure and minutes of the Board of Directors and its committees, internal control principles and procedures, etc.).

The section on internal control and risk management procedures has been prepared with input from Bouygues' Internal Control department, in collaboration with stakeholders in the internal control process at the business segments.

The contributors have taken into consideration the regulations in force, the reports and recommendations issued by the Autorité des Marchés Financiers (AMF) concerning corporate governance, internal control and the audit committee, the AMF guidelines for internal control and risk management systems, the recommendations of the Afep/Medef Corporate Governance Code as amended in June 2013, and best practices adopted by other listed companies.

The draft report was submitted to the Accounts Committee. This report was discussed and approved by the Board of Directors at its meeting of 25 February 2014.

5.2.1 Corporate governance

5.2.1.1 MEMBERSHIP OF THE BOARD OF DIRECTORS

According to the by-laws, the Board of Directors includes between three and 18 directors appointed by a general meeting of shareholders for a period of three years, and a maximum of two directors representing employee shareholders, elected by a general meeting for a period of three years at the proposal of the Supervisory Boards of the employee share ownership funds.

A proposal will be made to the Combined Annual General Meeting of 24 April 2014 to add provisions to the by-laws that will also permit the appointment of directors representing employees, in accordance with the Job Security Act of 14 June 2013.

The general meeting may also appoint one or more non-voting directors for a three-year term. Non-voting directors attend Board meetings and participate in discussions in an advisory capacity. They are tasked with ensuring that the by-laws are strictly applied. They review the detailed statements of assets and liabilities and full-year financial statements and, where they consider appropriate, present their observations in this connection at general meetings. Since 25 April 2013, the Board of Directors no longer includes a non-voting director.

The Board of Directors appoints one of its members as Chairman. It also appoints the Chief Executive Officer. At the proposal of the Chief Executive Officer, the Board of Directors can appoint one or more Deputy Chief Executive Officers.

The by-laws set no age limit for directors. However, a maximum age of 70 is stipulated for the functions of Chairman, Chief Executive Officer and Deputy Chief Executive Officer. When a person serving in one of these functions reaches 65, his term is submitted to the Board of Directors at its next meeting for confirmation for a period of one year. The Board of Directors may then renew the term annually for one-year periods up to the age of 70, at which time the person steps down automatically.

The Rules of Procedure of the Board of Directors lay down certain imperatives regarding Board membership. They specify that the number of directors or standing representatives of legal entities coming from external companies in which a corporate officer or salaried director of Bouygues holds an executive position must not exceed two.

Reappointments are staggered *de facto* across three consecutive years.

At 31 December 2013, the company was managed by a Board of Directors with 18 members:

- 16 directors appointed by the Annual General Meeting: François Bertière, Mrs Francis Bouygues, Martin Bouygues, Jean-Paul Chifflet, Georges Chodron de Courcel, Yves Gabriel, Anne-Marie Idrac, Patrick Kron, Hervé Le Bouc, Helman le Pas de Sécheval, Colette Lewiner, Nonce Paolini, Jean Peyrelevade, François-Henri Pinault, Rose-Marie Van Lerberghe and SCDM (represented by Olivier Bouygues);
- two directors elected by the Annual General Meeting from among the members of the Supervisory Boards of the employee share ownership funds (profit-sharing and the company savings schemes) representing employee shareholders: Sandra Nombret and Michèle Vilain.

The membership of the Board of Directors at 31 December 2013 is summarised in the following table:

Name	Age [(a)]	Accounts Committee	Remuneration Committee	Selection Committee	Ethics and Sponsorship Committee	Start of first term	End of current term	Years on the Board [(a)]	Professional experience
Executive directors									
Martin Bouygues Chairman and CEO	61					1982	2015	31	Industry, Construction
Olivier Bouygues Deputy CEO, standing representative of SCDM	63					1997 [(b)]	2016	29	Energy, Services to local authorities
Directors considered independent by the Board									
Anne-Marie Idrac	62	•			(Chair) •	2012	2015	1	Environment, Housing, Urban development, Transport
Helman le Pas de Sécheval	47	(Chair) •	•			2008	2014	5	Finance, Insurance
Colette Lewiner	68		(Chair) •			2010	2016	3	Energy
Jean Peyrelevade	74			(Chair) •		1994	2016	19	Banking, Finance
François-Henri Pinault	51		•	•		2005 [(c)]	2016	15	Industry, Retail
Rose-Marie Van Lerberghe	66					2013	2016	0	Agri-Food, Health
Directors representing employee shareholders									
Sandra Nombret	40				•	2010	2016	3	Industry, Construction
Michèle Vilain	52	•				2010	2016	3	Property development
Salaried directors from Bouygues business segments or Alstom									
François Bertière	63					2006	2015	7	Urban development, Property development
Yves Gabriel	63					2002	2016	11	Construction
Patrick Kron	60					2006	2016	7	Industry, Energy, Transport
Hervé Le Bouc	61					2008	2014	5	Industry, Construction
Nonce Paolini	64					2008	2014	5	Telecoms, Media
Other directors									
SCDM						1991	2016	22	
Mrs Francis Bouygues	89					1993	2015	20	
Jean-Paul Chifflet	64					2013	2016	0	Banking
Georges Chodron de Courcel	63	•		•		1996	2015	17	Banking

(a) At 31 December 2013.
(b) From 1984 to 1997, either in a personal capacity or as a standing representative.
(c) From 1998 to 2005 as a representative of Financière Pinault.

Information about the terms of office and duties of directors in other French or foreign companies is given above (see section 5.1).

During 2013, the changes below were made to the Board of Directors.

Departures (at the end of the OGM of 25 April 2013)	Patricia Barbizet (independent) – replaced by Rose-Marie Van Lerberghe (independent) Lucien Douroux (independent) – replaced by Jean-Paul Chifflet Alain Pouyat (non-voting director) – not replaced
Appointments (OGM of 25 April 2013)	Jean-Paul Chifflet Rose-Marie Van Lerberghe (independent)
Renewals (OGM of 25 April 2013)	Yves Gabriel Patrick Kron Colette Lewiner (independent) Jean Peyrelevade (independent) François-Henri Pinault (independent) SCDM, represented by Olivier Bouygues

During 2013, the composition of the committees has changed as follows:

	Up to 25 April 2013	As from 25 April 2013
Accounts Committee		
Chairman	Helman le Pas de Sécheval (independent)	Helman le Pas de Sécheval (independent)
Members	Georges Chodron de Courcel Patricia Barbizet (independent)	Georges Chodron de Courcel Anne-Marie Idrac (independent) Michèle Vilain (representing employee shareholders)
Selection Committee		
Chairman	Jean Peyrelevade (independent)	Jean Peyrelevade (independent)
Members	François-Henri Pinault (independent)	François-Henri Pinault (independent) Georges Chodron de Courcel
Remuneration Committee		
Chairwoman	Patricia Barbizet (independent)	Colette Lewiner (independent)
Members	Colette Lewiner (independent)	François-Henri Pinault (independent) Helman le Pas de Sécheval (independent)
Ethics and Sponsorship Committee		
Chairman/Chairwoman	Lucien Douroux (independent)	Anne-Marie Idrac (independent)
Members	François-Henri Pinault (independent)	Sandra Nombret (representing employee shareholders)

5.2.1.2 ASSESSING DIRECTOR INDEPENDENCE

To retain independent director status, the Rules of Procedure refer to the criteria set out in the Afep/Medef Code. It specifies that, when identifying independent directors, the Board of Directors must attach greater weight to substance than to form. To this end, the Selection Committee gives an opinion on the circumstances of each of its members.

According to the Afep/Medef Code, *"A director is independent when he or she has no relationship of any kind whatsoever with the company, its Group or the management of either that is such as to colour his or her judgement. Accordingly, an independent director is to be understood not only as a non executive director, i.e. one not performing management duties in the company or its Group, but also as one devoid of any particular bonds of interest (significant shareholder, employee, other) with them".*

Note that the independence criteria applied by the Afep/Medef Code are as follows:

(1) not being an employee or executive director of the company or an employee or director of its parent company or of a company that it consolidates; and not having been in such a position during the previous five years;

(2) not being an executive director of a company in which the company holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive director of the company (currently in office or having held such office going back five years) is a director;

(3) not being (or not being directly or indirectly related to) a customer, supplier, investment banker or commercial banker that is material for the company or its Group, or for which the company or its Group represents a significant part of its business;

(4) not being related by close family ties to a corporate officer;

(5) not having been an auditor of the company within the previous five years;

(6) not having been a director of the company for more than 12 years;

(7) not holding a significant percentage (more than 10%) of the company's share capital or voting rights.

The Board of Directors may conclude that even though directors meet these criteria, they cannot be considered independent because of their specific situation. Conversely, the Board may decide that a director who does not meet certain criteria set forth in the Afep/Medef Code is nonetheless independent. As such, the Bouygues Board of Directors considers that being a director for more than 12 years does not automatically result in the loss of independent director status (see section 5.2.1.6 below).

In line with the recommendations of the Afep/Medef Code, after seeking the opinion of the Selection Committee, and as it does each year, the Board of Directors carried out its annual assessment of Board members and determined the proportion of its members that were independent. It reviewed each director's situation in light of the independence criteria defined by the Afep/Medef Code.

After examining the situation of each of the persons concerned in light of all these criteria and ensuring that none of them had a material business relationship with the company, the Board concluded that six directors (Anne-Marie Idrac, Helman le Pas de Sécheval, Colette Lewiner, Jean Peyrelevade, François-Henri Pinault and Rose-Marie Van Lerberghe) were independent in light of the Afep/Medef criteria. The Board takes the view that none of these persons is connected with the company, with the shareholders controlling it, or with its management by a relationship that creates any conflict of interest.

The table below shows each director's situation in light of the independence criteria defined by the Afep/Medef Code, as stated above, and the classification chosen by the Board.

François-Henri Pinault is Chairman of Artémis, a Kering group company that had entered into a shareholder agreement with SCDM. However, that agreement terminated in 2006 and Artémis is no longer a shareholder in the company.

	Criterion 1	Criterion 2	Criterion 3	Criterion 4	Criterion 5	Criterion 6	Criterion 7	Classification chosen by the Board
Martin Bouygues			•		•			Not independent
Olivier Bouygues			•		•			Not independent
François Bertière			•	•	•	•	•	Not independent
Mrs Francis Bouygues	•	•	•		•		•	Not independent
Jean-Paul Chifflet	•	•		•	•	•	•	Not independent
Georges Chodron de Courcel	•	•		•	•		•	Not independent
Yves Gabriel			•	•	•	•	•	Not independent
Anne-Marie Idrac	•	•	•	•	•	•	•	Independent
Patrick Kron	•		•	•	•	•	•	Not independent
Hervé Le Bouc			•	•	•	•	•	Not independent
Helman le Pas de Sécheval	•	•	•	•	•	•	•	Independent
Colette Lewiner	•	•	•	•	•	•	•	Independent
Sandra Nombret		•	•	•	•	•		Not independent
Nonce Paolini			•	•	•	•	•	Not independent
Jean Peyrelevade	•	•	•	•	•		•	Independent
François-Henri Pinault	•	•	•	•	•		•	Independent
Rose-Marie Van Lerberghe	•	•	•	•	•	•	•	Independent
Michèle Vilain		•	•	•	•	•		Not independent

5.2.1.3 GENDER BALANCE ON THE BOARD AND COMMITTEES

Since 31 December 2013, six of the 18 directors on the Board are women, or a proportion of one third.

In accordance with the recommendations of the Afep/Medef Code, the Board will seek to increase the proportion of women to include at least 40% of women at the latest at the end of the Ordinary General Meeting held in 2016.

The Board also ensures balanced gender representation on its committees. As at 31 December 2013, five of the 12 committee members were women, or a proportion of 42%, compared with 30% at 31 December 2012.

5.2.1.4 MANAGEMENT BODIES

The law stipulates that the Board should elect one of its individual members as Chairman to organise and direct the Board's work and ensure the smooth running of the company's management bodies. The Board entrusts executive power over the company either to the Chairman of the Board of Directors or to another individual, who may or may not be a director, who has the title of Chief Executive Officer.

In April 2002 the Board of Directors opted not to separate the functions of Chairman and Chief Executive Officer. It has consistently renewed that option; the last to date was in April 2012.

The Board considers that combining the positions of Chairman and Chief Executive Officer is a source of effective governance, particularly in view of the Bouygues group's organisational structure: Martin Bouygues is Chairman and Chief Executive Officer of Bouygues, the Group's parent company. He does not, however, have general management authority over the Group's five business segments; this is vested in the senior management of its major subsidiaries: Bouygues Construction, Bouygues Immobilier, Colas, TF1 and Bouygues Telecom. Martin Bouygues does not therefore combine operational responsibility over these subsidiaries with his other duties. While Bouygues and its Chairman sometimes play an important role in projects that are essential for the Group, they do not replace the senior management of the Group's business segments.

Martin Bouygues is Chairman of the Board of Directors and Chief Executive Officer. Olivier Bouygues is Deputy Chief Executive Officer, and has the same powers as the Chief Executive Officer. At the end of the Combined Annual General Meeting held on 26 April 2012, the Board of Directors reappointed Martin Bouygues as Chairman and Chief Executive Officer for the period of his term of office as a director, i.e. until the end of the Ordinary General Meeting called to approve the 2014 financial statements. The Board also decided to reappoint Olivier Bouygues as Deputy Chief Executive Officer throughout Martin Bouygues' term of office as Chairman and Chief Executive Officer. Should Martin Bouygues cease to be Chief Executive Officer, Olivier Bouygues' duties would cease on the date on which a new Chief Executive Officer was appointed, unless the Board decided they should cease immediately or, conversely, that they should continue at the proposal of the new Chief Executive Officer.

There is no senior director or Vice Chairman.

5.2.1.5 RESTRICTIONS ON THE POWERS OF THE CHIEF EXECUTIVE OFFICER – POWERS OF THE BOARD OF DIRECTORS

According to law and the by-laws, the Chief Executive Officer has the broadest possible powers to act on the company's behalf under all circumstances. He exercises these powers within the confines of the corporate purpose and subject to powers expressly granted by law to general meetings and the Board of Directors.

The Board of Directors has the powers and carries out the tasks laid down by law. In addition, the Rules of Procedure of the Board of Directors specify the following:

- the Board, assisted where applicable by an *ad hoc* committee, reviews and decides on genuinely strategic activities;
- the strategic priorities, business plans and the financing policy for the business segments and the Group, are presented to it for approval;
- any operations considered to be of importance for the Group as a whole, including investments or organic growth, acquisitions outside the Group, divestments, and internal restructuring measures, must also be granted prior approval by the Board, particularly those that fall outside the scope of the business strategy announced by the company;
- the Board authorises major corporate finance transactions carried out by way of public offering or private placement, as well as major guarantees and commitments;
- the Board monitors the quality of information provided to shareholders and the markets, particularly through the financial statements and in connection with major transactions.

The rules also recall the role of the Board in determining the remuneration of the executive directors with the help of the Remuneration Committee, in accordance with the recommendations of the Afep/Medef Code.

5.2.1.6 RULES OF PROCEDURE, CORPORATE GOVERNANCE CODE AND AFEP/MEDEF CODE WAIVERS

Rules of Procedure

At its meeting in September 2002 the Board adopted a set of procedural rules intended to clarify the conditions under which its work is prepared and organised. These Rules of Procedure, which are reviewed regularly, have since been amended on several occasions in order to comply with changes in laws and regulations and to take account of recommendations issued by the AMF, Afep and Medef, as well as Bouygues' own internal control principles. The Rules of Procedure were amended notably in August 2013 to take account of the Afep/Medef Code as updated in June 2013. The main contents of the Rules of Procedure are summarised in this report. The full text is downloadable from the company's website www.bouygues.com under Group, Corporate governance, Board of Directors.

Corporate governance code

For many years Bouygues has referred to the Afep and Medef recommendations on corporate governance. Pursuant to Article L. 225-37, paragraph 7 of the Commercial Code, in March 2009 the Board of Directors decided that in corporate governance matters it would voluntarily refer to the provisions of "The Corporate Governance of Listed Corporations", a code published in December 2008 by the French Association of Private Companies (Afep) and the French employers' federation (Medef). In August 2013, the Board of Directors decided to refer to the June 2013 update of the Afep/Medef Code (hereafter "the Afep/Medef Code").

The Afep/Medef Code is downloadable from the Medef website at www.medef.com, and from the Afep website at www.afep.com.

It is also included as an appendix to the Rules of Procedure of the Board of Directors.

Afep/Medef Code: waivers

The following table shows the provisions of the Afep/Medef Code that have been waived and the reasons why.

Provisions of the Afep/Medef Code waived	Explanation for waiver
Proportion of independent directors on the Board **Article 9.2, paragraph 2** *"Independent directors must represent at least half of all Board members in widely held companies with no controlling shareholder. In companies with a controlling shareholder [(1)], independent directors must represent at least one third of all Board members. Directors representing employees and directors representing employee shareholders are not included when calculating the proportion of independent directors".*	According to Article 1.3 of the Afep/Medef Code, *"It is not desirable, having regard to the great diversity of listed corporations, to impose formal and identical ways of organisation and operation for all Boards of Directors. The organisation of the Board's work, and likewise its membership, must be suited to the shareholder make-up, to the size and nature of each firm's business (…). Each Board is the best judge of this, and its foremost responsibility is to adopt the modes of organisation and operation enabling it to carry out its mission in the best possible manner."* The Rules of Procedure of the Bouygues Board of Directors also specify that at least one third of directors must be independent within the meaning of the Afep/Medef Code. As at 31 December 2013, six of the 16 directors were independent, representing a proportion of 37.5%. The Board considers this percentage to be sufficient. Although the company is not controlled within the meaning of Article L. 223-3 of the Commercial Code, its capital is not widely held: there is a main shareholder with 28.4% of the voting rights and employee shareholders represent 30.2% of the voting rights. Moreover, in line with Bouygues' tradition, the Board includes some directors that hold executive management positions within the Group or at Alstom, in which Bouygues has a 29.3% equity interest. Consequently, the Board's membership reflects the company's and the Group's specific characteristics. It represents a good balance of skills and independence, and enables the Board to obtain first-hand information on the activities and strategies of the Group's various business segments, thereby enabling the Board to *"carry out its mission in the best possible manner".* Bouygues nevertheless intends, in coming years, to progressively increase the percentage of independent directors on the Board.
Independent director status **Article 9.4** Among *"the criteria to be reviewed by the Selection Committee and the Board in order to have a director qualified as independent and to prevent risks of conflicts of interest, the corporation or its group".* The Afep/Medef Code mentions *"Not to have been a director of the corporation for more than twelve years".*	Two members of the Bouygues Board of Directors have held seats for more than 12 years, but are nonetheless deemed to be independent directors. This is not a waiver of the Afep/Medef Code, strictly speaking, but rather an application of the principle set forth in Article 9.3 of the Afep/Medef Code that stipulates that the Board may find that a director who does not satisfy all the criteria for independent status set forth by the Code is nevertheless independent in view of his/her or the company's situation in relation to its shareholders or for any other reason. In accordance with this provision, the Bouygues Board of Directors considers that being a director for more than 12 years does not automatically result in the loss of independent director status and that having served on the Board for longer may, on the contrary, confer greater authority and independence on the person concerned. At the conclusion of the term in which this 12-year period ends, the Board decides whether the director shall retain or lose this status by taking into consideration his/her particular situation (see section 5.2.1.2 below). Jean Peyrelevade and François-Henri Pinault have both been directors for more than 12 years. However, after examining their situation in accordance with Article 9.3 of the Afep/Medef Code, the Board accepted that they had both retained their status as independent directors. The Board noted in particular that these directors' contributions to the work of the Board and the committees on which they sit showed that their long period on the Board and their experience gave them additional expertise and authority as well as excellent knowledge of the company without in any way compromising their freedom of judgement or their opinions on matters in the Board's domain. Moreover, Bouygues intends, in coming years, to progressively increase the percentage of independent directors who have held seats on the Board for less than 12 years.
Assessing director independence **Article 10.2** In particular, the Board's assessment should enable it to *"measure the actual contribution of each director to the Board's work through his or her competence and involvement in discussions".*	The Board decided once again in November 2013, when conducting the annual review of its work, not to apply this recommendation literally. The Board considers that it is neither possible nor desirable to measure each director's actual contribution to the work of the Board, which, by nature, is a collegial body, as stipulated in Article 1.1 of the Afep/Medef Code updated in June 2013. The directors moreover fear that individual assessments would lead to less open discussions. The Board would however like to stress that the Selection Committee performs individual assessments once yearly, since when it reviews the composition of the Board and of its committees each year, the Selection Committee examines the competence and involvement of each director. Furthermore, when examining director independence, the Selection Committee gives an opinion on the circumstances of each of its members and reviews more particularly the contribution and involvement in its proceedings of members who have been directors for more than 12 years.

(1) Within the meaning of Article L. 233-3 of the Commercial Code.

5.2.1.7 OPERATION OF THE BOARD OF DIRECTORS

Convening notices, quorum and majority

The by-laws reiterate or stipulate the following rules: the Board of Directors meets as often as the company's interests require, as convened by the Chairman, either at the registered office or at any other place; convening notices may be issued by any method, including verbally; the Board may only validly deliberate where at least half its members are in attendance; decisions are made on the basis of a majority of those members in attendance or represented; in the event of a tie, the Chairman of the meeting has the casting vote.

The Rules of Procedure stipulate that any director who participates in a Board meeting by video-conferencing, or any other telecommunications means with technical characteristics that allow directors to be identified and participate fully in the meeting, is deemed to be in attendance for the purposes of quorum and majority. In accordance with law, this provision does not apply to decisions on the preparation of the full-year parent company and consolidated financial statements or the management report.

Board meetings

The Rules of Procedure state that in principle the Board of Directors holds five ordinary meetings a year (January, February/March, May, August and November). In January, the Board reviews the estimated sales and earnings for the previous financial year; and the strategic priorities, business plans and the financing policy for the business segments and the Group are presented to it for approval. In February/March, the Board closes the financial statements for the previous financial year; in May, it closes the first-quarter financial statements; in August, it closes the first-half financial statements; in November, it closes the nine-month financial statements. Other Board meetings are held as the Group's business requires.

The agenda for closing the financial statements is in three parts: business activity, accounting and legal affairs. A detailed review of each item is provided to each director.

The statutory auditors are systematically convened to all meetings at which the Board reviews full-year or first-half financial statements.

Persons who are not Board members, whether Bouygues group employees or not, may be invited to attend all or part of Board meetings.

In accordance with the Afep/Medef Code, non-executive directors have the option of meeting periodically, without the executive directors or salaried directors being present, in particular to assess the performance of the executive directors and consider future management arrangements. The Rules of Procedure of the Board of Directors were updated in August 2013 to state that in principle such meetings will be held once a year.

Information provided to the Board of Directors

The Rules of Procedure stipulate that the Chairman or Chief Executive Officer must provide each director with all documents and information needed to fulfil his or her duties, including:

- the information needed to follow the progress of business activities and in particular sales figures and order books;
- the financial situation and in particular the company's cash position and commitments;
- any event that materially affects the Group's consolidated financial results or that may do so;
- material events in the human resources area and in particular changes in the workforce;
- major risks to the company, any change therein, and the steps taken to control them.

Each quarter, senior management presents a report on consolidated sales and earnings for the quarter just ended to the Board of Directors.

Each director may, at his or her own initiative, gather additional information; the Chairman, Chief Executive Officer, Deputy Chief Executive Officer, as well as the Chief Financial Officer and the Corporate Secretary, are always available to provide Board members with explanations and any other relevant information.

Directors may also meet with key senior executives of the company, including when the executive directors are not present, provided that the latter have been informed in advance.

Through their work and the reports they produce, the committees tasked by the Board with studying specific matters help to ensure that the Board is properly informed and prepared for the decisions it has to make (see section 5.2.1.8).

Directors always receive all documents publicly issued by the company or its subsidiaries, and in particular all information intended for shareholders.

Directors may, if they wish, receive additional training in matters pertaining to the company and its businesses and sectors.

5.2.1.8 BOARD COMMITTEES

Committees are tasked by the Board of Directors with studying matters submitted for their review by the Board or its Chairman, as well as any matters that may be assigned to them by law. Four Committees have been set up since 1995: the Accounts Committee, the Remuneration Committee, the Selection Committee and the Ethics and Sponsorship Committee (which became the Ethics, CSR and Sponsorship Committee in February 2014).

Annexes to the Rules of Procedure, the content of which is indicated below, define the membership, remits and operating rules of the four committees. Executive directors and salaried directors of the company cannot sit on the committees. The committees are chaired by independent directors.

The Board determines the membership and remits of the committees, which perform their activities under the Board's responsibility. The Board appoints committee members from among directors and non-voting directors, on the understanding that the Accounts Committee must consist only of directors.

Accounts Committee

Article L. 823-19 of the Commercial Code, arising from the Order of 8 December 2008, requires French listed companies to form, within the Board, a "specialised" committee tasked with overseeing matters relating to the preparation and audit of accounting and financial information. Bouygues had long anticipated this reform, as it set up its Accounts Committee in 1995.

In accordance with the law, the Accounts Committee acts under the responsibility of the Board of Directors. As part of its role of overseeing matters relating to the preparation and audit of accounting and financial information, the Accounts Committee is tasked more specifically with overseeing the following:

- The process for preparing financial information. This involves:
  - reviewing the parent company and consolidated financial statements at least two days before they are presented to the Board,
  - ensuring that the accounting methods used to draw up the financial statements are both relevant and consistent,
  - reviewing the internal control procedures for the preparation of the financial statements, in conjunction with the relevant internal departments and advisors,
  - reviewing any changes that have a material impact on the financial statements,
  - reviewing the main accounting options, estimates and judgements made at year-end, as well as the main changes in the scope of consolidation.

- The effectiveness of internal control and risk management systems; to this end, in particular:
  - reviewing once a year the key risks faced by the company, any changes in them and the arrangements put in place to manage them,
  - reviewing at least once a year the main accounting and financial risks faced by the company, any changes in them and the arrangements put in place to manage them,
  - ensuring that the head of the Internal Audit department presents, at least once a year, the departmental organisation chart, along with the audit plan and a summary of his or her reports and the action taken in light of his or her recommendations.
- The audit of the parent company and consolidated financial statements by the statutory auditors.
- The independence of the statutory auditors. This involves:
  - reviewing the breakdown of the fees paid by the company and Group companies to the statutory auditors' network, and ensuring that they do not represent a proportion of the auditors' revenue such that their independence may be impaired;
  - supervising the auditor selection and renewal procedure; making recommendations on statutory auditors proposed for appointment at general meetings.

In addition to carrying out general and regular checks, the Committee selects specific topics for in-depth review, such as the consequences of disposals or acquisitions. It checks the accounting treatment of the major risks incurred by Group companies, particularly country risk and, for example, at Bouygues Construction, risks involved in the execution of certain projects. The Committee pays particular attention to changes in accounting methods and to the main accounting options used to close the financial statements.

The Accounts Committee issues all reports and recommendations in relation to the foregoing, both periodically when the financial statements are closed and as required by circumstances.

The Accounts Committee reviews the draft Report by the Chairman on internal control and risk management, and, if necessary, comments on this draft.

The Accounts Committee must have at least three members with specific skills in finance and accounting. It must not include any Bouygues executive directors or senior executives. At least two thirds of its members, including the Committee Chairman, are independent directors. Directors representing employees and directors representing employee shareholders are not included when calculating the proportion of independent directors.

A director may not be appointed to the Bouygues Accounts Committee if he or she also serves as a director of a company where a Bouygues director is a member of an equivalent committee.

At 31 December 2013, the members of the Accounts Committee were Helman le Pas de Sécheval (Chairman), Georges Chodron de Courcel, Anne-Marie Idrac and Michèle Vilain. Helman le Pas de Sécheval and Anne-Marie Idrac, are independent directors. Bouygues thus complies with the Afep/Medef Code recommendation according to which at least two thirds of the members of the Accounts Committee must be independent directors, Michèle Vilain, the director representing the employee shareholders, is not included in the calculation, in accordance with Article 16.1 of the Afep/Medef Code.

Members of the Accounts Committee receive information on accounting, financial and operational matters specific to the company when they are appointed. Three members of the Accounts Committee have extensive financial skills, as can be seen from their careers and the positions they hold or have held in other groups or establishments: Helman le Pas de Sécheval was head of the Corporate Finance and Disclosures department of the Commission des Opérations de Bourse (which became the AMF), finance director of the Groupama group and managing director of Groupama Centre-Atlantique; Georges Chodron de Courcel has held significant financial responsibilities within the BNP Paribas group, where he has been Chief Operating Officer since 2003; he is a member of Alstom's Audit Committee and Chair of Nexans' Accounts Committee. Anne-Marie Idrac was notably director general at the Public Development Agency (EPA) of Cergy-Pontoise, Chair and CEO of the RATP (Paris public transport authority), and Chair of the SNCF (French state railways).

Committee meetings are valid only if two members, including the Committee Chairman, are in attendance. The Committee meets at the initiative of its Chairman or at the request of the Chairman of the Board of Directors. It meets at least twice each year to review the first-half and full-year financial statements before they are submitted to the Board. The Committee Chairman draws up the agenda. The opinions put forward by the Committee are based on a simple majority. In the event of a tie, the Chairman holds the casting vote.

To carry out its duties, the Committee has access to all accounting and financial documents that it deems useful. It must also meet with the statutory auditors and directors of the company who are in charge of finance, accounting, cash management and internal audit without the company's corporate officers being present.

The Committee also has the option of consulting external experts, as provided for in the Afep/Medef Code.

The statutory auditors provide the Accounts Committee with a summary of their work and of the accounting options used in preparing the financial statements.

The Committee meets the statutory auditors without a company representative being present at least once a year, to ensure that they were given full access to information and that they have all the resources they need to fulfil their duties.

During the review of the financial statements, the statutory auditors submit to the Accounts Committee a memorandum pointing out the essential aspects of the scope of consolidation, the findings of the statutory audit, notably adjustments and significant flaws in the internal control system identified during their work, the results and the accounting options chosen. The Chief Financial Officer provides the Committee with a memorandum describing the company's risk exposure and any material off-balance sheet commitments.

Key recommendations made by the statutory auditors are covered by an action plan and monitoring procedures presented to the Accounts Committee and senior management at least once each year.

The Accounts Committee's deliberations and the information provided to it are of a particularly confidential nature and must not be disclosed outside the Board of Directors. However, this rule does not impinge upon the financial reporting obligations incumbent upon listed companies.

The Committee reports on its work at the following meeting of the Board of Directors, in the form of reports that state the actions it has taken, its findings and any recommendations it may have. The Committee immediately informs the Board of any difficulties encountered in performing its duties.

Remuneration Committee

The Remuneration Committee was formed in 1996. In accordance with recommendations of the Afep/Medef Code, it is responsible for:

- submitting proposals to the Board of Directors concerning the remuneration to be paid to executive directors as well as any benefits provided to them;
- proposing and overseeing the rules used to determine the variable portion of executive directors' remuneration each year, and ensuring that the arrangements are consistent with their performance and with the company's medium-term strategy;
- proposing a general policy for awarding stock options or bonus shares, stipulating in particular that no discount may be offered on options or bonus shares awarded to Group senior executives, and in particular executive directors; the allotments must be proportional to senior executives' merits and divided equitably between beneficiaries;
- reviewing stock option plans awarded to corporate officers and employees, and making recommendations to the Board on whether the option plans should concern new or existing shares;
- proposing remuneration and incentive arrangements for the Group's senior executives;
- where stock options or performance shares are awarded to the Chairman, Chief Executive Officer or Deputy Chief Executive Officer, making recommendations on the number of shares resulting from the exercise of stock options or performance share grants that the beneficiary is required to retain until the end of his or her term of office;
- proposing the performance conditions applicable to the allotment and exercise of options or performance share grants to the Chairman and Chief Executive Officer and/or the Deputy Chief Executive Officer;
- submitting each year to the Board of Directors the draft reports on remuneration of corporate officers, and on stock options and performance shares.

The Remuneration Committee must have at least two members. The Committee may not include executive directors or senior executives of the company; it is mainly composed of independent directors. An independent director chairs the Committee.

A director or non-voting director cannot be appointed to the Remuneration Committee if an executive director or salaried director of Bouygues is a member of an equivalent committee in a company in which the former director or non-voting director also serves as executive director.

At 31 December 2013, the members of the Committee were Colette Lewiner (Chairwoman), Helman le Pas de Sécheval and François-Henri Pinault. All three are independent directors, representing 100% of the Committee's members.

The Rules of Procedure stipulate that the Committee meets at the initiative of its Chairwoman or at the request of the Chairman of the Board of Directors. Committee meetings are valid only where two members, including the Committee Chairwoman, are in attendance. The Committee Chairwoman draws up the agenda.

The opinions issued by the Remuneration Committee are based on a simple majority. In the event of a tie, the Chairman holds the casting vote.

In the course of its work, the Committee may meet with the Chairman of the Board of Directors or any other person designated by the Chairman.

The Committee reports on its work at the following meeting of the Board of Directors. When the report on the work of the Remuneration Committee is presented to it, the Board of Directors deliberates with no executive directors present.

Selection Committee

The Selection Committee was formed in July 1997. In accordance with the recommendations of the Afep/Medef Code, it is responsible for:

- periodically reviewing issues related to the membership, organisation and operation of the Board of Directors in order to make proposals to the Board;
- reviewing for this purpose:
  - applications for directorships and non-voting directorships, taking care to ensure that at least one third of Board members are independent directors,
  - plans to form analysis committees within the Board, and proposed lists of their remits and members;
- giving an opinion on appointments to the Board and on term of office renewals or removals from office of a director or an executive director presented to the Board;
- considering solutions for replacing executive directors in the event of an unforeseen vacancy.

The Selection Committee pays particular attention to the mix of skills, experience and knowledge of the Group businesses that each candidate will need to make an effective contribution to the Board's work.

The Selection Committee comprises two or three directors. It does not include any executive directors and consists mainly of independent directors. An independent director chairs the Committee.

At 31 December 2013, the members of the Selection Committee were Jean Peyrelevade (Chairman), François-Henri Pinault and Georges Chodron de Courcel. Two thirds of its members are independent directors within the meaning of the Afep/Medef Code.

Committee meetings are valid only if two or more of its members, including its Chairman, are in attendance. The Committee meets at the initiative of its Chairman or at the request of the Chairman of the Board of Directors. The Committee Chairman draws up the agenda.

The Chairman of the Board of Directors is involved in the Committee's proceedings. In the course of its work, the Committee may meet with any candidates it considers suitable for positions to be filled.

The opinions issued by the Selection Committee are based on a simple majority. Where only two members are in attendance at a Committee meeting, the Chairman has the casting vote.

The Committee reports on its work at the following meeting of the Board of Directors.

Ethics and Sponsorship Committee (1)

The Ethics and Sponsorship Committee, which was set up in March 2001, has the following responsibilities:

- in the field of ethics, the Committee:
  - helps define the Code of Conduct or principles underpinning corporate behaviour applicable to senior management and employees alike,
  - makes recommendations or gives an opinion on initiatives aimed at promoting best practices in this area,
  - ensures compliance with the values and rules of conduct thus defined;
- in the field of corporate sponsorship, the Committee:
  - sets rules or makes recommendations for Bouygues' corporate sponsorship policy,
  - gives its opinion to the Chairman of the Board on corporate sponsorship projects identified by Bouygues when they represent a significant financial investment,
  - ensures that its recommendations are implemented and that these projects are properly carried out.

The Ethics and Sponsorship Committee must comprise two or three directors. The Committee is chaired by an independent director who has the casting vote in the event of a tie.

At 31 December 2013, the members of the Committee were Anne-Marie Idrac (Chairwoman) and Sandra Nombret. Anne-Marie Idrac is an independent director.

The Committee meets at the initiative of its Chairwoman or at the request of the Chairman of the Board of Directors. In the course of its work, the Committee may meet with the Chairman of the Board of Directors or any other person designated by him. The Committee reports on its work at the following meeting of the Board of Directors.

5.2.1.9 ETHICAL CONDUCT

The directors of Bouygues are required to comply with all the rules of conduct listed in Articles 19 and 20 of the Afep/Medef Code and the Code of Conduct appended to the Rules of Procedure of the Board of Directors.

This Code includes detailed requirements regarding directors' duty to be informed, regular attendance and reducing multiple directorships, preventing conflicts of interest, holding shares in the company, confidentiality, and detailed measures for preventing insider trading.

Georges Chodron de Courcel and Colette Lewiner have been informed of the rules on multiple directorships and will take the necessary measures. As far as the company is aware, all these rules are respected, by the other directors.

Potential conflicts of interest

The Code of Conduct sets forth specific measures for preventing conflicts of interest. Moreover, the Board of Directors adopted a compliance programme for conflicts of interests at its 21 January 2014 meeting. The aim of this programme is to cover situations in which a Bouygues group employee or senior executive faces a conflict of interest in connection with his or her professional activity or his or her directorship.

Directors must ensure that they do not perform an activity that would place them in a conflict of interest with the company. In particular, directors must not seek to hold an interest or invest in a company, whether a customer, supplier or competitor of the company, if this interest or investment could influence their actions in their role as a director.

Directors and corporate officers undertake to inform the Chairman of any conflict of interest, even of a potential nature, between their duties in relation to the company and their private interests and/or other duties, and not to take part in voting on any resolution directly or indirectly affecting them. If the situation requires, directors may be obliged not to attend Board meetings during deliberations and not to take part in any voting on a resolution and not to have access to documents and information brought to the attention of the other directors concerning the subject in question.

The Chairman of the Board may ask directors at any time to confirm in writing that they are not subject to any conflict of interest.

To date, the company is aware of the following potential conflicts of interest:

- major shareholders of the Group (SCDM and Mrs Francis Bouygues), as well as the Group's employee shareholders, are directly or indirectly represented on the Board of Directors by Martin Bouygues, Olivier Bouygues, Mrs Francis Bouygues, Sandra Nombret and Michèle Vilain;
- Patrick Kron is a director and Chairman and Chief Executive Officer of Alstom, a company in which Bouygues held 29.3% of the share capital at 31 December 2013, and of which Olivier Bouygues, Bouygues represented by Philippe Marien, and Georges Chodron de Courcel are directors;
- Georges Chodron de Courcel is Chief Operating Officer of BNP Paribas, a financial institution that may offer banking services or loans to the Group;
- potential conflicts of interest exist because some of the directors hold directorships in other companies. The list of directorships is set out above (see section 5.1);
- Martin Bouygues, Olivier Bouygues and Mrs Francis Bouygues have family ties. The company is not aware of other family ties between Board members;
- François Bertière, Yves Gabriel, Hervé Le Bouc and Nonce Paolini are bound to the company by employment contracts; Sandra Nombret and Michèle Vilain are bound by employment contracts to Bouygues subsidiaries.

(1) *Which became the Ethics, CSR and Sponsorship Committee in February 2014.*

As far as the company is aware, and subject to the contract between SCDM and Bouygues, none of the members of the Board of Directors is linked to the company or any of its subsidiaries by a contract providing for benefits.

As far as the company is aware, to date there are no other potential conflicts of interest between the duties of any of the members of the Board of Directors with regard to the company and their private interests and/or other duties.

François-Henri Pinault is Chairman and Chief Executive Officer of Artémis, a Kering group company (formerly the Pinault group) that had entered into a shareholder agreement with SCDM. However, that agreement terminated in 2006 and Artémis is no longer a shareholder in the company. No other member of the Board of Directors has been selected pursuant to any agreement entered into with the company's principal shareholders, its customers, suppliers or other persons.

The Auditors' special report on regulated agreements and commitments (see chapter 8, section 8.3 of this Registration Document) details the agreements and commitments submitted to the Board of Directors for authorisation and on which directors abstained from voting because of ongoing or potential conflicts of interest.

Regulated agreements

A Bouygues group Internal Charter on Regulated Agreements, which was approved by the Board of Directors, is available on www.bouygues.com, under The Group, Corporate governance, Board of Directors.

The aim of this Charter is to make it easier for Bouygues group companies to identify agreements, which, as they directly or indirectly concern a senior executive or a shareholder, must follow the "regulated agreements" procedure provided for by the Commercial Code (the prior authorisation of the Board of Directors is required, then the statutory auditors must be informed and issue an opinion on the agreement in their special report, with a view to the agreement being approved by the Annual General Meeting).

This Charter uses the definition of a *"person who is indirectly concerned"* suggested by the Paris Chamber of Commerce and Industry: *"A person is considered to be indirectly concerned by an agreement to which he is not a party where, due to his connections with the parties and the powers he has to influence their behaviour, he derives benefit from the agreement"*.

Regulated agreements that are authorised by the Bouygues Board of Directors but that have not yet been approved by the Annual General Meeting are described in the Board of Directors' report on the resolutions (see chapter 8, section 8.2 of this Registration Document) as well as in the Auditors' special report on regulated agreements (see chapter 8, section 8.3.1 of this Registration Document). This report also mentions regulated agreements for which the effects continue over time, which the Board of Directors reviews each year. Only new agreements are submitted to the Annual General Meeting.

Judicial convictions

As far as the company is aware, during the last five years, none of the members of the Board of Directors has been:

- found guilty of fraud, incriminated or subjected to official public sanction by any statutory or regulatory body;
- associated with any insolvency, compulsory administration or liquidation proceedings;
- prevented by a court from acting as a member of an issuer's administrative, management or supervisory body or from being involved in an issuer's management or the conduct of its business.

Restrictions agreed to by the members of the Board of Directors in relation to the sale of their shares in the company

The by-laws stipulate that each director must hold at least ten shares in the company. The Rules of Procedure recommend that each director and non-voting director own 500 shares in the company.

Subject to the foregoing, 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.

5.2.1.10 WORK OF THE BOARD AND ITS COMMITTEES IN 2013

Work of the Board

The Board of Directors met eight times in 2013. The attendance rate was 88%.

On 29 January 2013, the Board reviewed the three-year strategic priorities and business plans for the Group and its business segments. It reviewed the mapping of the Group's major risks. It heard the report of the Ethics and Sponsorship Committee. It reviewed the Bouygues Confiance 6 share ownership plan which was carried out. It authorised a number of regulated agreements.

At its 26 February 2013 meeting, the Board reviewed business for 2012, and the outlook and objectives for the Group and its business segments for 2013. It examined the results of Alstom for the third quarter of FY2012/13. It reviewed the position of the Group's business segments compared to that of their main competitors. It familiarised itself with the 2012 consolidated financial statements and parent company financial statements. It heard the Accounts Committee's report and the statutory auditors' opinion on these financial statements. It closed the parent company financial statements, accounting and forecasting documents, the consolidated financial statements, the proposed appropriation of net profit, the management report and in particular, after hearing the Remuneration Committee's report concerning the variable portion of the remuneration of the two executive directors and the four senior executives of the business segments, remuneration and stock options granted in 2012, the section on the remuneration of corporate officers and the special report on stock options. It also signed off the description of the share buyback programme in the management report. It approved the Report by the Chairman on corporate governance and internal control.

After hearing the Selection Committee's report, the Board examined the Committee's membership in light of the issues of gender balance on the Board. It decided to ask the Annual General Meeting to renew the directorships of Yves Gabriel, Patrick Kron, Colette Lewiner, François-Henri Pinault, SCDM and Jean Peyrelevade, to appoint Rose-Marie Van Lerberghe and Jean-Paul Chifflet as directors, and to elect Sandra Nombret and Michèle Vilain as directors representing employee shareholders. The Board signed off the membership of the committees, subject to approval by the Annual General Meeting of renewals of term of office or appointments as director.

It decided to convene a Combined Annual General Meeting for 25 April 2013. It drew up the agenda and prepared the wording of the resolutions to be submitted to the Combined Annual General Meeting, together with its report on those resolutions.

After having familiarised itself with the Remuneration Committee's report, which made recommendations on remuneration and stock options granted for 2013, the Board voted in favour of these recommendations. It determined the remuneration of senior executives for 2013. It decided on a new stock option plan for the Group's senior executives and employees and drew up the list of beneficiaries. The Board delegated power to the Chairman and Chief Executive Officer to set the subscription price for options, in accordance with the law.

At the same meeting, the Board decided to cancel 5,074,906 shares repurchased by the company. It renewed for one year the authority granted to Martin Bouygues and Olivier Bouygues to make decisions on issuing bonds, to repurchase or exchange existing Bouygues bonds, and to retain, cancel or resell repurchased bonds. It drew up the list of companies that fall within the scope of tax election. It approved the wording of the press release.

On 25 April 2013, the Board met before the Annual General Meeting to draw up the responses to the written questions submitted by shareholders.

On 14 May 2013, the Board reviewed the company's business and financial statements to 31 March 2013. It familiarised itself with the Alstom group's FY2012/13 results and outlook. It familiarised itself with bases for comparison between the Group and its competitors. It reviewed the action plans and the outlook and objectives for the Group and its business segments. Having heard the Accounts Committee's report on the financial statements and the statutory auditors' opinion, it closed the first-quarter financial statements. It approved the wording of the press release.

On 22 July 2013, the Board reviewed the strategic priorities for Bouygues Telecom and in particular the planned mobile network sharing with SFR. It approved the conclusion of a memorandum of understanding with SFR.

On 27 August 2013, the Board reviewed the company's key figures and business activity to 30 June 2013, bases for comparison between the Group and its competitors, as well as the outlook and objectives for 2013. It paid special attention to Bouygues Telecom's strategy and, in particular, took stock of the situation on talks with SFR and the planned 4G launch. Having heard the opinions of the Accounts Committee and the statutory auditors, it closed the first-half financial statements and approved the Half-year financial review. It renewed the authority granted to the Chairman and Chief Executive Officer to give guarantees, endorsements and sureties. It approved the wording of the press release. It familiarised itself with the updated Afep/Medef Code and amended its Rules of Procedure.

On 13 November 2013, the Board reviewed the company's business and financial statements to 30 September 2013 as well as the outlook and objectives for 2013. The Board carried out a self-assessment and considered company policy on equal opportunities and gender pay equality. It authorised a number of regulated agreements and reviewed the regulated agreements for which the effects continue over time. It amended the Rules of Procedure to raise the variable component of directors' fees and to change the date of the annual Board meeting devoted to analysing the strategic priorities of the business segments to January. It prepared a draft amendment of the by-laws with a view to appointing directors representing employees, and decided to consult the Group Council on this draft resolution. It approved the wording of the press release.

On 10 December 2013, the Board reviewed the planned disposal by Colas of its minority stake in the capital of Cofiroute.

Work of the Accounts Committee

The Accounts Committee met five times in 2013. The attendance rate was 94%.

The Accounts Committee reviewed, at least two days before they were presented to the Board, the quarterly, first-half and full-year parent company and consolidated financial statements, the draft Half-year financial review and corresponding draft press releases, as well as the section of the draft Report by the Chairman on internal control and risk management procedures. It also reviewed, among other things, the following subjects:

- accounting standards and rules applied by the Group;
- oversight of the statutory audit of the financial statements by the statutory auditors;
- monitoring fees paid to auditors;
- the Group's cash position;
- scrutiny of internal control arrangements in each business segment;
- mapping of the Group's major risks;
- insurance policies;
- results of the internal control assessment programme;
- fraud reporting;
- audit plan;
- table showing provisions;
- impairment testing of Bouygues' shareholdings in Alstom, TF1, Bouygues Telecom and Colas;
- tax adjustment on an employee share ownership operation;
- Bouygues Construction: monitoring of major projects (Miami tunnel, Gautrain rail link, Kai Tak Cruise Terminal building in Hong Kong, Hong Kong-Macao bridge, Stade Vélodrome stadium in Marseille, French Ministry of Defence headquarters (Balard), Paris law courts complex, and Tangier port);
- Bouygues Immobilier: value of land inventory in Spain;
- Colas: project in Slovakia, reorganisation of subsidiaries in France, acquisition in Ontario;
- TF1: agreement with Discovery, savings plan;
- Bouygues Telecom: operating profit, execution of the adaptation plan, impacts of different litigation matters, amortisation of licences.

In the course of its duties, the Accounts Committee interviewed the Group's CFO (regarding material risks and off-balance sheet commitments of the company), the Accounts and Audit Director and the auditors, without senior executives being present.

Work of the Remuneration Committee

The Remuneration Committee met once in 2013. The attendance rate was 100%.

In February 2013, the Remuneration Committee reviewed the calculation of the variable component of the remuneration of business segment senior executives. It proposed to retain the same criteria for determining the variable component of remuneration as in 2013. It proposed to specify, for the two executive directors, the rules for determining the variable portion of remuneration for 2013. It reviewed the Group's remuneration policy. It examined the conditions under which senior executives received supplementary retirement benefit. It recommended setting up a new stock option plan. The Committee also examined and put to the Board reports on the remuneration of corporate officers and the grant and exercise of stock options during 2012.

Work of the Selection Committee

The Selection Committee met once in 2013. The attendance rate was 50%.

After examining the Board's membership and checking the gender balance, the Selection Committee gave a positive opinion on the reappointment as directors of Yves Gabriel, Patrick Kron, Colette Lewiner, Jean Peyrelevade, François-Henri Pinault and SCDM, and proposed that the Board put forward the candidacy of Jean-Paul Chifflet and Rose-Marie Van Lerberghe to the Combined Annual General Meeting of 25 April 2013. The Committee confirmed that Anne-Marie Idrac, Patricia Barbizet, Lucien Douroux, Helman le Pas de Sécheval, Colette Lewiner, Jean Peyrelevade and François-Henri Pinault were independent directors. It reviewed the Corporate governance section of the draft Report by the Chairman presented at the Combined Annual General Meeting of 25 April 2013.

Work of the Ethics and Sponsorship Committee[1]

The Ethics and Sponsorship Committee met four times in 2013. The attendance rate was 100%.

In the field of corporate sponsorship, after reviewing numerous projects proposed to Bouygues, the Committee gave a favourable opinion on the commencement or continuation of some 30 corporate sponsorship initiatives of a humanitarian, medical, social and cultural nature. The main corporate sponsorship activities are described in chapter 3 of this Registration Document. In total, the Group devotes around €13 million per year to corporate sponsorship initiatives. TF1 also provides free advertising space and makes donations during the events it airs, equating to an additional €20 million for corporate sponsorship.

In the field of ethics, the Committee also monitored ongoing legal proceedings. The Committee reviewed the systems implemented to prevent and detect anti-competitive or unethical business practices and was involved in drawing up four compliance programmes in order to formalise, complete and detail the preventive measures that are already in force in the Group in the following areas: competition, corruption, stock market transactions and conflicts of interest (see section 5.3 below). The Committee was also involved in updating the Group's Code of Ethics.

5.2.1.11 ASSESSMENT OF THE BOARD OF DIRECTORS

The Board's Rules of Procedure stipulate that the Board should periodically assess its ability to meet shareholders' expectations by reviewing its membership, organisation and operation, and by undertaking a similar review of Board committees.

Once a year, the Board thus devotes an item on the agenda, generally during its November meeting, to assessing its own operations.

This formal assessment is intended to:

- take stock of the operating methods of the Board and its committees;
- ensure that important issues are properly prepared and debated.

Shareholders are informed every year, in the Registration Document, of the completion of this assessment, together with any action to be taken as a result.

Pursuant to these provisions, on 13 November 2013, the Board of Directors devoted an item on its agenda to a discussion of its organisation and operations.

As is the case each year, this assessment was of a formal nature: a detailed questionnaire and a memorandum on the Board's operations had been sent in advance by the Chairman and Chief Executive Officer to directors and the non-voting director to enable them to prepare for this discussion. The questionnaire included both closed questions, in order to categorise responses accurately, and open questions, so as to give directors the opportunity to qualify and explain their responses. Supplemental questionnaires had been sent to the members of each committee. Directors who so wished were invited to hold a discussion with the Group's Corporate Secretary with a view to optimising preparations for the meeting.

In all, 14 written responses to 17 questionnaires were received, a response rate of 82%. These responses were reviewed by the Corporate Secretary and compared with those from previous years in order to measure progress.

In their responses and the discussion that took place on 13 November 2013, members expressed very satisfactory views on the composition and operation of the Board.

As is the case each year, the Board examined the desirable balance of its membership and that of its committees, in particular with regard to the representation of women and men, nationalities and skills diversity, and in terms of the specific provisions that are designed to guarantee to shareholders and to the market that the Board performs its duties with the necessary independence, competence and objectivity.

(1) *Which became the Ethics, CSR and Sponsorship Committee in February 2014.*

The Board considers its membership to be balanced given the presence of representatives of major shareholders, business segment senior executives, industry leaders, and individuals with skills in accounting and finance. The proportion of independent directors (37.5% excluding directors representing employee shareholders) is considered satisfactory, since the Group has a main shareholder. However, certain directors suggest that one or two more independent directors be appointed. Opinions differ as to whether it would be appropriate for the Board to take on a more international profile. The directors all agree, however, on the need to give priority to the quality of the candidate when selecting future Board members, as well as on the need to increase the proportion of women on the Board.

The quality of the information provided to the directors is considered to be very good. It has improved, in particular in the areas of strategy and long-term development, in line with an area for improvement identified during the previous assessment.

The quality of the discussions, as well as the organisation and running of the Board's work are considered very satisfactory. It was decided to set up an annual meeting for non-executive directors, in accordance with the Afep/Medef Code updated in June 2013. A first meeting of this type was held in January 2014.

The assessment system is considered satisfactory. Most directors see little point in having an external body help prepare this assessment. Moreover, they are opposed to a formal assessment of the contribution of each director to the Board's work (see section 5.2.1.6).

This exercise made it possible to identify potential ways to bring about improvement in certain areas, in particular, regarding information on R&D, litigation matters or CSR, as well as the work of the Selection Committee. Opinion is that the work of the Ethics and Sponsorship Committee, and that of the Remuneration Committee, has improved since the previous assessment. The work of the Accounts Committee is still viewed in a particularly positive light.

5.2.2 Internal control and risk management procedures

5.2.2.1 INTRODUCTION

Bouygues and its subsidiaries are acutely aware of the importance of internal control and risk management. These processes help give reasonable assurance as to the achievement of the Group's principal objectives.

Risk management has always been an essential part of the Group's corporate culture. It is a key concern of the Group's managers and is based on internal control procedures inspired by principles that have been applied across the Group's business segments for many years.

Internal control and risk management bodies and procedures thus play a part in identifying, preventing and managing the main risk factors that could hinder the Group in achieving its objectives.

Like any control and risk management system, however, the system set up by Bouygues cannot provide a cast-iron guarantee of the Group's ability to achieve its objectives.

While the aim of internal control is to ensure that the instructions and guidelines set by senior management are applied, the process is also intended to ensure that the way in which the Group is managed and conducts its business, and the behaviour of staff, comply with regulations and with the regulations, rules and principles that Bouygues wishes to apply within the Group.

Internal control plays its primary role in operations, and risk management is deeply embedded in key processes of the Group's business segments, for which internal control aims to ensure the smooth operation.

Given the potential importance of the quality and reliability of the Group's accounting and financial information, internal control is also widely applied in accounting and financial matters.

The purpose of the risk management system is to safeguard the value, assets and reputation of the company while buttressing its processes and decision-making arrangements. The system helps people act in a way that is consistent with the company's values and to unite employees behind a shared view of the main risks.

The scope of this report covers the Bouygues group (parent company, Bouygues Construction, Bouygues Immobilier, Colas, TF1 and Bouygues Telecom).

5.2.2.2 BOUYGUES GROUP INTERNAL CONTROL AND RISK MANAGEMENT

The Bouygues group's system of risk management and internal control is based on the reference framework published by the AMF in 2007.

This system was updated in 2010 after the framework was revised to accommodate changes in laws and regulations on risk management as well as the AMF Recommendation on audit committees.

It is regularly amended in order to make improvements that take account of changes to and feedback from the business segments.

The Bouygues system covers the general principles of internal control and risk management, on the one hand, and internal control principles relating to accounting and finance, on the other. The main objectives are to:

- formalise the Group's key internal control principles;
- better identify common best practices across its business segments;
- develop a consistent approach to major issues affecting the entire Group.

Each business further developed this Group approach by analysing the specific aspects of its own internal control procedures and supplemented the Group-wide procedures with principles specifically related to its own activities.

The procedures include a "Risk management principles and method" component, which describes the approach to be used in the Group to:

- identify and monitor major risks;
- pass knowledge from one generation to another (experience).

This approach encompasses the various key stages of risk management: identification, classification, assessment, prioritisation, handling, reporting and communication.

A series of key principles have been defined for each stage for which the concept has been precisely defined. Taken as a whole, these principles make up the Group procedure for managing risks.

Every year, each business segment presents its risk map based on the above principles to its Accounts Committee and its Board. A map of Group-wide risks, derived from the business segments' maps, is then presented to the Accounts Committee and subsequently to the Bouygues Board.

The procedure also includes a "Permanent oversight of internal control" component, which describes in particular the method for self-assessing internal control principles.

Using this methodology, the business segments continued to assess the extent to which these internal control principles were being applied in 2013.

At Colas, a new assessment was done in 2013 at each regional subsidiary in France and in each international subsidiary, a total of 60 subsidiaries in all. In this 2013 campaign, the assessment once again focused in particular on certain operational units. Action plans were put in place for principles that were assessed as sub-par.

This fifth self-assessment campaign showed that the internal control principles had been properly applied as a whole in the majority of subsidiaries, as well as improved accountability and ownership on the part of the various stakeholders concerned. It showed progress in the application of principles compared to 2012, in conjunction with the action plans implemented.

At Bouygues Telecom (and its subsidiary RCBT), the 2013 assessment campaign had an even wider scope since it included Darty Telecom, Symio, Azeide, etc.

The 2013 assessment campaign at Bouygues Construction focused on a broader swathe of support and operational functions. A dozen topics were selected (each of the eight major entities was allowed to add extra topics) and then assessed by all the entities. Once the summaries had been presented, each major entity drew up action plans to be implemented or taken forward.

The 2013 assessment campaign at Bouygues Immobilier featured the integration of new divisions in the scope (R&D division, Financing and Urban development division, and the Valorissimo investor guarantee division), so that all sales-generating entities were covered by the assessment. Moreover, new principles specific to Bouygues Immobilier's activity were drawn up and assessed.

Emphasis was also placed on the action plans drawn up during the previous campaign and on the work performed at the end of the campaign, which was aimed at making entities aware of the priorities and accelerating the implementation of action plans.

At TF1, the 2013 assessment focused on all the principles and made it possible to cover a significant portion of the TF1 group's scope. New activities were progressively integrated into the assessment scope, according to the introduction of processes and tools for monitoring activity within the new entities.

In each business segment, a summary of the assessments made in the 2013 campaign was presented to the Accounts Committee of the business segment's lead company.

5.2.2.3 GENERAL INTERNAL CONTROL ENVIRONMENT

The parent company and the senior executives of the Group strive to create an environment that promotes awareness of the need for internal control among Group employees. The same applies to the parent companies of the business segments.

That determination was reflected in the Group Conference on Internal Control and Risk Management, organised in 2012 and attended by the principal managers involved in this process. During the conference, which served as an interim review, the Group's senior management once again stressed that the internal control approach ought to be implemented with ever-greater effectiveness throughout the Group. They said that risk management needed to be increasingly hands-on so that it could make a truly significant contribution to the smooth organisation and management of the Group.

More generally, Group senior management's desire to promote the general internal control environment is expressed in various areas and notably employee behaviour and respect for ethics. The Chairman and Chief Executive Officer regularly issues strong messages to the Group's senior executives about the need for impeccable conduct in every respect, which means both complying with prevailing laws and regulations and observing the Group's own ethics and values.

He does so firstly at Group Management Meetings, which are attended once a quarter by the Group's top managers (about 450 people), and also through the Bouygues Management Institute (IMB), which organises regular seminars on Development of Bouygues Values, designed to raise awareness among top management of the need to comply in all circumstances with laws and regulations and with the ethical rules that form the basis of the Group's mindset. The Chairman and Chief Executive Officer of Bouygues and other members of the company's senior management always speak at these seminars.

From time to time, the Group's Corporate Secretary organises executive seminars designed more specifically to remind participants of the regulations that apply in various areas and how they tie in with legal problems encountered by the business segments.

These efforts are taken up and amplified in the business segments. For example, in 2013 at Colas, ten training days were provided on ethics and the criminal liability of senior executives. In the US, the subsidiaries implemented a special communication and training programme on ethics issues, as part of compliance with the Federal False Claims Acts (12 training sessions were given by outside experts in 2013).

The Board of Directors of Bouygues has an Ethics and Sponsorship Committee. Detailed information on the Committee and what it does can be found in the section of the report devoted to corporate governance.

The Bouygues group also has a Code of Ethics that sets out the essential values to which the Group and its employees are expected to adhere in the workplace. The existence of this Code contributes to achieving the objective of better conduct and is intended to help staff make decisions in real situations by reference to clear and precise principles.

This momentum is continuing, with each business appointing an Ethics Officer and the Boards of Directors of most businesses (Bouygues Immobilier, Bouygues Telecom, Bouygues Construction and Colas) creating Ethics Committees.

The Bouygues group has implemented a whistleblowing procedure so that employees can report infringements of ethical principles.

The procedure has been brought into line with the recommendations of the French data protection authority, Cnil. In accordance with the European Commission Recommendation of 15 February 2005 on the role of directors, the procedure operates under the control of the Ethics and Sponsorship Committee of the Board of Directors.

In 2013, the Bouygues group decided to give fresh impetus to meeting its objectives in terms of ethics, by setting up the following four compliance programmes:

- Anti-corruption;
- Conflicts of interest;
- Stock market rules;
- Competition.

In these compliance programmes, the Group reiterates the main regulations and rules of conduct that are applicable, and specifies the measures for information, prevention, control and penalties that are to be implemented within the business segments. The Bouygues Board of Directors approved these compliance programmes on 21 January 2014.

Maintaining a high level of competence among Bouygues group employees is also one of the parent company's aims, since it helps to create an environment favourable to internal control. Bouygues therefore takes a proactive approach to staff training, while seeking to secure the loyalty of its senior employees. This will preserve a level of experience and knowledge in the company that will enable the Group's culture and values to be passed on.

More generally, the philosophy that the parent company wishes its business segments to share is that of a group whose senior executives are close to their key employees and whose management practices are transparent, prudent and rigorous.

These principles are formulated at Management Committee level and passed on to business segments at all levels (Board of Directors, senior management and management committee). Strategic decisions taken by the Group at the highest level are consistently inspired by this philosophy and serve as a benchmark for each business.

The parent company also plays a leading role in human resources management policy at Group level.

The Senior Vice-President, Human Resources and Administration chairs and coordinates the Group Human Resources Committee, an essential link in passing on the Group's values.

The Group's Human Resources Charter helps to spread the Group's culture by reminding everyone that the company's development is primarily dependent on employees.

5.2.2.4 OBJECTIVES/MANAGEMENT CYCLE

The purpose of introducing internal control procedures is to help the Group achieve its objectives by taking into consideration the risks to which it is exposed.

The Group's general objectives are defined through the management cycle, a process which enables the Group's senior management to participate early on in determining the strategies of each business segment, to approve their business plans prepared in the context of that strategic framework, and then to monitor the gradual achievement of objectives in the course of the year.

The principles of the management cycle are directly applicable in all Group entities, thus ensuring that the Group as a whole has a solid and coherent structure.

This iterative process enables the Group's senior management to ensure at all times that objectives are consistent with strategies, monitor any discrepancies between results and objectives, and anticipate remedial action to be taken at Group or business segment level (financing requirements, redefinition of priorities, etc.).

Another aim is to provide the Group's senior management and the Bouygues Board of Directors with all the information necessary for them to make decisions.

The key members of the parent company's senior management team sit on the Boards of the lead companies of the Group's business segments, and it is those Boards that decide on strategic priorities and business plans.

Strategic plan and business plans

Each business segment defines its own strategic plan for the medium term (three years) taking into account the Group's general strategy and its own particular characteristics. The strategic plan is presented to the Group's senior management by the senior management of each business segment in May/June, and to the Bouygues Board of Directors in December.

The resulting action plans form the basis of the three-year business plans, and these are presented to the Group's senior management by the senior management of each business segment in November, and to the Bouygues Board of Directors in December or the following January.

Business plans are adjusted in April to take account of the financial statements for the previous financial year and of any significant developments affecting the initial plan.

Annual plan

In the December/January business plan, the first year is described in the greatest detail and represents a commitment by each business segment to the Group's senior management. This is known as the annual plan.

An initial review of progress (or update) of the annual plan for the current year takes place in May/June, when the strategic plan is presented to the Group's senior management.

A second update takes place in November, and is incorporated into the new business plan.

5.2.2.5 ORGANISATION – KEY PLAYERS AND SECTORS

Senior management

Senior management teams are responsible for managing internal control arrangements as a whole, defining strategic priorities and ensuring that internal control and risk management procedures are designed and implemented in a manner appropriate to each company's development.

Accounts Committees

The features and the responsibilities of the Bouygues Accounts Committee are set out in the Corporate Governance section of this report (see 5.2.1.8). Each business segment's Board of Directors has formed an Accounts Committee with similar responsibilities to those of the Bouygues Accounts Committee. In addition to responsibilities concerning elective accounting treatment and the review of the financial statements of Bouygues, these include monitoring the effectiveness of internal control and risk management systems. The business segments' Accounts Committees review the programmes and findings of internal audits as well as the risk mapping exercises. Consequently, the Accounts Committee is a key component in the internal control and risk management mechanism.

Internal control departments

The parent company created a Group Internal Control and Audit department, which plays a major role in the development of the Group's internal control policy. The Group Internal Control and Audit department is charged in particular with:

- directing up the Group's internal control and audit functions;
- coordinating the business segments' internal control, risk management and audit activities.

The business segments also have an organisational structure dedicated to internal control. Generally, the bodies that are set up are mainly in charge of assessment campaigns and risk mapping. They sometimes take on more overarching responsibilities in relation to internal control procedures.

Bouygues Construction directs internal control and receives support in rolling out the approach mainly from support sectors. Each entity has nominated an internal control correspondent, who serves as the operational contact point. This role is generally performed by the subsidiary's Corporate Secretary.

Bouygues Telecom has put in place a business-wide risk management process that is embedded in the company's normal business cycle. A risk manager is responsible for the process, assisted by risk correspondents who represent the organisation's main departments and whose main task is to collate and assess risk. Risk correspondents and a validation group make sure that the overall system and its development are coherent. A report is submitted every four months to senior management. Furthermore, a presentation is made twice a year to the Accounts Committee and once a year to the Board of Directors.

At TF1, the internal control approach is directed by the Strategic Planning and Internal Control department. Committees have been set up within operating entities, and each entity has a risk correspondent. There is also a Support Committee, which deals with issues falling within the scope of support divisions.

At Bouygues Immobilier, the Internal Control division is in charge of risk mapping with assistance from the relevant bodies and managers, as well as organising and summarising the self-assessment procedure, including the monitoring of action plans. There is also an Organisation and Processes division, which is tasked with maintaining, developing and updating all the processes and procedures.

At Colas, at parent company level, the Corporate Secretary organises and directs internal control in conjunction with the subsidiaries, as part of a highly decentralised organisation.

Corporate Secretary – Legal affairs departments

The Group's Corporate Secretary monitors matters with significant legal implications for the Group.

In this context, the Group's Corporate Secretary may occasionally become involved alongside the business segments in handling major disputes or matters having an impact at Group level.

Bouygues' Corporate Secretary chairs the Group's legal committee, which is made up of the legal affairs directors of the business segments. He thus coordinates and supervises all the Group's legal affairs.

The Corporate Secretary is also the Group Ethics Officer.

Within the business segments, the legal affairs departments, and more generally the support departments, play a major role in preventing and dealing with risks. They are sometimes directly involved in the internal control process (this is the case, for example, at Bouygues Construction).

Risk and Insurance departments

The Group Risk and Insurance department provides assistance, advice and support to the Group's subsidiaries. It also has a role in risk management.

Based on its comprehensive overview of the business segments' guidelines on insurance, the Group's Risk and Insurance department takes out Group-wide insurance policies to supplement the insurance taken out at business segment level.

It ensures that subsidiaries are insured with top-ranking companies and that the terms of their policies (coverage, deductibles and premiums) are consistent with their risk exposure.

The Risk and Insurance departments of the business segments make a vital contribution to risk management.

Management control

The management control system is organised such that no Group company escapes the management control process. Any company not controlled by the business segments is controlled by the parent company.

The principles governing operational relations between the parent company and the business segments have been summarised in a regularly updated document drawn up by the Group Strategy and Development department. This document serves as a guideline for all the business segments.

GROUP REPORTING

The parent company systematically controls subsidiaries' financial management through an annual plan (including updates) and sets of monthly indicators. The indicators are sent directly to the Group's senior management and centralised by the Group's Strategy and Development department, which plays a pivotal role in the Group's management control.

The monthly indicators provided to the parent company are the same as those prepared by each business segment for its own senior management.

Every quarter, interim financial statements are produced and consolidated at Group level.

The management cycle and control and reporting procedures thus provide a regular flow of information and ensure ongoing dialogue with the business segments. Plans can be adjusted and the parent company is always in a position to control the management of its subsidiaries and intervene in advance of strategic decisions.

BUSINESS SEGMENT REPORTING

In the business segments, management control is also carried out according to the same principles through the specifically assigned departments and dedicated information systems that have been put in place.

At Colas, for example, reporting is conducted on a monthly basis so that the sales figure, order book and main financial indicators for a given month can be known at the start of the following month. Each month, these figures are compared with the budgets for each subsidiary and each senior management team.

Cash management and finance

The Group Cash Management and Finance department at the parent company defines and monitors the application of sound financial management principles at Group level. Its role is both to direct and to coordinate.

The operating principles mainly concern the "Bouygues Relais" and "Uniservice" cash management centres, managed by the parent company, and the businesses' own cash management centres. They also apply to the financing of subsidiaries.

The fundamental rules of prudent management relate in particular to internal security (two signatures for payments, etc.), external security (secure cheques, payment by promissory note, etc.), liquidity (confirmed credit facilities, investment of cash surpluses, etc.), counterparty quality, legal documentation for loan agreements and the assessment and hedging, where necessary, of exchange rate risk.

Internal audit

Internal audit is an analytical and monitoring tool that plays a key role in risk management.

Each business segment has a structured Internal Audit department carrying out tasks in a broad range of areas.

The Group's internal audit charter stresses that the main tasks of internal audit are to provide senior management with reasonable assurance that the organisational and management principles and the internal control and risk management systems are both reliable and effective. Internal audit assesses:

- the identification and control of risks based on an analysis of key issues;
- the effectiveness of risk management and internal control systems and implementation of action plans;
- the control and efficiency of operational and support processes;
- the integrity, reliability, completeness, traceability and protection of information produced for accounting, financial and management purposes.

At parent company level, the Group Internal Control and Audit department combines both functions, coordinating the internal audit function at Group level and performing internal audit assignments at the request of Bouygues' senior management. The Group thus has around 50 auditors.

5.2.2.6 INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

Specific risks may differ considerably depending on the business segment concerned. For example, they may relate to regulation (TF1 and Bouygues Telecom), technology (TF1 and Bouygues Telecom), competition (Bouygues Telecom), the environment (Bouygues Immobilier and Colas), country risk or risks involved in major projects (Bouygues Construction). The business segments have thus set up formalised and appropriate procedures aligned with the nature of risks in order to ensure better control (see chapter 4 "Risk factors" of this Registration Document).

Bouygues Construction

At Bouygues Construction, risk management is fully integrated in to the company's processes: strict procedures apply to the selection and submission of tenders, which are considered by formal Commitment Committees in light of the risks arising on each contract. Depending on the level of financial commitments, the cost of work or the technical challenges involved, Bouygues Construction's entities are required to make an application to request the agreement of Bouygues Construction's senior management. Financial and legal affairs teams are involved before projects are launched. From a technical standpoint, each entity has major resources for studies and, in certain areas, can call on experts who are organised into centres of excellence at group level. For major projects, specific attention is paid to studies that are cross-validated (internally and by external consulting firms). The financial risk curve is monitored on an ongoing basis for major contracts. The management control function has the resources and authority to track the results of each construction project every month and to flag any discrepancies with budgeted figures.

Bouygues Immobilier

Bouygues Immobilier has an internal procedures manual that is updated on a regular basis.

Particular attention is paid to the land acquisition commitment process (promises to sell and land acquisition) and the start of works.

A meeting of the Commitments Committee must be held before any deed is signed with a view to acquiring land (or buildings). All decisions to acquire land are strictly controlled.

Furthermore, the company has strengthened its environmental risk prevention policy in connection with land purchases.

The company could also have its liability triggered by its customers if the properties it sells were found to be poorly constructed. Under the terms of its performance guarantee, Bouygues Immobilier calls on external companies to address any snags as quickly as possible. It is also careful to ensure that all involved parties (contractors, engineering consultants, technical design firms, etc.) scrupulously comply with ten-year insurance requirements.

Colas

Financial and accounting risks have always been managed by reference to clearly defined principles and procedures within the Colas group. Risk management is mainly based on preventive measures and insurance cover.

Despite a very strong culture of decentralisation, arrangements exist for the control of commitments both in terms of commercial commitments (projects are submitted to Contract Committees) and in terms of external growth or property acquisitions, or bids for long-term projects (Public-Private Partnerships and Private Finance initiatives and concession contracts), which must be presented for prior agreement to the senior management of the subsidiary or of Colas and, in some cases, to its Board of Directors.

Furthermore, contracts generating sales in excess of €20 million on completion are monitored on a half-yearly basis by the Accounts Committee.

TF1

TF1 has launched a procedure for identifying major risks, with a view to establishing a decision-making procedure in crisis situations. This resulted in the “Réagir” Committee, whose objective, linked to business continuity, is to build and update a model of mission-critical processes in the event of incidents. The Réagir Committee monitors and forestalls the major risks associated with the TF1 group’s mission-critical processes. It also updates and adds to the various procedures.

In this respect, the importance of the role played by the Technical and Information Systems department, which is responsible for making some of the channel’s shows, programme broadcasting, broadcasting networks and IT systems, should be emphasised. The department also guarantees the channel’s security and works to formally document an information security policy and establish security standards across the TF1 group. The TF1 Programme department, also ensures that programmes are compliant and that the channel’s operating terms of reference are observed.

Particular attention is given to the purchasing process, which can result in substantial commitments (for example, in the case of contracts for the purchase of rights). These contracts are subject to a specific validation procedure involving various departments and sometimes senior management, depending on the amount of the commitment and the nature of the contract concerned.

Bouygues Telecom

Product/service offerings are vitally important and are therefore examined by a special committee in which Bouygues Telecom’s senior management is involved. For the same reasons, a review committee has been set up to follow up product/service offerings and monitor results in light of initial forecasts.

Purchasing is particularly tightly controlled at Bouygues Telecom in light of the volume of purchases made by the company. The Purchasing department applies very strict procedures, and is itself subject to regular checks.

5.2.2.7 INFORMATION AND COMMUNICATION

The production and dissemination of information, both inside and outside the Group, does much to enhance internal control.

Information systems have been put in place to manage and supervise the business. Communication helps both to make staff more aware of the importance of control and to provide those outside the Group with reliable and relevant information that complies with legal requirements.

Internal communications

The Group Corporate Communications department plays an active part in circulating information to the Group’s employees. This strengthens the Bouygues group’s identity and plays a unifying role.

Reporting directly to the Chairman and Chief Executive Officer of Bouygues, it is responsible for *Challenger Express,* a twice-monthly newsletter for managers, and *Le Minorange,* an internal magazine published twice yearly that forges genuine links between all Group employees.

The department also supervises e.by and e.bysa, the respective Bouygues group and parent company intranet portals, which provide online access to a wealth of information. Bouygues and Group employees use these sites as tools for working and sharing information.

The Group Corporate Communications department also publishes Bouygues’ *In Brief,* a publication summarising financial, corporate, social and environmental information that is circulated externally as well as to the Group’s managerial, supervisory, technical and clerical staff.

The Group Management Meeting is also an important channel for transmitting key information and messages to the Group’s senior executives.

This is also the case at business segment level. At TF1, for example, the Internal Communication department publishes an employee magazine three times a year *(Regards)* and a monthly video magazine *(TF1 inside).* In addition, employees can access a wealth of information through Declic, the intranet portal.

External communications

The Group Corporate Communications department works in close cooperation with the business segments for their mutual benefit.

Its main tasks are to:

- promote the Group's image (press relations, public relations, corporate sponsorship, etc.);
- pass on information from external sources to the Group's senior management and executives;
- handle financial disclosures to the press and the public, in collaboration with the Investor Relations department.

5.2.2.8 INTERNAL CONTROL PROCEDURES RELATING TO ACCOUNTING AND FINANCIAL INFORMATION

One of the main aims of internal control is to ensure the reliability of accounting and financial reporting. This is done through a comprehensive system and a set of stringent procedures.

Quarter-end close

Each business segment sets its own procedures for closing financial statements, which have to fit into the broader framework of the Group's consolidation process.

At TF1, for example, the Accounting and Management Control departments use a common process to analyse and sign off inventory entries. The Accounting department ensures compliance with asset measurement procedures, which include identifying impairment indicators for intangible assets and accounting for impairments after testing. It then presents the results for approval to the audit committee and the statutory auditors. Provisions are recognised in collaboration with the Finance department, the Corporate Secretary and the Legal Affairs department.

Consolidation process

At the parent company, the Group Consolidation and Accounting department is chiefly responsible for determining and establishing consistent rules and methods of consolidation for the Group and assisting the business segments in their consolidated management. It also prepares the parent company financial statements.

Consolidation is carried out quarterly on a step-by-step basis. Each business segment consolidates at its own level using identical methods defined by the Group Consolidation and Accounting department, which then carries out the overall consolidation of the Group's financial statements.

Special software, widely used by listed companies, is used to consolidate the financial statements at the various levels. Each of the business segments uses it as part of their step-by-step approach to consolidation. It ensures rigorous control over preparation of the financial statements, which are thus subject to standard procedures.

In addition to the computerised accounting system, the Group Consolidation and Accounting department has produced a Group consolidation handbook containing the rules and procedures applicable to consolidation throughout the Group. The handbook is an important reference tool for preparing the consolidated financial statements. It is accessible to all accounting staff on a dedicated intranet site describing the various principles and options that apply within the Group.

As part of its task of organising and coordinating financial statement consolidation, the Group Consolidation and Accounting department also regularly provides the business segments with information about applicable rules and methods (by organising seminars, distributing circulars, etc.), and thus helps to maintain the consistency of the system used to prepare the consolidated financial statements. This was particularly the case for the introduction of IFRS, and the related interpretations and amendments.

Internal control procedures for finance and accounting

In addition to the core procedures set out in the Bouygues group's internal control guidelines in terms of accounting and finance, each business segment organises its internal controls in accordance with its own system.

At Bouygues Telecom, for example, the system is as follows:

ONGOING CONTROL

- Management of the Accounting department's documentary database, comprising procedures, operating methods, special principles, etc. The contents of the database are revised and updated periodically, and the accounting managers concerned are duly informed.
- Analysis of data on accounting entries from the general ledger (supporting evidence for balances, compliance with accounting and tax legislation, etc.). Analysis reports and action plans are presented to the Accounting Management Committee.
- Monitoring of compliance with the segregation-of-duties principle (respect for the security charter establishing the prerogatives of each accounting discipline). Periodic controls are carried out to ensure that the principles are being applied.
- Monitoring the recommendations of the statutory auditors further to interim reviews.

SELECTIVE CONTROL

The system is assessed on an annual basis (see 5.2.2.2).

Accounts Committees

The Accounts Committee is a key component of the internal control system at the accounting and financial level.

Detailed information about Bouygues' Accounts Committee is set out in sections 5.2.1.8 and 5.2.1.10 above. The parent company of each business segment has an accounts or audit committee with responsibilities similar to those of the Bouygues Accounts Committee.

Investor relations

For Bouygues SA, the Group Cash Management and Finance department is responsible for relations with investors and financial analysts. The department is constantly in contact with shareholders and analysts while providing the market with the information it needs.

Great care is taken in preparing press releases and the Registration Document, which the Group considers a major channel of communication.

These documents are prepared using a process that involves various support divisions (Communications, General Secretariat, etc.). They are approved by senior management and checked by the statutory auditors. The quarterly press releases are approved by the Accounts Committee and the Board of Directors.

Procedures have been put in place to inform staff about regulations concerning inside information.

The other listed companies in the Group (TF1, Colas) handle their own investor relations.

5.2.2.9 STEERING

Internal control systems must themselves be controlled by means of regular assessments, and they must be subject to continuous improvement.

The Audit departments of the parent company and the business segments have always assessed the effectiveness of internal control in the course of their work, and are actively involved in this improvement process.

The essential concern is still to define and implement action plans with the primary objective of controlling the Group's operations more effectively.

5.2.3 Other information

5.2.3.1 SPECIFIC FORMALITIES FOR SHAREHOLDER PARTICIPATION IN ANNUAL GENERAL MEETINGS

Specific formalities for shareholder participation in Annual General Meetings and, in particular, the conditions under which double voting rights are granted to shareholders who have held shares in registered form for over two years, are set out in chapter 6, section 6.1.2, of this Registration Document.

5.2.3.2 INFORMATION COVERED BY ARTICLE L. 225-100-3 OF THE COMMERCIAL CODE

The information covered by Article L. 225-100-3 of the Commercial Code (factors likely to have an impact on any public tender offer price) is set out in chapter 6, section 6.1.4, of this Registration Document.

5.2.3.3 THE PRINCIPLES AND RULES FOR DETERMINING THE REMUNERATION AND OTHER BENEFITS GRANTED TO THE EXECUTIVE DIRECTORS

The corresponding information is set out in section 5.4 of this Registration Document.

5.3 Auditors' report, prepared in accordance with Article L. 225-235 of the Commercial Code, on the Report by the Chairman of Bouygues

To the shareholders,

In our capacity as auditors of Bouygues and in accordance with the requirements of Article L. 225-235 of the Commercial Code, we present below our report on the report compiled by the Chairman of the Board of Directors of Bouygues in accordance with Article L. 225-37 of the Commercial Code for the year ended 31 December 2013.

The Chairman is responsible for compiling and submitting a report to the Board of Directors for approval regarding the internal control and risk management procedures put in place within the company, and for providing the other information required by Article L. 225-37 of the Commercial Code, particularly in the area of corporate governance.

Our responsibility is to:

- report our comments on the information contained in the Report by the Chairman regarding risk management and internal control procedures relating to the preparation and treatment of accounting and financial information, and
- certify that the Report by the Chairman contains the other information required by Article L. 225-37 of the Commercial Code, it being specified that that we are not responsible for verifying the fairness of that information.

We conducted our work in accordance with the professional practices applicable in France.

Information regarding risk management and internal control procedures relating to the preparation and treatment of accounting and financial information

Professional practices require that we perform procedures to assess the fairness of the information provided in the Report by the Chairman on risk management and internal control procedures relating to the preparation and treatment of accounting and financial information.

These procedures included:

- obtaining an understanding of the risk management and internal control procedures relating to the preparation and treatment of accounting and financial information described in the Report by the Chairman, and of other existing documentation;
- obtaining an understanding of the work underlying the information contained in the Report by the Chairman, and of other existing documentation;
- determining whether the Report by the Chairman contains the appropriate disclosures regarding any material weaknesses we might have identified in internal control procedures relating to the preparation and treatment of accounting and financial information.

Based on our work, we have no matters to report on the information contained in the Report by the Chairman prepared in accordance with Article L. 225-37 of the Commercial Code on risk management and internal control procedures relating to the preparation and treatment of accounting and financial information.

Other information

We certify that the Report by the Chairman contains all of the other information required by Article L. 225-37 of the Commercial Code.

Paris-La Défense, 25 February 2014

The Statutory Auditors

ERNST & YOUNG Audit	**MAZARS**
Jean Bouquot	Guillaume Potel

5.4 Remuneration of corporate officers – stock options granted to corporate officers and Group employees

5.4.1 Remuneration

Report required by Articles L. 225-102-1 and L. 225-37 paragraph 9 of the Commercial Code.

This chapter contains the reports required under the Commercial Code and the tables recommended by the Afep/Medef Corporate Governance Code or by the AMF.

5.4.1.1 PRINCIPLES AND RULES FOR DETERMINING THE REMUNERATION OF EXECUTIVE DIRECTORS

In 2007, the Board took into account the Afep/Medef recommendations published in January 2007 relating to the remuneration of executive directors of listed companies. Afep and Medef published a new set of recommendations on 6 October 2008. The Board noted that virtually all these recommendations had already been implemented and adopted the remaining provisions in early 2009. The provisions of the most recent guide to applying the Afep/Medef Code, which was published in January 2014 by the High Committee for Corporate Governance, have been taken into account. The principles and rules that the Board of Directors has adopted to date and that were used to determine the remuneration in respect of 2013 are described below.

General introductory comment: neither of the two executive directors holds an employment contract. In the event that executive directors leave the company, the Board of Directors does not grant them severance compensation or non-competition indemnities. No annual deferred variable remuneration or multi-year variable remuneration is granted to them. Other than directors' fees (see table 3 below), the executive directors do not receive any remuneration from the Group's subsidiaries.

Fixed remuneration

The rules for determining fixed remuneration were decided in 1999 and have been applied consistently since then. Fixed remuneration takes account of the level and difficulty of the individual's responsibilities, job experience, and length of service in the Group and also the wage policy of groups or companies in similar sectors.

Benefits in kind

Benefits in kind involve use of a company car and, in the case of Martin Bouygues and Olivier Bouygues, the part-time assignment of an assistant and a chauffeur/security guard for their personal requirements.

Variable remuneration

The rules for determining the variable portion of remuneration were also decided in 1999 and remained unchanged until February 2007, when the Board adjusted the calculation in light of the Afep/Medef recommendations. It then modified them again in 2010.

Variable remuneration is awarded on an individual basis: the Board has decided on four criteria to determine the variable portion of each executive director's remuneration and has limited it to a percentage of the fixed remuneration. **The overall ceiling for variable remuneration is 150% of the fixed remuneration.**

An objective is defined for each criterion. When the objective is reached, a variable portion corresponding to a percentage of the fixed remuneration is awarded. If the four objectives are reached, the total of the four variable portions is equal to the overall ceiling of 150%, which the variable remuneration of each executive director cannot exceed. If the objective is exceeded or not reached, the variable portion is adjusted within a bracket on a linear basis: the variable portion cannot exceed a maximum threshold and is reduced to zero below a minimum threshold. It must be reiterated that that the four variable portions thus determined cannot under any circumstances exceed the overall ceiling, which is set at 150% of the fixed remuneration for each of the executive directors.

The variable remuneration of the executive directors is based on the performance of the Group, with performance being determined by reference to the following key economic criteria:

- P1 = increase in current operating profit (P1 = 50% of fixed remuneration if the objective is reached);
- P2 = change in consolidated net profit (attributable to the Group) versus the Plan (P2 = 25% of fixed remuneration if the objective is reached);
- P3 = change in consolidated net profit (attributable to the Group) versus the preceding year (P3 = 25% of fixed remuneration if the objective is reached);
- P4 = free cash flow of Bouygues (before changes in working capital) (P4 = 50% of fixed remuneration if the objective is reached).

These quantitative objectives have been calculated precisely but are not publicly disclosed for confidentiality reasons.

Exceptional remuneration

In exceptional cases, on the advice of the Remuneration Committee, the Board may award special bonuses.

Directors’ fees

The two executive directors receive and retain the directors’ fees paid by Bouygues, as well as the directors’ fees paid by certain Group subsidiaries (see sections 5.4.1.3 and 5.4.1.4 below).

Additional retirement provision

The two executive directors, under certain conditions, will benefit from an additional retirement provision when they retire (see section 5.4.3 below).

The existence of a capped additional retirement provision is taken into account when setting the overall remuneration of executive directors, as is the fact that no severance compensation or non-competition indemnities are granted to them.

Other information regarding remuneration

Remuneration accruing to Martin Bouygues and Olivier Bouygues is paid by SCDM, which then invoices Bouygues pursuant to the agreement governing relations between Bouygues and SCDM, approved under the regulated agreements procedure.

5.4.1.2 REMUNERATION GRANTED TO THE EXECUTIVE DIRECTORS IN RESPECT OF FY2013

Introductory comment concerning FY2013: the two executive directors requested that no variable remuneration be granted to them. This request follows the accounting write-down recognised in the Bouygues group’s 2013 financial statements against Bouygues’ investment in Alstom. The results of the Group before the impact of the write-down would have triggered the payment of variable remuneration. No options or performance shares were granted to the executive directors.

Table 1 – Overview of remuneration, benefits in kind and options granted to the two executive directors in 2013

	Martin Bouygues (Chairman and CEO)		Olivier Bouygues (Deputy CEO)	
(€)	**2013**	**2012**	**2013**	**2012**
Remuneration owing in respect of the year (see breakdown in table 2 and table 3)	1,029,563	1,024,970	584,873	585,077
Value of options granted in the year [(a)]				
Value of performance shares granted in the year [(b)]				
TOTAL	**1,029,563**	**1,024,970**	**584,873**	**585,077**
YoY CHANGE	**0.4%**		**=**	

(a) No options were granted to executive directors in 2012 and 2013.
(b) The company granted no performance shares.

Table 2 – Remuneration of the two executive directors in respect of FY2013

Position and years of service in the Group	Remuneration [a]	Amounts [b] in respect of FY2013 (€) due [c]	Amounts [b] in respect of FY2013 (€) paid	Amounts [b] in respect of FY2012 (€) due [c]	Amounts [b] in respect of FY2012 (€) paid	Variable remuneration criteria (FY2013) [f]
Martin Bouygues Chairman and CEO (40 years)	Fixed - Change	920,000 0%	920,000	920,000 0%	920,000	■ P1 = Increase in current operating profit (50%). ■ P2 = Change in consolidated net profit [g] versus the Plan (25%). ■ P3 = Change in consolidated net profit [g] versus 2012 (25%). ■ P4 = Free cash flow before changes in working capital (50%).
	Variable - Change - % variable/fixed [d] - Ceiling [e]	0 0% 0% 150%	0	0 -100% 0% 150%	1,380,000	
	Exceptional remuneration					
	Directors' fees	73,900	73,900	71,587	71,587	
	Benefits in kind	35,663	35,663	33,383	33,383	
	Total	**1,029,563**	**1,029,563**	**1,024,970**	**2,404,970**	
Olivier Bouygues Deputy CEO (40 years)	Fixed - Change	500,000 0%	500,000	500,000 0%	500,000	■ P1 = Increase in current operating profit (50%). ■ P2 = Change in consolidated net profit [g] versus the Plan (25%). ■ P3 = Change in consolidated net profit [g] versus 2012 (25%). ■ P4 = Free cash flow before changes in working capital (50%).
	Variable - Change - % variable/fixed [d] - Ceiling [e]	0 0% 0% 150%		0 -100% 0% 150%	750,000	
	Exceptional remuneration					
	Directors' fees	73,218	73,218	73,422	73,422	
	Benefits in kind	11,655	11,655	11,655	11,655	
	Total	**584,873**	**584,873**	**585,077**	**1,335,077**	
TOTAL EXECUTIVE DIRECTORS		**1,614,436**	**1,614,436**	**1,610,047**	**3,740,047**	
CHANGE		**=**	**-57%**	**-57%**	**-0.40%**	

(a) No remuneration other than that mentioned in the table was paid to the executive directors by companies in the Group.
(b) Amounts due = all the amounts allocated in respect of one financial year. Amounts paid = all the amounts paid in the financial year. However, the variable component allocated for a financial year is actually paid in the first quarter of the following year.
(c) Amounts due – Change: the percentages inserted under the fixed and variable remuneration show variations relative to the previous financial year.
(d) Variable remuneration expressed as a percentage of fixed remuneration.
(e) Variable remuneration ceiling, set as a percentage of fixed remuneration.
(f) Variable remuneration criteria: the portion expresses the weighting of the criterion when determining total variable remuneration.
(g) Consolidated net profit = consolidated net profit (attributable to the Group) of Bouygues.

5.4.1.3 DIRECTORS' FEES

The Annual General Meeting of 24 April 2003 set the total amount of directors' fees to be allocated to corporate officers and directors of Bouygues at €700,000 each year, leaving it to the Board's discretion as to how this amount should be split.

The amounts of the directors' fees are as follows:

Chairman and CEO	€50,000
Directors	€25,000
Member of the Accounts Committee	€14,000
Member of another committee (Remuneration, Selection, Ethics and Sponsorship)	€7,000

Table 3 – Directors' fees paid in FY2013

(€)		Origin (Notes 1 and 2)	2013	2012
M. Bouygues	Chairman and CEO	Bouygues Subsidiaries	50,000 23,900	50,000 21,587
O. Bouygues	Deputy CEO	Bouygues Subsidiaries	25,000 48,218	25,000 48,422
Sub-total for executive directors		**Bouygues** **Subsidiaries** **Total**	**75,000** **72,118** **147,118**	**75,000** **70,009** **145,009**
F. Bertière	Director	Bouygues	25,000	25,000
		Subsidiaries	19,000	17,750
Mrs F. Bouygues	Director	Bouygues	22,500	25,000
J.-P. Chifflet	Director	Bouygues	19,375	
G. Chodron de Courcel	Director	Bouygues	25,000 16,625	25,000 14,000
Y. Gabriel	Director	Bouygues	25,000	25,000
A.-M. Idrac	Director	Bouygues	25,000 16,100	16,875
P. Kron	Director	Bouygues	25,000	25,000
H. Le Bouc	Director	Bouygues	25,000	25,000
		Subsidiaries	19,000	25,000
C. Lewiner	Director	Bouygues	25,000 7,000	22,500 4,375
		Subsidiaries	19,000	17,750
H. le Pas de Sécheval	Director	Bouygues	22,500 16,625	25,000 14,000
S. Nombret	Director	Bouygues	25,000 5,250	25,000
N. Paolini	Director	Bouygues	25,000	25,000
		Subsidiaries	31,000	31,000
J. Peyrelevade	Director	Bouygues	25,000 7,000	25,000 7,000
F.-H. Pinault	Director	Bouygues	17,500 9,042	22,500 12,834
R.-M. Van Lerberghe	Director	Bouygues	19,375	
M. Vilain	Director	Bouygues	25,000 10,850	25,000
Sub-total for directors		**Bouygues** **Subsidiaries** **Total**	**464,742** **97,422** **562,164**	**389,084** **91,500** **480,584**
TOTAL DIRECTORS' FEES EXECUTIVE DIRECTORS AND DIRECTORS (NOTE 3) (NOTE 4)		**BOUYGUES** **SUBSIDIARIES** **TOTAL**	**579,059** **180,998** **760,057**	**576,834** **211,930** **788,764**

Note 1: Bouygues = directors' fees paid in respect of participation on the Board of Bouygues. The first line shows directors' fees paid for attending Board meetings; the second line shows directors' fees paid for participation in one or more committees.

Note 2: Subsidiaries = directors' fees paid by Group companies, within the meaning of Article L. 233-16 of the Commercial Code, i.e. mainly Colas, Bouygues Telecom and TF1.

Note 3: The total amount for FY2013 includes directors' fees paid to Patricia Barbizet, who received €8,750 from Bouygues, and €10,150 for participation in the Bouygues Accounts Committee and Remuneration Committee and €9,422 from subsidiaries, as well as directors' fees paid to Lucien Douroux who received €8,750 from Bouygues and €2,917 for participation in the Bouygues Ethics and Sponsorship Committee. These two directors left the Board in April 2013.

The total amount for FY2012 includes directors' fees paid to Pierre Barberis, who received €8,750 from Bouygues, and €3,500 for participation in the Bouygues Remuneration Committee. This director left the Board in April 2012. It also includes directors' fees paid to Patricia Barbizet, who received €22,500 from Bouygues, €21,000 for participation in the Bouygues Accounts Committee and the Remuneration Committee and €31,295 from subsidiaries, as well as directors' fees paid to Lucien Douroux, who received €25,000 from Bouygues and €7,000 for participation in the Bouygues Ethics and Sponsorship Committee.

Note 4: the total amount includes directors' fees paid to Alain Pouyat, non-voting director. In 2013, Alain Pouyat received €8,750 in directors' fees from Bouygues and €11,458 from a subsidiary. In 2012, he received €25,000 from Bouygues and €19,126 from subsidiaries. He left the Board in April 2013.

5.4.1.4 PRINCIPLES AND RULES FOR DETERMINING THE REMUNERATION OF SALARIED DIRECTORS

Remuneration of salaried directors

Four of the directors are employees of Bouygues – François Bertière, Yves Gabriel, Hervé Le Bouc and Nonce Paolini, each of whom is in charge of one of the Group's business segments (subsidiaries).

The principles and rules for determining the remuneration of salaried directors are the same as those used to calculate the remuneration of the two executive directors.

However, the criteria for determining variable remuneration take into account the performance of the subsidiary managed.

Qualitative criteria are also used.

The criteria for determining variable remuneration are as follows:

- P1 = change in consolidated net profit (attributable to the Group) of Bouygues (30% if the objective is reached);
- P2 = change in consolidated net profit (attributable to the Group) of the subsidiary managed (Bouygues Construction, Bouygues Immobilier, Colas or TF1) versus the Plan (35% if the objective is reached);
- P3 = change in consolidated net profit (attributable to the Group) of the subsidiary managed versus the preceding year (35% if the objective is reached);
- P4 = qualitative criteria: four qualitative criteria (50% if the objective is reached).

These quantitative and qualitative objectives have been calculated precisely but are not publicly disclosed for confidentiality reasons.

On the recommendation of the Remuneration Committee, the Board decided in early 2009 to place greater emphasis on these qualitative criteria, since the performance of senior executives during periods of crisis should be measured by more than financial results.

Remuneration paid by Bouygues is invoiced to the subsidiary managed by the senior executive (F. Bertière: Bouygues Immobilier; Y. Gabriel: Bouygues Construction; H. Le Bouc: Colas; N. Paolini: TF1).

Salaried directors representing employee shareholders

The salary paid to the two directors who represent employee shareholders and who have an employment contract with Bouygues or one of its subsidiaries is not disclosed.

Remuneration of salaried directors in respect of FY2013

In respect of FY2013, the four salaried directors did not obtain the P1 variable portion. Conversely, each of them obtained the variable remuneration described below, as each director met the performance requirement in the subsidiary managed for the P2 and P3 variable portions. The four salaried directors also reached the qualitative objectives assigned (P4).

Position and years of service in the Group	Remuneration [a]	Amounts [b] in respect of FY2013 (€) due [c]	Amounts [b] in respect of FY2013 (€) paid	Amounts [b] in respect of FY2012 (€) due [c]	Amounts [b] in respect of FY2012 (€) paid	Variable remuneration criteria (FY2013)
F. Bertière Director (29 years)	Fixed - Change	920,000 0%	920,000 0%	920,000 0%	920,000	■ P1 = Increase in current operating profit of Bouygues (30%). ■ P2 = Change in consolidated net profit of Bouygues Immobilier versus the Plan (35%). ■ P3 = Change in consolidated net profit of Bouygues Immobilier versus 2012 (35%). ■ P4 = Qualitative criteria (50%).
	Variable - Change - % variable/fixed [d] - Ceiling [e]	891,572 59.78% 96.91% 150%	557,980	557,980 -59.6% 60.6% 150%	1,380,000	
	Exceptional remuneration					
	Directors' fees	44,000	44,000	42,750	42,750	
	Benefits in kind	4,944	4,944	4,944	4,944	
	TOTAL	**1,860,516**	**1,526,924**	**1,525,674**	**2,347,694**	
Y. Gabriel Director (39 years)	Fixed - Change	920,000 0%	920,000	920,000 0%	920,000	■ P1 = Increase in current operating profit of Bouygues (30%). ■ P2 = Change in consolidated net profit of Bouygues Construction versus the Plan (35%). ■ P3 = Change in consolidated net profit of Bouygues Construction versus 2012 (35%). ■ P4 = Qualitative criteria (50%).
	Variable - Change - % variable/fixed [d] - Ceiling [e]	1,380,000 0% 150% 150%	1,380,000	1,380,000 0% 150% 150%	1,380,000	
	Exceptional remuneration					
	Directors' fees	25,000	25,000	25,000	25,000	
	Benefits in kind	9,957	9,957	9,704	9,704	
	TOTAL	**2,334,957**	**2,334,957**	**2,334,704**	**2,334,704**	
H. Le Bouc Director (36 years)	Fixed - Change	920,000 0%	920,000	920,000 0%	920,000	■ P1 = Increase in current operating profit of Bouygues (30%). ■ P2 = Change in consolidated net profit of Colas versus the Plan (35%). ■ P3 = Change in consolidated net profit of Colas versus 2012 (35%). ■ P4 = Qualitative criteria (50%).
	Variable - Change - % variable/fixed [d] - Ceiling [e]	1,067,016 x2.3 115.98% 150%	460,000	460,000 -66.66% 50% 150%	1,380,000	
	Exceptional remuneration					
	Directors' fees	44,000	44,000	50,000	50,000	
	Benefits in kind	4,100	4,100	4,100	4,100	
	TOTAL	**2,035,116**	**1,428,100**	**1,434,100**	**2,354,100**	
N. Paolini Director (25 years)	Fixed - Change	920,000 0%	920,000	920,000 %	920,000	■ P1 = Increase in current operating profit of Bouygues (30%). ■ P2 = Change in consolidated net profit of TF1 versus the Plan (35%). ■ P3 = Change in consolidated net profit of TF1 versus 2012 (35%). ■ P4 = Qualitative criteria (50%).
	Variable - Change - % variable/fixed [d] - Ceiling [e]	1,024,512 x2.2 111.36% 150%	460,000	460,000 -50.86% 50% 150%	936,284	
	Exceptional remuneration					
	Directors' fees	56,000	56,000	56,000	56,000	
	Benefits in kind	5,037	5,037	5,037	5,037	
	TOTAL	**2,005,549**	**1,441,037**	**1,441,037**	**1,917,321**	

(a) No remuneration other than that mentioned in the table was paid to corporate officers by companies in the Group.
(b) Amounts due = all the amounts allocated in respect of one financial year. Amounts paid = all the amounts paid in the financial year. However, the variable component allocated for a financial year is actually paid in the first quarter of the following year.
(c) Amounts due – Change: the percentages inserted under the fixed and variable remuneration show variations relative to the previous financial year.
(d) Variable remuneration expressed as a percentage of fixed remuneration.
(e) Variable remuneration ceiling, set as a percentage of fixed remuneration.

5.4.1.5 2014 FINANCIAL YEAR

The Board of Directors has decided none of the above rules for determining executive remuneration will be changed for 2014.

5.4.2 2013 Report on stock options and performance shares

Report required under Articles L. 225-184 and L. 225-197-4 of the Commercial Code.

This chapter contains the reports required under the Commercial Code and the tables recommended by the Afep/Medef Corporate Governance Code or by the AMF in its publications concerning the information to be provided in registration documents on the remuneration of corporate officers.

5.4.2.1 PRINCIPLES AND RULES FOR GRANTING STOCK OPTIONS AND BONUS SHARES

The twenty-second resolution of the Combined Annual General Meeting of 21 April 2011 authorised the Board of Directors on one or more occasions to grant options conferring the right to subscribe new shares or to purchase existing shares. This authorisation, granted for thirty-eight months, requires the beneficiaries of these options to be employees and/or corporate officers of Bouygues or of companies or economic interest groupings directly or indirectly associated with Bouygues under the terms of Article L. 225-180 of the Commercial Code.

The twenty-eighth resolution of the Combined Annual General Meeting on 25 April 2013 also authorised the Board of Directors to grant on one or more occasions existing or future shares for free. This authorisation, granted for thirty-eight months, requires the beneficiaries of these bonus shares to be employees and/or corporate officers of Bouygues or of companies or economic interest groupings directly or indirectly associated with Bouygues within the meaning of Article L. 225-197-2 of the Commercial Code.

To date, the Board of Directors has not made use of the authorisations granted by the Annual General Meeting to allot bonus shares or grant options to purchase shares. All of the options granted have been to subscribe for shares.

General rules applicable to grants of stock options and bonus shares

The Board of Directors has taken into account the recommendations of the Afep/Medef Code and those of the AMF.

It should be noted that:

- stock options or bonus shares are granted to help attract senior executives and employees, secure their loyalty, reward them and give them a medium- and long-term interest in the company's development, in light of their contribution to value creation;
- more than 1,000 senior executives and employees are beneficiaries under each plan. The beneficiaries are selected and individual allotments are decided by reference to each beneficiary's responsibility and performance, with particular attention being paid to executives with potential;
- in the case of stock options, no discount is applied;
- a ceiling has been set to prevent a significant increase in the size of stock option plans when the market is falling. This ceiling has been set at 15% of the volume of the previous plan;
- at its 2 December 2010 meeting, the Board of Directors changed the periods during which senior executives and employees are prohibited from selling shares arising from the exercise of stock options:
  - for the thirty calendar days immediately preceding the publication of the first-quarter and third-quarter financial statements and those for the first half and full year as well as on the day these statements are publicly disclosed,
  - for the fifteen calendar days immediately preceding the publication of Bouygues' quarterly sales figures and on the day this information is publicly disclosed.

The Board of Directors reiterated that this obligation to refrain from selling shares arising from the exercise of stock options was also to be observed during the period in which a senior executive or employee was privy to confidential information and on the day this information is publicly disclosed.

- barring an exceptional decision to the contrary, stock options are to be granted each year after the publication of the full-year financial statements for the previous financial year;
- in addition to these measures, several internal rules were laid down and disseminated to prevent breaches of insider trading policy or insider trading offences: the drawing up of a list of people having access to inside information; a reminder of the three abstention obligations; information concerning stock market laws; and a recommendation concerning the setting-up of a share trading plan. A compliance programme is being adopted and disseminated in the Group.

Specific rules applicable to corporate officers

The Rules of Procedure of the Board of Directors include the following:

- stock options or bonus shares shall not be granted to senior executives leaving the company;
- speculative trades and risk-hedging transactions relating to the exercise of stock options or the sale of bonus shares are forbidden; to the company's knowledge, no hedges have been put in place by corporate officers;
- executive directors and salaried directors who wish to sell shares acquired through the exercise of stock options or sell bonus shares should obtain confirmation from the Group Ethics Officer that they do not hold inside information;
- the value must not exceed the value of the stock options allocated to a corporate officer, which is capped at 100% of his remuneration;
- a ceiling is set on allotments to the Chairman and CEO (a maximum of 5% of an allotment plan) and to the Deputy CEO (a maximum of 2.5% of an allotment plan);

- performance criteria are set for the executive directors at the time of the allotment (consolidated net profit attributable to the Group earned during the year preceding the allotment) and the exercise of options (consolidated net profit attributable to the Group earned in each of the four years preceding the exercise of the options);
- when stock options or bonus shares are granted, the Board of Directors shall set the number of bonus shares or exercise option shares that executive directors are required to retain until the expiry of their term of office. This provision was implemented for stock options granted in 2008, 2009 and 2010 (in 2011, 2012 and 2013, at their request, the executive directors were not granted stock options or performance shares). The Board set the number of shares obtained from the exercise of stock options that executive directors are required to hold in registered form either directly or through a company. The percentage of shares they must keep from the 2008, 2009 and 2010 plans is 25% of the shares that remain after selling the number of shares required to cover the costs of exercising the options and paying any related taxes or social charges;
- declaration to the Board of Directors of transactions performed;
- the Rules of Procedure note that the AMF recommends executives to set up share trading plans.

General information: stock option characteristics

All the stock options granted by the Board of Directors in 2013 have the following characteristics:

- exercise price: the average of the opening prices quoted on the 20 trading days prior to the option grant, with no discount;
- validity period: seven years and six months from the date the stock options are granted;
- lock-up period: four years from the date the stock options are granted;
- exercise period: three years and six months after expiry of the lock-up period (with three exceptions where stock options may be exercised at any time during the seven years: stock options exercised by heirs within six months of death of a beneficiary; change of control of Bouygues or cash tender or exchange offer relating to Bouygues; exercise of stock options in accordance with Article L. 3332-25 of the Labour Code, using assets acquired under the Group savings scheme);
- automatic cancellation if the employment contract or appointment as corporate officer is terminated, unless given special authorisation, or in the case of invalidity, departure or retirement.

5.4.2.2 STOCK OPTIONS GRANTED TO OR EXERCISED BY EXECUTIVE DIRECTORS AND SALARIED DIRECTORS IN 2013

Options for new Bouygues shares were granted in 2013. On 26 February 2013, the Board of Directors decided to make a grant on 28 March 2013 of 2,790,000 options to 1,037 beneficiaries who are corporate officers or employees of the company or companies in the Bouygues group.

The exercise price was set at €22.28 per share subscribed.

The value of each stock option was €1.0149 at the grant date, estimated in accordance with the method used for the consolidated financial statements.

This stock option plan represented 0.86% of the company's share capital at 31 December 2012 [1].

Table 4 – Options granted to executive directors and salaried directors of Bouygues

Martin Bouygues and Olivier Bouygues asked the Board of Directors not to grant options to the two executive directors in 2013.

Options were granted to salaried directors.

Salaried directors	Company granting the options	Grant date	Number of options	Exercise price (€)
François Bertière	Bouygues	28 March 2013	80,000	22.28
Yves Gabriel	Bouygues	28 March 2013	80,000	22.28
Hervé Le Bouc	Bouygues	28 March 2013	80,000	22.28
Nonce Paolini	Bouygues	28 March 2013	80,000	22.28
TOTAL			**320,000**	

Salaried directors were not granted any other options.

Table 5 – Stock options exercised by executive directors and salaried directors of Bouygues in 2013

No executive directors or salaried directors exercised their options in 2013.

(1) Share capital of Bouygues at 31 December 2012: 324,232,374 shares.

5.4.2.3 PERFORMANCE (BONUS) SHARES

Table 6 – Performance shares granted to each executive director

No performance shares were granted by the company in 2013.

Table 7 – Performance shares that became available during the year for each executive director

No performance shares became available during the year as no such shares were granted by the company.

5.4.2.4 SUMMARY OF OUTSTANDING STOCK OPTION PLANS

Table 8 – Breakdown of stock options for each plan and category of beneficiary

	2013	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**
Date of AGM	21/04/2011	21/04/2011	21/04/2011	24/04/2008	24/04/2008	28/04/2005	28/04/2005
Grant date	28/03/2013	13/06/2012	14/06/2011	30/06/2010	01/04/2009	31/03/2008	05/06/2007
Number of stock options granted by the Board	2,790,000	2,956,025	2,936,125 (2,974,497) (d)	4,145,650 (4,199,015) (d)	4,672,200 (4,731,074) (d)	4,390,000 (4,434,475) (d)	4,350,000 (4,395,190) (d)
■ o/w to executive directors and salaried directors (a) (b)	320,000	388,000	388,000 (393,028) (d)	770,000 (779,975) (d)	900,000 (911,659) (d)	750,000 (759,717) (d)	850,000 (861,012) (d)
	Y. Gabriel: 80,000	Y. Gabriel: 97,000	Y. Gabriel: 97,000	M. Bouygues: 160,000	M. Bouygues: 200,000	M. Bouygues: 200,000	M. Bouygues: 200,000
	F. Bertière: 80,000	F. Bertière: 97,000	F. Bertière: 97,000	O. Bouygues: 90,000	O. Bouygues: 100,000	O. Bouygues: 100,000	O. Bouygues: 100,000
	H. Le Bouc: 80,000	H. Le Bouc: 97,000	H. Le Bouc: 97,000	Y. Gabriel: 130,000	Y. Gabriel: 150,000	Y. Gabriel: 150,000	Y. Gabriel: 150,000
	N. Paolini: 80,000	N. Paolini: 97,000	N. Paolini: 97,000	F. Bertière: 130,000	F. Bertière: 150,000	F. Bertière: 150,000	F. Bertière: 100,000
				H. Le Bouc: 130,000	H. Le Bouc: 150,000	H. Le Bouc: 100,000	
				N. Paolini: 130,000	N. Paolini: 150,000	N. Paolini: 50,000	
■ o/w to ten employees of the company	335,800	402,800	404,200 (409,441) (d)	534,000 (540,920) (d)	520,000 (526,741) (d)	470,000 (476,093) (d)	530,000 (536,872) (d)
Pre-adjustment exercise price	€22.28	€20.11	€31.84	€34.52	€25.95	€43.23	€63.44
Post-adjustment exercise price (c)	€22.28	€20.11	€31.43	€34.08	€25.62	€42.68	€62.63
Start of exercise period	29/03/2017	14/06/2016	14/06/2015	30/06/2014	01/04/2013	31/03/2012	05/06/2011
End of exercise period	28/09/2020	13/12/2019	14/12/2018	30/12/2017	30/09/2016	30/09/2015	05/06/2014
Number of options cancelled or lapsed	23,850	38,150	85,769 (d)	177,115 (d)	242,600 (d)	298,857 (d)	279,011 (d)
Number of options outstanding at 31/12/2013	2,766,150	2,909,720	2,888,536 (d)	4,021,900 (d)	4,372,597 (d)	4,135,625 (d)	4,116,192 (d)
Number of options exercised between 01/01/2014 and 26/02/2014	0	850	0	0	43,326	0	0
TOTAL OPTIONS OUTSTANDING AT 31/12/2013	**25,210,720**						

(a) Total options granted, including to salaried directors who left the Board in 2013.
(b) Including only executive directors and salaried directors currently in office.
(c) In accordance with law, the exercise prices and the number of options granted were adjusted on 15 November 2011 following the share repurchase tender offer.
(d) After the number of options was adjusted on 15 November 2011 following the share repurchase tender offer.

5.4.2.5 STOCK OPTIONS GRANTED TO OR EXERCISED BY THE TEN EMPLOYEES HAVING RECEIVED OR EXERCISED THE MOST OPTIONS IN 2013

Table 9 – Stock options granted to the ten Bouygues employees (not corporate officers) having received the largest number of options in 2013

Employees	Company granting the options	Grant date	Number of options	Exercise price (€)
Jacques Bernard	Bouygues	28 March 2013	15,000	22.28
Georges Colombani	Bouygues	28 March 2013	15,000	22.28
Emmanuel Forest	Bouygues	28 March 2013	13,500	22.28
Jean-François Guillemin	Bouygues	28 March 2013	27,000	22.28
Philippe Marien	Bouygues	28 March 2013	80,000	22.28
Alain Pouyat	Bouygues	28 March 2013	55,000	22.28
Olivier Roussat	Bouygues	28 March 2013	80,000	22.28
Jean-Claude Tostivin	Bouygues	28 March 2013	27,000	22.28
Gilles Zancanaro	Bouygues	28 March 2013	15,000	22.28
Pierre Auberger	Bouygues	28 March 2013	8,300	22.28
TOTAL			**335,800**	

Table 9 a – Stock options exercised in 2013 by the ten Bouygues employees having exercised the largest number of options

Employees	Company granting the options	Plan	Number of options exercised	Exercise price (€)
Yann Boucraut	Bouygues	13 June 2012	1,784	€20.11
Jean-Philippe Lafond	Bouygues	1 April 2009	7,500	€25.62
TOTAL			**9,284**	

In 2013, 107,528 Bouygues stock options were exercised by employees of Bouygues or one of its subsidiaries, including the two employees of Bouygues above.

5.4.3 Other information on the executive directors

Table 10 – Executive directors: restrictions on combining positions as corporate officer with employment contract – Supplementary retirement benefits – Severance compensation – Non-competition indemnities

Executive directors	**Employment contract**		**Supplementary pension scheme** [(a)]		**Severance compensation or benefits due or likely to be due on termination or change of office** [(b)]		**Indemnities relating to non-competition clause** [(c)]	
	yes	no	yes	no	yes	no	yes	no
Martin Bouygues Position: Chairman and CEO		•	• [(a)]			• [(b)]		•
Olivier Bouygues Position: Deputy CEO		•	• [(a)]			• [(b)]		•

(a) Additional retirement provision: members of the Group Management Committee receive an additional retirement provision set at 0.92% of the reference salary (average of the best three years) per year in the scheme. Benefits are capped at eight times the social security ceiling, i.e. approximately €300,000 at the date of this report.
Entitlement is acquired only after ten years' service with the Group and provided that the executive director is a member of the Group Management Committee at the date of retirement.
The Group does not have to set aside provisions for this additional retirement provision, which takes the form of an insurance policy taken out with an insurer outside the Group.
This additional retirement provision has been approved pursuant to the regulated agreements procedure.

(b) Compensation on leaving the company: the company and its subsidiaries have not entered into any commitment and have not given any undertaking relating to the granting of severance compensation in the event that the executive directors leave the company. No such commitment or undertaking has been entered into as regards salaried directors.
However, salaried directors are covered by the collective agreement applicable to the company (Paris region construction company executives' collective agreement for Bouygues SA), which provides for certain compensation if a director's employment contract is terminated, even though such compensation is not strictly classified as severance compensation as such. Yves Gabriel, François Bertière, Hervé Le Bouc and Nonce Paolini are eligible for such compensation.

(c) Non-competition indemnities are not granted to the executive directors and salaried directors in the event that they leave the company.

5.5 Information on auditors

5.5.1 Statutory auditors

- Mazars, 61 rue Henri Regnault, 92400 Paris La Défense, France, appointed as statutory auditors at the Annual General Meeting on 10 June 1998, and reappointed for a further six-year term at the Annual General Meeting on 22 April 2004 and then at the Annual General Meeting on 29 April 2010.

  Mazars are represented by Guillaume Potel.
- Ernst & Young Audit, Tour First, 1/2 Place des Saisons, 92400 Courbevoie, France, appointed as statutory auditors at the Annual General Meeting on 24 April 2003, and reappointed for a further six-year term at the Annual General Meeting on 23 April 2009.

  Ernst & Young Audit are represented by Jean Bouquot.

  Mazars and Ernst & Young Audit are members of the Versailles regional association of auditors.

5.5.2 Alternate auditors

- Philippe Castagnac (Mazars group), appointed as alternate auditor at the Annual General Meeting on 29 April 2010, for an initial six-year term.
- Auditex (Ernst & Young group), appointed as alternate auditor at the Annual General Meeting of 23 April 2009, for an initial six-year term.

5.5.3 Fees paid by the Group to the auditors and members of their networks

The fees paid to each of the auditors and to the members of their networks by Bouygues and all fully consolidated Group companies are set forth in Note 22 to the consolidated financial statements (chapter 7, section 7.1, of this Registration Document).

6

INFORMATION ON THE COMPANY

6.1 Legal information

6.1.1 General information

Company name	Bouygues
Registered office	32 avenue Hoche 75008 Paris, France
Telephone	+33 1 44 20 10 00
Registration No.	572 015 246 Paris
APE code	7010Z
Form	*Société Anonyme* (public limited company)
Date of incorporation	15 October 1956
End of exercise period	14 October 2089
Financial year	1 January to 31 December
Governing law	Bouygues is incorporated under French law. The activities performed by Group entities on international markets are generally subject to the legislation of the country concerned, or to other legislation, made applicable by contract or by international rule of law. The Group is present in several dozen countries. For a single project, many different contracts may be signed, often governed by different rules of law.

6.1.2 By-laws

6.1.2.1 PURPOSE (ARTICLE 2 OF THE BY-LAWS)

The company has as its purpose in all countries:

- the acquisition, directly or indirectly, of interests in all French or foreign companies or groupings, whatever their purpose or business, and the management and disposal as appropriate of such interests;
- the creation, acquisition, operation and disposal of all French or foreign undertakings, in any field of business, whether industrial, commercial or financial, including in particular in the construction sector (building, civil works, roads, property) and the services sector (public utilities management, media, telecommunications);
- and, in general, all industrial, commercial, financial, mining and agricultural operations or transactions, involving movable or real property relating directly or indirectly to the purpose set forth above or to all similar or related purposes that may enable or facilitate the achievement or pursuit thereof.

6.1.2.2 APPROPRIATION OF EARNINGS (ARTICLE 24 OF THE BY-LAWS)

At least 5% of net earnings for the financial year, less prior-year losses if any, are retained in order to constitute the legal reserve. This requirement ceases to be mandatory when the legal reserve equals one-tenth of the share capital.

After appropriations to other reserves and retained earnings as decided by the Annual General Meeting, the balance of distributable earnings is divided between the shareholders.

6.1.2.3 ANNUAL GENERAL MEETINGS (ARTICLES 19 TO 21 OF THE BY-LAWS)

Annual General Meetings are called in accordance with the formalities required by law; they include all shareholders, whatever the number of shares they hold.

6.1.2.4 ECONOMIC AND VOTING RIGHTS ATTACHED TO SHARES (ARTICLES 10 AND 12 OF THE BY-LAWS)

Each share has pecuniary and non-pecuniary rights, in compliance with law and as set out in the by-laws. In particular, Article 10 of the by-laws states that each share entitles the holder to part-ownership of corporate assets and to part of the profits equal to the portion of the capital it represents. Article 12 of the by-laws states that, unless otherwise specified by law, and unless the double voting rights described hereafter apply, the number of voting rights of each shareholder, and the number of votes expressed in the Annual General Meeting, is equal to the number of shares owned.

6.1.2.5 DOUBLE VOTING RIGHTS (ARTICLE 12 OF THE BY-LAWS)

This provision has been in force at Bouygues since 1 January 1972. It is based on a measure introduced in the by-laws by the Annual General Meeting of 31 December 1969.

Double voting rights are allocated to all fully paid-up shares that are proved to have been registered in the name of the same holder for at least two years.

In the event of a capital increase by capitalisation of reserves, profits or premiums, double voting rights are conferred as of issue for registered shares allocated as a bonus to shareholders in respect of existing shares conferring such entitlement.

Double voting rights attached to registered shares 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 of an Extraordinary General Meeting that is ratified by a special meeting of holders of those rights (Article L. 225-99 of the Commercial Code).

6.1.2.6 NOTIFICATION OF MAJOR HOLDINGS (ARTICLE 8.3 OF THE BY-LAWS)

Persons or entities directly or indirectly holding at least 1% of the share capital or voting rights are required to inform the company of the total number of shares they own. Notification must be made by registered letter with acknowledgement of receipt sent to the registered office within 15 days of conclusion of the transaction, on- or off-market, irrespective of delivery of the securities.

Further notification must be provided as set out above each time a shareholding increases or decreases by 1%, or any threshold that is a multiple of 1%.

If disclosures are not made under the conditions set forth above, the voting rights attached to shares exceeding the fraction that should have been disclosed are suspended under the conditions provided by law if a request to that effect is made at the Annual General Meeting by one or more shareholders holding at least 5% of the company's share capital or voting rights.

Under the terms of Article 8.2 of the by-laws, 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

The material provisions of the Bouygues Telecom 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 telephone operator providing services to the public; and an undertaking by each party not to acquire a stake in the capital of any competing operator.

6.1.4 Factors likely to have an impact on any public tender offer price (Article L. 225-100-3 of the Commercial Code)

The factors likely to have an impact on the offer price in any potential tender offer relating to Bouygues' shares are set out below:

- capital structure: information relating to Bouygues' capital structure is set out below (section 6.3 of this chapter). 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 by-laws on the exercise of voting rights: Article 8.3 of the by-laws, summarised above in paragraph 6.1.2.6, makes provision to suspend the voting rights of shareholders who fail to declare ownership of at least 1% (or a multiple of 1%) of capital or voting rights. This restriction could have an impact in the event of a public tender;
- direct or indirect holdings in the share capital of which Bouygues is aware, pursuant to Articles L. 233-7 and L. 233-12 of the Commercial Code: the relevant information is set out below (section 6.3 of this chapter);
- a list of owners of any security with special control rights, with a description of these rights; not applicable;
- control mechanisms provided for within employee share ownership plans: the regulations of the various employee share ownership funds created by Bouygues stipulate that voting rights are exercised by the Supervisory Boards of those funds and not directly by employees. These employee share ownership funds, which held 30.2% of voting rights as at 31 December 2013, could therefore have an impact on the price of any public tender offer;
- agreements between shareholders of which Bouygues is aware and which could result in restrictions on the transfer of shares and in the exercise of voting rights: not applicable;
- rules applicable to the appointment and replacement of members of the Board of Directors: the following is specified in Article 13 of the by-laws:
  - the Board of Directors has between three and 18 members, subject to the waiver provided for by law in the event of a merger, appointed

by the Annual General Meeting. It also has up to two members representing employee shareholders. These members are elected by the Annual General Meeting on the recommendation of the Supervisory Boards of the employee share ownership funds set up as part of the savings schemes run by the Bouygues group,

- the functions of a director elected from the employees sitting on the Supervisory Board of one of the employee share ownership funds will automatically terminate early if the director's employment contract terminates (excluding the case of an intra-Group transfer) or if the company for which the director works leaves the Bouygues group. The Board of Directors will then take all necessary steps to replace the director whose term of office has expired;
- directors can be re-elected,
- directors can be removed from office at any time by the Ordinary Annual General Meeting, in the case of directors chosen from shareholders,
- directors appointed from the members of the Supervisory Boards of employee share ownership funds, and who represent employees, can be only be removed from office for misconduct during their term of office, following a court decision,
- legal persons acting as directors are required to appoint a standing representative, in compliance with legal conditions.

The Combined Annual General Meeting convened for 24 April 2014 will be asked to amend Article 13 of the by-laws to determine the formalities for permitting the appointment of directors representing employees (see chapter 8 of this Registration Document).

See also the details in the Report by the Chairman (chapter 5, section 5.2, of this Registration Document).

- rules applicable to changes in company by-laws: Article L. 225-96 of the Commercial Code specifies that only the Extraordinary Annual General Meeting has the power to change the by-laws. Any other clauses will be considered as not written;
- powers of the Board of Directors with respect to issuance and buyback of shares (see the tables summarising financial authorisations in the report on the resolutions, chapter 8, section 8.2, of this Registration Document). In particular:
  - the Combined Annual General Meeting of 25 April 2013 (Resolution 29) authorised the Board of Directors to issue equity warrants during a public tender offer for the company's shares. The nominal amount of any capital increase that may result from the exercise of such equity warrants may not exceed €350 million. The Combined Annual General Meeting convened for 24 April 2014 will be asked to replace this delegation by a further delegation with the same purpose,
  - the Combined Annual General Meeting of 25 April 2013 (Resolution 30) also authorised the Board of Directors to use, during the period of a public tender offer for the company's shares, all the authorisations and delegations of powers at its disposal to increase the share capital, particularly for the benefit of employees and corporate officers. The Combined Annual General Meeting convened for 24 April 2014 will be asked to replace this delegation by a further delegation with the same purpose,
  - the Combined Annual General Meeting of 25 April 2013 (Resolution 15) also authorised the Board of Directors to trade in the company's shares, including during a public tender offer for the company's shares. The Combined Annual General Meeting convened for 24 April 2014 will be asked to replace this delegation by a further delegation with the same purpose;
- agreements entered into by Bouygues, which will be modified or expire in the event of a change of control of Bouygues:
  - the ten-year bonds maturing in 2016, 20-year sterling bonds maturing in 2026, seven-year bonds maturing in 2015, eight-year bonds maturing in 2018, nine-year bonds maturing in 2019, ten-year bonds maturing in 2022, as well as the ten-year bonds maturing in 2023, include a change of control clause providing for the early redemption of bonds in the event of a change of control of Bouygues, accompanied by a rating downgrade,
  - a change in the capital structure of Bouygues could potentially jeopardise TF1's authorisation to operate a national terrestrial television broadcasting service. Article 41-3-2 of the Act of 30 September 1986 governing audiovisual media specifies that any natural or legal person who controls, within the meaning of Article L. 233-3 of the Commercial Code, any company holding such an authorisation, or which has placed it under its authority or dependency, is deemed to be the holder of the authorisation. Article 42-3 adds that the authorisation may be withdrawn, without prior formal notice, if there is any substantial change in the circumstances on the basis of which the authorisation was granted, notably changes in capital structure,
  - moreover, any changes in the capital and voting rights of Bouygues could throw doubt upon the ability of Bouygues Telecom to provide the financial and technical guarantees necessary to operate its network and supply services to the public, and could lead Arcep (French electronic communications and postal services regulator) to re-examine the validity of the authorisations granted to Bouygues Telecom. All the decisions and decrees that authorise Bouygues Telecom to establish and operate its wireless network and supply services to the public (the decision of 5 November 2009 on second-generation networks, the decree of 3 December 2002 on third-generation networks and the decisions of 11 October 2011 and 17 January 2012 on fourth-generation networks) specify that Arcep must be informed of any changes to any one of the items included in the request for authorisation prior to implementation. The items included in the request for authorisation are, particularly, the share ownership structure of the company or companies that directly or indirectly control the authorisation holder.
- agreements making provision for compensation for members of the Board of Directors or employees, if they resign or leave the company without real and serious cause, or if their employment comes to an end following a public tender offer: not applicable. Nevertheless, although this is not severance pay, a director who is also an employee of the company is covered by the applicable collective agreement (for Bouygues SA, the collective agreement for construction executives in the Paris region) and is therefore eligible for the compensation set out in the agreement if his or her contract of employment comes to an end. Yves Gabriel, Hervé Le Bouc and Nonce Paolini would be eligible for compensation of this type.

6.1.5 Breakdown of amounts owed to suppliers

Pursuant to Articles L. 441-6-1 and R. 441-4 of the Commercial Code (construction and civil works sector), the company has published a breakdown by due date of amounts owed to suppliers at 31 December 2013, as set out below.

	≤ 30 days	> 30 days
2013	€1,303,874	€554,658

Accrued expenses: €4,667,350 of which invoices due: €855,819 (contested or disputed amounts: none).

	≤ 30 days	> 30 days
2012	€1,509,801	€69,286

Accrued expenses: €6,359,688 of which invoices due: €908,834 (contested or disputed amounts: none).

6.1.6 Publicly available documents

During the validity of this Registration Document, originals or copies of the following documents may be accessed at the registered office of Bouygues and/or online at the website www.bouygues.com, under Finance/Shareholders:

- company by-laws;
- reports drawn up by the auditors, parts of which are incorporated or referred to in the Registration Document;
- historical financial data relating to the company and its subsidiaries for the two financial years preceding the publication of the Registration Document.

6.2 Share capital

6.2.1 General information

6.2.1.1 AMOUNT OF SHARE CAPITAL

The share capital of Bouygues at 31 December 2012 was €324,232,374 composed of 324,232,374 shares with a par value of €1 each.

On 26 February 2013, the Board cancelled 5,074,906 shares.

From August to December 2013, it issued 107,528 shares resulting from the exercise of stock options.

Consequently, the share capital of Bouygues at 31 December 2013 was €319,264,996 composed of 319,264,996 shares with a par value of €1 each.

The total number of voting rights (1) was 459,117,988 at 31 December 2013 (compared with 445,673,682 voting rights (1) at 31 December 2012).

(1) Including non-voting shares, in accordance with the calculation methods set out in 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		
Dates	**Capital increases/reductions over the last 5 years**	**Nominal**	**Premiums and capitalisation of reserves**	**Amount of share capital**
1 January to 26 August 2009	Exercise of stock options for 1,277,142 shares	1,277,142	27,766,575	344,095,221
27 August 2009	Cancellation of 493,471 shares bought back by the company	(493,471)	(12,834,596)	343,601,750
27 August to 25 November 2009	Exercise of stock options for 1,004,779 shares	1,004,779	22,246,437	344,606,529
30 November 2009	Subscription by the Bouygues Partage 2 – five-year and Bouygues Partage 2 – ten-year employee share ownership plans of 9,881,360 shares	9,881,360	182,743,165	354,487,889
26 to 30 November 2009	Exercise of stock options for 2,500 shares	2,500	75,850	354,490,389
1 December 2009	Cancellation of 574,710 shares bought back by the company	(574,710)	(18,978,565)	353,915,679
1 to 31 December 2009	Exercise of stock options for 352,232 shares	352,232	7,292,146	354,267,911
1 January to 30 November 2010	Exercise of stock options for 1,436,335 shares	1,436,335	28,235,345	355,704,246
30 December 2010	Subscription by the Bouygues Confiance 5 employee share ownership plan of 9,838,593 shares	9,838,593	240,160,055	365,542,839
1 to 31 December 2010	Exercise of stock options for 319,684 shares	319,684	7,721,569	365,862,523
1 January to 29 August 2011	Exercise of stock options for 418,473 shares	418,473	10,152,464	366,280,996
30 August 2011	Cancellation of 9,973,287 shares bought back by the company	(9,973,287)	(313 650 100)	356,307,709
31 August to 14 November 2011	Exercise of stock options for 228,036 shares	228,036	5,507,373	356,535,745
15 November 2011	Cancellation of 41,666,666 shares bought back by the company as part of the share repurchase tender offer	(41,666,666)	(1,208,333,314)	314,869,079
28 December 2012	Subscription by the Bouygues Confiance 6 employee share ownership plan of 9,363,295 shares	9,363,295	140,636,691	324,232,374
26 February 2013	Cancellation of 5,074,906 shares bought back by the company	(5,074,906)	(94,312,510)	319,157,468
1 August to 31 December 2013	Exercise of stock options for 107,528 shares	107,528	2,602,405	319,264,996

6.2.1.3 AUTHORISATIONS TO INCREASE OR REDUCE THE SHARE CAPITAL OR TO BUY BACK SHARES

The tables summarising authorisations in force and the financial authorisations submitted to the Combined Annual General Meeting of 24 April 2014 are set out in the Board of Directors' report on the resolutions (chapter 8, section 8.2 of this Registration Document).

6.2.2 Employee share ownership

At 31 December 2013, Group employees held 24.8% of the share capital of Bouygues and 30.2% of the voting rights through a number of employee share ownership funds.

The share ownership fund created in 1968 invests in Bouygues shares bought on the market. At 31 December 2013, this fund held 5.21% of the share capital and 6.88% of the voting rights.

The Group's share ownership plan is funded by voluntary contributions from employees and additional contributions paid by the company. These are invested in Bouygues shares by direct purchases made on the market. At 31 December 2013, this fund held 11.61% of the share capital and 14.19% of the voting rights.

Following the capital increases carried out in 2009, 2010 and 2012, the leveraged share ownership plans known as Bouygues Partage 2 – five years, Bouygues Partage 2 – ten years, Bouygues Confiance 5 and Bouygues Confiance 6, held 7.99% of the share capital and 9.16% of the voting rights at 31 December 2013.

6.2.3 Potential creation of new shares

At 31 December 2013, the exercise price for the 4,372,597 options that are out of the lock-up period is lower than the listed share price at 31 December 2013, the year's closing price, namely €27.42.

6.2.4 Share buybacks

6.2.4.1 USE IN 2013 OF AUTHORISATIONS GRANTED BY THE ANNUAL GENERAL MEETING

The Combined Annual General Meetings of 26 April 2012 and 25 April 2013 approved share buyback programmes authorising the Board of Directors, on the basis of Articles L. 225-209 *et seq.* of the Commercial Code, to buy, on- or off-market, a number of shares representing up to 5% of the company's share capital as at the purchase date, for the purposes set out in Commission Regulation (EC) No. 2273/2003 of 22 December 2003 and within the confines of market practices authorised by the AMF.

The Combined Annual General Meetings of 26 April 2012 and 25 April 2013 authorised the Board of Directors to reduce the share capital by cancelling shares bought back, within the limit of 10% of the share capital in any 24-month period.

The table below, prepared in accordance with Article L. 225-211 of the Commercial Code, summarises the transactions carried out pursuant to these authorisations in 2013.

TRANSACTIONS CARRIED OUT BY BOUYGUES IN ITS OWN SHARES IN 2013	
Number of treasury shares held by the company at 31 December 2012	85,000
Shares purchased in 2013 (*)	6,592,480
Shares cancelled in 2013	5,074,906
Shares sold in 2013	1,526,074
Number of treasury shares held by the company at 31 December 2013	76,500
Value (purchase price) of treasury shares held by the company at 31 December 2013	€2,043,275
BREAKDOWN OF TRANSACTIONS BY PURPOSE	
Cancellation of shares	
Shares cancelled in 2013	5,074,906
Reallocations	
Number of treasury shares held by the company at 31 December 2013	
Liquidity contract	
Shares purchased in 2013	1,517,574
Shares sold in 2013	1,526,074
Reallocations	
Number of treasury shares held by the company at 31 December 2013 under the liquidity contract	76,500

(*) As part of the Bouygues Confiance 6 share ownership plan, repurchase of 5,074,906 shares at a unit price of €19.58.

6.2.4.2 DESCRIPTION OF THE NEW SHARE BUYBACK PROGRAMME SUBMITTED FOR APPROVAL BY THE COMBINED ANNUAL GENERAL MEETING OF 24 APRIL 2014

Pursuant to Articles 241-2 and 241-3 of the AMF General Regulation, the company sets out below a description of the share buyback programme to be submitted for approval by the Combined Annual General Meeting of 24 April 2014. This programme is intended to replace the one authorised by the Combined Annual General Meeting of 25 April 2013.

Number of shares and proportion of share capital held by Bouygues – Open derivatives positions

Between 1 January and 24 February 2014, the company purchased 183,632 shares and sold 208,132 shares under the liquidity contract.

At 25 February 2014, the company's capital was made up of 319,309,172 shares, including 52,000 held by Bouygues via a liquidity contract, representing 0.02% of the share capital.

The company does not have any open derivatives positions.

Objectives of the new buyback programme

Subject to approval by the Annual General Meeting, the buyback programme may be used to:

- cancel shares under the conditions provided for by law, subject to authorisation by the Extraordinary General Meeting;
- ensure the liquidity of and organise trading in the company's shares, through an investment services provider acting under the terms of a liquidity contract that complies with a code of conduct recognised by the AMF;
- retain shares and, where applicable, deliver them subsequently as a medium of payment or exchange in an acquisition, merger, spin-off or asset contribution, in accordance with recognised market practices and with applicable regulations;
- retain shares and, where applicable, deliver them subsequently upon exercise of rights attached to securities that grant the right to the allotment of company shares via redemption, conversion, exchange, presentation of a warrant or otherwise;
- allot shares to employees or corporate officers of the company or related companies under the terms and conditions laid down by law, in particular as part of profit-sharing schemes, stock option plans, company savings schemes and inter-company savings schemes or through an allotment of bonus shares;
- implement any market practice accepted by the AMF and generally to carry out any other transaction in compliance with prevailing regulations.

Maximum proportion of capital, maximum number and characteristics of shares that may be bought back

Under the terms of this programme, Bouygues may acquire shares representing a maximum of 5% of its share capital. In theory, this equates to 15,965,458 shares at 25 February 2014, subject to any adjustments in connection with share capital transactions.

Where shares are bought back for liquidity purposes, the number of shares included for the purposes of calculating 5% of the share capital is the number of shares purchased, less the number of shares resold during the authorisation period.

In accordance with the law, the total number of shares held at a given date may not exceed 10% of issued share capital at that date.

Within the scope of this authorisation, the company may purchase its own shares on- or off-market. The purchase price may not exceed €50 per share, subject to any adjustments in connection with share capital transactions.

The maximum amount of funds that may be used for this share buyback programme is €800 million.

Shares acquired may be sold under the conditions laid down by the AMF in its Position of 19 November 2009 regarding the introduction of a new regime governing the buyback of a company's own shares.

Shares repurchased and retained by Bouygues shall not carry voting or dividend rights. Shares may be purchased, in compliance with applicable regulations, in any manner, including on- or off-market and over-the-counter, through derivative financial instruments, and at any time, including in particular during a public tender or exchange offer. All or part of the programme may be carried out through block trades.

Term of programme

Eighteen months with effect from the Combined Annual General Meeting of 24 April 2014, i.e. until 24 October 2015.

6.3 Share ownership

6.3.1 Changes in share ownership over the last three years

Situation at 31 December 2013 [(a)]

Shareholder	Number of shares	% of capital	Number of voting rights [(b)]	% of voting rights
SCDM [(c)]	66,374,020	20.79	130,628,388	28.45
Bouygues employees [(d)]	79,213,152	24.81	138,765,226	30.22
Other French shareholders	56,770,853	17.78	63,077,165	13.74
Other foreign shareholders	97,224,787	30.45	99,573,055	21.69
First Eagle [(e)]	19,605,684	6.14	26,997,654	5.88
Bouygues	76,500 [(f)]	0.03	76,500 [(g)]	0.02
TOTAL	**319,264,996**	**100**	**459,117,988**	**100**

Situation at 31 December 2012

Shareholder	Number of shares	% of capital	Number of voting rights [(b)]	% of voting rights
SCDM [(c)]	66,374,020	20.47	130,303,848	29.24
Bouygues employees [(d)]	76,849,827	23.70	127,989,455	28.72
Other French shareholders	58,458,895	18.03	64,830,747	14.55
Other foreign shareholders	104,875,566	32.35	104,875,566	23.53
First Eagle [(e)]	17,589,066	5.42	17,589,066	3.95
Bouygues	85,000 [(f)]	0.03	85,000 [(g)]	0.02
TOTAL	**324,232,374**	**100**	**445,673,682**	**100**

Situation at 31 December 2011

Shareholder	Number of shares	% of capital	Number of voting rights [(b)]	% of voting rights
SCDM [(c)]	66,374,020	21.08	130,022,232	29.55
Bouygues employees [(d)]	73,471,908	23.33	123,587,833	28.09
Other French shareholders	61,224,374	19.45	72,585,330	16.50
Other foreign shareholders	113,690,777	36.11	113,690,777	25.84
Bouygues	108,000 [(f)]	0.03	108,000 [(g)]	0.02
TOTAL	**314,869,079**	**100**	**439,994,172**	**100**

(a) Based on a survey of identifiable bearer shares as at 31 December 2013: 300 million shares identified.
(b) In accordance with Article 223-11 of the AMF General Regulation, the total number of voting rights is calculated on the basis of all shares with voting rights attached, including those with suspended voting rights.
(c) SCDM is a simplified limited company controlled by Martin Bouygues and Olivier Bouygues. This figure includes shares owned directly by Martin Bouygues and Olivier Bouygues.
(d) Shares owned by employees under company savings schemes. 35% of these shares have become available.
(e) Based on a declaration of the passing of a share ownership threshold, sent to Bouygues on 22 August 2013.
(f) Treasury shares held under share buyback programmes and the liquidity contract.
(g) Voting rights attached to shares held by Bouygues are suspended.

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 2013

The main changes in share ownership since 31 December 2012 are described below:

- The interest held by Bouygues employees increased from 23.70% to 24.81%, in line with regular subscriptions to employee share ownership funds and the overall fall in the number of shares in issue. The share of voting rights held by employees increased from 28.72% to 30.22% of the total.
- The number of shares held by SCDM was unchanged from 31 December 2012. Because of the fall in the total number of shares in issue, the percentage interest held increased slightly, from 20.47% to 20.79%. The percentage of voting rights held by SCDM fell from 29.24% to 28.45% of the total.
- On 20 August 2013, First Eagle Investment Management LLC moved above the threshold of 6% of the capital and voting rights of Bouygues [1].

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 by-laws, the terms of which are summarised above (see section 6.1.2.5).

6.3.3 Control

As of 31 December 2013, Martin Bouygues and Olivier Bouygues held 28.45% of the voting rights, either directly or via the simplified limited company SCDM, which gives them substantial power at general meetings (36.79% of the voting rights exercised at the 2013 Annual General Meeting), given the number of voting rights actually exercised.

As indicated in the Report by the Chairman on corporate governance, the Board of Directors and Board committees include a significant proportion of independent directors (see chapter 5, section 5.2, of this Registration Document).

6.3.4 Shareholder agreements relating to the capital of Bouygues

As far as the company is aware, no shareholder agreement relating to the company's capital exists and no agreement exists which could, if activated, result in a future change in control of Bouygues.

(1) According to a declaration (dated 22 August 2013) of the passing of a share ownership threshold under the by-laws, calculated on the basis of the number of Bouygues shares and voting rights on 31 July 2013, as published by Bouygues on its corporate website on 1 August 2013.

6.4 Stock market information

6.4.1 Stock market performance of Bouygues shares in 2013

Bouygues shares are listed on the Euronext Paris market (compartment A) and belong to the CAC 40, Euronext 100, FTSE Eurofirst 80 and Dow Jones Stoxx 600 indices. They are eligible for the Deferred Settlement Service (SRD) and for French equity savings plans (PEAs).

There were a total of 319,264,996 shares in issue on 31 December 2013.

The average number of shares in issue during 2013 was 319,179,297.

The average daily volume traded in 2013, as reported by Euronext, was 1,252,069 shares.

Over 2013 as a whole, the Bouygues share price rose by 22%, compared with a rise of 18% for the CAC 40 index.

During the early part of the year, Bouygues shares underperformed the CAC 40, with the share price bottoming out at €18.61 at the end of June 2013.

The share price then rallied during the summer to finish slightly ahead of the CAC 40. When the first-half results were published on 28 August 2013, the shares had advanced by 13% since the end of December 2012, versus 9% for the CAC 40.

The recovery in the share price was confirmed throughout the remainder of the year, such that by 31 December 2013 its annual performance had beaten that of the CAC 40.

		Dividend paid for the year (€)	Quoted market price (€)			Dividend yield based on closing price (%)
	Number of shares	Net	High	Low	Closing	
2009	354,267,911	1.60	37.76	21.77	36.43	4.4
2010	365,862,523	1.60	40.56	30.40	32.26	5.0
2011	314,869,079	1.60	35.05	20.88	24.35	6.6
2012	324,232,374	1.60	25.74	17.54	22.40	7.1
2013	319,264,996	1.60	30.03	18.61	27.42	5.8

On 25 February 2014, Bouygues shares were trading at €30.245.

6.4.2 Trends in share price and trading volumes

	High (€)	Low (€)	Volume of shares traded	Capital traded (€m)
2012				
July	21.53	18.70	31,027,251	632
August	22.81	19.18	22,768,451	478
September	21.37	19.00	24,181,965	487
October	20.15	18.56	24,341,069	471
November	19.14	17.54	31,302,629	568
December	22.79	18.99	42,445,034	906
2013				
January	23.84	20.69	34,175,112	764
February	22.11	19.32	36,486,478	748
March	24.18	21.02	38,040,294	847
April	22.43	20.41	30,816,358	654
May	21.95	19.97	30,836,226	644
June	20.65	18.61	22,714,366	449
July	22.30	19.26	24,149,524	505
August	25.48	21.98	26,300,236	626
September	28.10	23.41	27,588,417	716
October	29.74	26.10	21,271,537	597
November	30.03	27.38	18,429,553	526
December	27.96	25.55	19,624,784	514

Source: NYSE – Euronext. Volumes traded are those reported by Euronext.

6.4.3 Share trading by senior executives and corporate officers

As required by Article 223-26 of the AMF General Regulation, the table below discloses details of transactions in Bouygues shares during 2013 by senior executives, corporate officers, or equivalent persons or entities.

Person or entity involved	Transaction carried out	Nature of transaction	Number of transactions	Number of shares	Amount (€)
SCDM	By a related entity: ACTIBY	Sale	1	891,945	18,938,668.19
	By a related entity: QUALITE	Sale	1	896,520	19,035,809.16
	In a personal capacity	Purchase	4	1,838,465	39,108,277.35
Martin Bouygues	In a personal capacity	Sale	2	50,000	1,133,800.00
Yves Gabriel	In a personal capacity	Sale	1	57,943	1,564,461.00
Pascal Grangé	In a personal capacity	Exercise of options	1	5,260	134,761.20
		Sale	1	5,260	155,064.80

6.5 Bouygues (parent company) results for the last five financial years

Item	2013	2012	2011	2010	2009
1. CAPITAL AT YEAR-END					
a) Share capital *(€ million)*	319	324	315	366	354
b) Number of ordinary shares in issue	319,264,996	324,232,374	314,869,079	365,862,523	354,267,911
c) Maximum number of shares to be issued in the future by exercise of stock options	5,098,507			6,192,274	6,785,691
2. OPERATIONS AND RESULTS FOR THE YEAR *(€ million)*					
a) Sales excluding taxes	63	68	69	66	69
b) Earnings before tax, amortisation, depreciation and provisions	431	515	692	655	836
c) Income tax	86	139	135	194	135
d) Employee profit sharing	(1)	(1)	(1)	(1)	(1)
e) Earnings after tax, amortisation, depreciation and provisions	(118)	664	808	894	1,017
f) Distributed earnings	511	511	504	570	566
3. EARNINGS PER SHARE *(€)*					
a) Earnings after tax but before amortisation, depreciation and provisions	1.62	2.02	2.63	2.32	2.74
b) Earnings after tax, amortisation, depreciation and provisions	(0.37)	2.05	2.57	2.44	2.87
c) Gross dividend per share	1.60	1.60	1.60	1.60	1.60
4. PERSONNEL					
a) Average number of employees during the year	169	171	184	182	179
b) Payroll *(€ million)*	30	33	31	31	31
c) Amount paid in respect of benefits (social security, company benefits, etc.) *(€ million)*	14	12	14	13	13

7 FINANCIAL STATEMENTS

7.1 Consolidated financial statements

7.1.1 Consolidated balance sheet

Assets *(€ million)*	Note	31/12/2013 Net	31/12/2012 Net
Property, plant and equipment	3.2.1	6,319	6,451
Intangible assets	3.2.2	1,878	1,886
Goodwill [(a)]	3.2.3	5,280	5,648
Investments in associates [(b)]	3.2.4	3,386	5,335
Other non-current financial assets	3.2.4	570	578
Deferred tax assets and non-current tax receivable	7.1	251	272
NON-CURRENT ASSETS		**17,684**	**20,170**
Inventories, programmes and broadcasting rights	4.1	3,044	2,949
Advances and down-payments on orders	4.2	474	480
Trade receivables	4.3	6,205	6,364
Tax asset (receivable)	4.3	197	184
Other current receivables and prepaid expenses	4.3	1,950	2,086
Cash and cash equivalents	4.4	3,570	4,487
Financial instruments [(c)]	17.3	13	24
Other current financial assets	17.3	16	10
CURRENT ASSETS		**15,469**	**16,584**
Held-for-sale assets and operations	3.2.4.1/21	1,151	
TOTAL ASSETS	16	**34,304**	**36,754**

Liabilities and shareholders' equity *(€ million)*		31/12/2013	31/12/2012
Share capital	5.1	319	324
Share premium and reserves		7,576	7,527
Translation reserve	5.3.1	16	94
Treasury shares			
Consolidated net profit/(loss) for the period		(757)	633
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP	5.2	**7,154**	**8,578**
Non-controlling interests	5.2	1,530	1,500
SHAREHOLDERS' EQUITY	5.2	**8,684**	**10,078**
Non-current debt	8.1	6,612	7,502
Non-current provisions	6.1	2,176	2,173
Deferred tax liabilities and non-current tax liabilities	7.2	171	170
NON-CURRENT LIABILITIES		**8,959**	**9,845**
Advances and down-payments received		1,348	1,449
Current debt	8.1	1,009	951
Current taxes payable		121	82
Trade payables		6,805	6,925
Current provisions	6.2	793	803
Other current liabilities	10	6,020	6,372
Overdrafts and short-term bank borrowings		363	189
Financial instruments [(c)]	17.3	26	41
Other current financial liabilities	17.3	10	19
CURRENT LIABILITIES	10	**16,495**	**16,831**
Liabilities related to held-for-sale operations	21	166	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	16	**34,304**	**36,754**
NET SURPLUS CASH/(NET DEBT)	9/16	**(4,427)**	**(4,172)**

(a) Goodwill of fully consolidated entities.
(b) Entities accounted for by the equity method (including goodwill on such entities).
(c) Fair value hedges of financial liabilities.

7.1.2 Consolidated income statement

(€ million)	Note	Full year 2013	Full year 2012
SALES [a]	11/16	**33,345**	**33,547**
Other revenues from operations		96	107
Purchases used in production		(16,129)	(16,269)
Personnel costs		(7,064)	(7,062)
External charges		(7,074)	(7,306)
Taxes other than income tax		(642)	(664)
Net depreciation and amortisation expense	16	(1,413)	(1,462)
Net charges to provisions and impairment losses	16	(512)	(521)
Changes in production and property development inventories		54	189
Other income from operations [b]		1,344	1,330
Other expenses on operations		(661)	(603)
CURRENT OPERATING PROFIT/(LOSS)	12/16	**1,344**	**1,286**
Other operating income	12/16		34
Other operating expenses	12/16	(91)	(200)
OPERATING PROFIT/(LOSS)	12/16	**1,253**	**1,120**
Financial income	13.1	55	62
Financial expenses	13.1	(364)	(352)
COST OF NET DEBT	13/16	**(309)**	**(290)**
Other financial income	13.2	70	63
Other financial expenses	13.2	(96)	(52)
Income tax expense	14/16	(367)	(330)
Associates:			
Share of profits/(losses) and dilution	16	205	217
Alstom impairment loss	16	(1,404)	
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	16	**(648)**	**728**
Net profit/(loss) from discontinued and held-for-sale operations			
NET PROFIT/(LOSS) FOR THE PERIOD	16	**(648)**	**728**
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	16	**(757)**	**633**
Net profit/(loss) attributable to non-controlling interests		109	95
BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS *(€)*	15.2	**(2.37)**	**2.00**
DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS *(€)*	15.2	**(2.37)**	**2.00**
(a) Of which sales generated abroad.		*11,227*	*11,239*
(b) Of which reversals of unutilised provisions/impairment losses and other items.		*434*	*447*

7.1.3 Consolidated statement of recognised income and expense

(€ million)	Full year 2013	Full year 2012
NET PROFIT/(LOSS) FOR THE PERIOD	**(648)**	**728**
Items not reclassifiable to profit or loss		
Actuarial gains/losses on employee benefits	(14)	(83)
Change in remeasurement reserve		
Net tax effect of items not reclassifiable to profit or loss	3	25
Share of non-reclassifiable income and expense of associates [a]	4	(59)
Items reclassifiable to profit or loss		
Change in cumulative translation adjustment of controlled entities	(16)	11
Net change in fair value of financial instruments used for hedging purposes and of other financial assets (including available-for-sale financial assets)	17	7
Net tax effect of items reclassifiable to profit or loss		8
Share of reclassifiable income and expense of associates [a]	(42)	2
INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY	**(48)**	**(89)**
TOTAL RECOGNISED INCOME AND EXPENSE	**(696)**	**639**
Recognised income and expense attributable to the Group	**(798)**	**547**
Recognised income and expense attributable to non-controlling interests	**102**	**92**

(a) Relates mainly to Alstom (accounted for by the equity method).

7.1.4 Consolidated statement of changes in shareholders' equity

(€ million)	**Share capital & share premium**	**Reserves related to capital/ retained earnings**	**Consol-idated reserves and profit/(loss) for period**	**Treasury shares**	**Items recognised directly in equity**	**TOTAL ATTRI-BUTABLE TO THE GROUP**	**Non-controlling interests**	**TOTAL**
POSITION AT 31 DECEMBER 2011	**1,154**	**2,597**	**4,759**		**(149)**	**8,361**	**1,317**	**9,678**
Movements during 2012								
Capital and reserves transactions, net	150	304	(324)		46	176		176
Acquisitions/disposals of treasury shares								
Acquisitions/disposals without loss of control					15	15		15
Dividend paid			(504)			(504)	(104)	(608)
Other transactions with shareholders			15			15		15
Net profit/(loss)			633			633	95	728
Translation adjustment					25	25	(1)	24
Other recognised income and expense					(111)	(111)	(2)	(113)
TOTAL RECOGNISED INCOME AND EXPENSE (b)			**633**		**(86)**	**547**	**92**	**639**
Other transactions (changes in scope of consolidation and other items)	(1)	1	(32)			(32)	195	163
POSITION AT 31 DECEMBER 2012	**1,303**	**2,902**	**4,547**		**(174)**	**8,578**	**1,500**	**10,078**
Movements during 2013								
Capital and reserves transactions, net	(96)	152	(152)	99	2	5	1	6
Acquisitions of treasury shares				(99)		(99)		(99)
Acquisitions/disposals without loss of control					(26)	(26)	5	(21)
Dividend paid			(511)			(511)	(80)	(591)
Other transactions with shareholders			6			6		6
Net profit/(loss)			(757)			(757)	109	(648)
Translation adjustment					(78) (a)	(78)	(5)	(83)
Other recognised income and expense					37	37	(2)	35
TOTAL RECOGNISED INCOME AND EXPENSE (b)			**(757)**		**(41)**	**(798)**	**102**	**(696)**
Other transactions (changes in scope of consolidation and other items)			(1)			(1)	2	1
POSITION AT 31 DECEMBER 2013	**1,207**	**3,054**	**3,132**		**(239)**	**7,154**	**1,530**	**8,684**

(a) Change in translation reserve.

Attributable to:	*Group*	*Non-controlling interests*	*Total*
Controlled entities	*(11)*	*(5)*	*(16)*
Associates	*(67)*		*(67)*
Total	***(78)***	***(5)***	***(83)***

(b) See the statement of recognised income and expense.

7.1.5 Consolidated cash flow statement

(€ million)	Note	Full year 2013	Full year 2012
I - Cash flow from continuing operations			
A - NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES			
Net profit/(loss) from continuing operations		(648)	728
Share of profits effectively reverting to associates		1,340	(87)
Elimination of dividends (non-consolidated companies)		(19)	(13)
Charges to/(reversals of) depreciation, amortisation, impairment & non-current provisions		1,453	1,604
Gains and losses on asset disposals		(47)	(68)
Miscellaneous non-cash charges		(13)	(7)
Sub-total		**2,066**	**2,157**
Cost of net debt		309	290
Income tax expense for the period		367	330
Cash flow	*16*	**2,742**	**2,777**
Income taxes paid during the period		(303)	(378)
Changes in working capital related to operating activities [a]		(187)	42
NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES		**2,252**	**2,441**
B - NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES			
Purchase price of property, plant and equipment and intangible assets	*16*	(1,387)	(2,307)
Proceeds from disposals of property, plant and equipment and intangible assets	*16*	109	355
Net liabilities related to property, plant and equipment and intangible assets		(70)	(74)
Purchase price of non-consolidated companies and other investments	*16*	(6)	(22)
Proceeds from disposals of non-consolidated companies and other investments	*16*	5	9
Net liabilities related to non-consolidated companies and other investments			
Effects of changes in scope of consolidation			
Purchase price of investments in consolidated activities	*16*	(99)	(112)
Proceeds from disposals of investments in consolidated activities	*16*	14	31
Net liabilities related to consolidated activities		1	(28)
Other effects of changes in scope of consolidation (cash of acquired and divested companies)		(17)	(5)
Other cash flows related to investing activities (changes in loans, dividends received from non-consolidated companies)		12	
NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES		**(1,438)**	**(2,153)**
C - NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES			
Capital increases/(reductions) paid by shareholders & non-controlling interests and other transactions between shareholders		(71)	317
Dividends paid during the period:			
Dividends paid to shareholders of the parent company		(511)	(504)
Dividends paid to non-controlling interests in consolidated companies		(80)	(104)
Change in current and non-current debt		(813)	1,404
Cost of net debt		(309)	(290)
Other cash flows related to financing activities		8	5
NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES		**(1,776)**	**828**
D - EFFECT OF FOREIGN EXCHANGE FLUCTUATIONS		**(60)**	**6**
CHANGE IN NET CASH POSITION (A + B + C + D)		**(1,022)**	**1,122**
NET CASH POSITION AT START OF PERIOD	*9*	**4,298**	**3,176**
Net cash flows during the period	*9*	(1,022)	1,122
Eurosport International presented as a held-for-sale operation in the balance sheet:			
■ Elimination of net cash position at 1 January		(13)	
■ Elimination of 2013 cash flows		(56)	
Sub-total	*9*	**(69)**	
NET CASH POSITION AT END OF PERIOD	*9*	**3,207**	**4,298**
II - Cash flows from discontinued and held-for-sale operations			
Net cash position at start of period			
Net cash flows during the period			
Net cash position at end of period			

(a) Definition of change in working capital related to operating activities: Current assets minus current liabilities (excluding income taxes paid, which are reported separately).

7.1.6 Notes to the consolidated financial statements

CONTENTS

Declaration of compliance:

The consolidated financial statements of Bouygues and its subsidiaries (the "Group") for the year ended 31 December 2013 have been prepared using the principles and methods defined in the standards issued by the International Accounting Standards Board (IASB) as endorsed by the European Union and applicable as of 31 December 2013. These standards, collectively referred to as "IFRS", comprise International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), and interpretations issued by the IFRS Interpretations Committee, previously the International Financial Reporting Interpretations Committee (IFRIC), which itself was the successor body to the Standing Interpretations Committee (SIC). The Bouygues group has not early adopted as of 31 December 2013 any standard or interpretation not endorsed by the European Union.

The financial statements are presented in millions of euros (unless otherwise indicated) and comprise the balance sheet, the income statement, the statement of recognised income and expense, the statement of changes in shareholders' equity, the cash flow statement, and the notes to the financial statements.

The comparatives presented are from the consolidated financial statements for the year ended 31 December 2012.

Note 1 Significant events of the year

1.1 SCOPE OF CONSOLIDATION AS AT 31 DECEMBER 2013

1,126 entities were consolidated at 31 December 2013, versus 1,129 at 31 December 2012. The net reduction of 3 entities includes the deconsolidation on project completion (mainly in the construction segment) of entities set up for property co-promotion programmes *(Sociétés Civiles Immobilières — SCIs)* and of construction project companies *(Sociétés en Participation — SEPs)*, offset by newly-consolidated entities (mainly at Colas, with the acquisitions made during 2013 in Australia and Canada and the first-time consolidation of entities acquired at the end of 2012 in New Caledonia).

(31 December)	2013	2012
Fully consolidated	823	839
Proportionately consolidated	228	226
Associates (equity method)	75	64
	1,126	**1,129**

1.2 SIGNIFICANT EVENTS

1.2.1 Significant events of 2013

The main acquisitions and corporate actions of 2013 are described below, in chronological order:

- On 7 January 2013, Bouygues repurchased 5,074,906 of its own shares, representing 1.57% of its share capital, for €99 million. On 26 February 2013, the Bouygues Board of Directors decided to cancel these shares.
- Arcep, the French electronic communications and postal services regulator, approved Bouygues Telecom's request to refarm its 1800 MHz frequencies from 1 October 2013 for the roll-out of 4G, on condition that Bouygues Telecom returns part of its frequencies.
- On 25 April 2013, the Annual General Meeting approved the distribution of a dividend of €1.60 for each of the 319,077,468 shares in issue, representing a total payout of €511 million. The dividend was paid on 6 May 2013.
- On 29 May 2013, Bouygues redeemed the €709 million outstanding on its May 2006 4.5% bond issue.
- On 3 July 2013, Colas acquired 100% of the shares of Furfari Paving Co Limited (asphalt mix production and road surfacing), renamed RoadWorks Ontario, in Canada. This company, which generates annual sales in the region of €80 million, is accounted for by the full consolidation method. The excess of the consideration paid over the book value of the net assets acquired amounted to €62 million, and has been provisionally recognised as goodwill.
- On 22 July 2013, Bouygues Telecom and SFR announced that they were in exclusive talks with a view to reaching an agreement to share part of their mobile networks. This strategic agreement was signed on 31 January 2014; by optimising the coverage of their shared networks, it will enable each operator to offer their respective customers a better signal both inside and outside buildings, and an enhanced quality of service.
- The ongoing reorganisation and adaptation measures at Bouygues Telecom and Colas had a negative impact of €91 million in the 2013 financial statements (see Note 12, "Operating profit").
- The very substantial revision by analysts of the cash flow projections for Alstom used as the basis for impairment testing, following Alstom's announcement on 21 January 2014 of a downgrade to its free cash flow and operating margin objectives for the 2014/2015 financial year and of a delay in the anticipated recovery, led Bouygues to book an impairment loss of €1,404 million in the 2013 financial statements (see Note 2.7.4.2).

1.2.2 Significant events of 2012

The main acquisitions and corporate actions of 2012 are described below:

- On 17 January 2012, Bouygues Telecom was granted, in exchange for €683 million, an authorisation to use 10 MHz frequencies in the 800 MHz band in France (excluding overseas territories) to establish and operate a public mobile radio-electric network, with a commitment to open it to Mobile Virtual Network Operators (MVNOs). This authorisation, which came into use on 1 October 2013, was awarded for a period of 20 years.
- On 27 January 2012, Bouygues raised €800 million via a ten-year bond issue bearing interest at 4.5%, with a view to refinancing debt that matured in May 2013. The bond issue was paid up on 9 February 2012.
- On 18 September 2012, Bouygues raised €700 million via a bond issue maturing in 2023, bearing interest at 3.625%. The bond issue was paid up on 2 October 2012.
- The reorganisation and adaptation measures initiated by Bouygues Telecom and TF1 had a negative impact of €200 million in the year ended 31 December 2012 (see Note 12, "Operating profit").
- On 4 October 2012, Alstom carried out a €350-million capital increase via a private placing with institutional investors. As a consequence of this capital increase, the equity interest held by Bouygues was reduced from 30.71% as of 30 September 2012 to 29.40%. The resulting loss on dilution, amounting to €53 million, was recognised in profit or loss in the fourth quarter of 2012.
- During the fourth quarter of 2012, Bouygues Telecom made disposals (see Note 12, "Operating profit") totalling €234 million (€207 million of operating disposals, €27 million of financial disposals): sale to Antin Infrastructure Partners of 85% of France Pylônes Services (which manages telecoms masts in France transferred to it by Bouygues Telecom), and sale to Digital Realty trust of the buildings and property infrastructure of three data processing centres near Paris (Saclay, Montigny-le-Bretonneux and Bièvres).
- On 21 December 2012, Discovery Communications acquired a 20% equity interest in Eurosport for €178 million, with the possibility of raising this interest to 51% in two years' time. If Discovery Communications decided to do so, TF1 would in turn have the possibility of selling the remaining 49% to the Discovery Communications group.

  At the same time, the Discovery Communications group acquired a 20% equity interest in a number of TF1 pay-TV channels for €14 million, with the option to raise this interest to 49% in two years' time.

  Given that TF1 had not lost control of these entities, the fair value remeasurement of the divested interests, amounting to €93 million, was recognised in equity in 2012 (see Note 2.3, "Consolidation methods").

1.3 CONSOLIDATED SALES

Consolidated sales for the year ended 31 December 2013 amounted to €33,345 million, virtually unchanged from the 2012 figure of €33,547 million.

1.4 SIGNIFICANT EVENTS AND CHANGES IN SCOPE OF CONSOLIDATION SUBSEQUENT TO 31 DECEMBER 2013

- On 20 December 2013, Colas and Vinci Autoroutes announced the signature of an agreement whereby Colas was to sell to Vinci Autoroutes its 16.67% financial interest in the capital of Cofiroute, which with effect from that date has been classified as a held-for-sale asset in the balance sheet in accordance with the accounting policies described in Note 2.2. The transaction price is in a range from €780 million to €800 million, depending on the attainment of certain operating assumptions in the 2014-2015 period. This transaction was completed on 31 January 2014.
- On 21 January 2014, Discovery Communications and the TF1 group signed an agreement whereby Discovery is to acquire a controlling interest in the Eurosport International group (the Eurosport group excluding Eurosport France) via a deepening of the broad strategic partnership between the two groups that began in December 2012.

  The deal, which will enable Discovery to increase its interest in the capital of Eurosport SAS (the parent company of the group) by raising its stake from 20% to 51%, is taking place nearly a year earlier than the date envisaged in the initial agreement (see Note 1.2.2). TF1 is to retain its 80% interest in Eurosport France at least until 1 January 2015.

  Finalisation of the transaction will be contingent on clearance from the competition authorities, and is expected to occur within the coming months.

  The acquisition by Discovery of the additional 31% interest is based on an enterprise value of €902 million for the Eurosport group, from which the valuation of Eurosport France (€85 million) is to be deducted. These valuations will be increased by the amount of net surplus cash held by the entities at the transaction closing date.

  In addition, TF1 retains the possibility of exercising its put option over its residual 49% stake, which could increase the interest held by Discovery to 100%.

  For accounting purposes, the assets and liabilities of Eurosport International are presented in the balance sheet as of 31 December 2013 in the line items "Held-for-sale assets and operations" and "Liabilities related to held-for-sale operations", in accordance with the policies described in Note 2.2. However, the results of Eurosport International are not reported as being from a held-for-sale operation because Eurosport International does not meet the definition of (i) a cash generating unit for goodwill impairment testing purposes or (ii) an operation that is material to the Group (in 2013, it represented 1% of sales and 6% of operating profit).

Note 2 Accounting policies

2.1 BUSINESS AREAS

The Bouygues group is a diversified industrial group, with operations in more than 80 countries.

The Group's businesses are organised into a number of sectors of activity:

a) Construction:
- Bouygues Construction (construction, energies and services)
- Bouygues Immobilier (property)
- Colas (roads)

b) Telecoms – Media:
- TF1 (Television)
- Bouygues Telecom (mobile, fixed, TV and internet services).

c) The Bouygues group also holds a 29.3% interest in the Alstom group (Alstom Thermal Power, Alstom Renewable Power, Alstom Transport, Alstom Grid).

2.2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements of the Bouygues group include the financial statements of Bouygues SA and its subsidiaries, and investments in associates and joint ventures. They are presented in millions of euros, the currency in which the majority of the Group's transactions are denominated, and take account of the recommendations on presentation (Recommendation 2009-R-03) issued on 2 July 2009 by the Conseil National de la Comptabilité – CNC (now called Autorité des Normes Comptables – ANC), the French national accounting standard-setter.

The consolidated financial statements were adopted by the Board of Directors on 25 February 2014, and will be submitted for approval by the forthcoming Combined Annual General Meeting on 24 April 2014.

The consolidated financial statements for the year ended 31 December 2013 were prepared in accordance with IFRS using the historical cost convention, except for certain financial assets and liabilities measured at fair value where this is a requirement under IFRS. They include comparatives as at and for the year ended 31 December 2012.

The Bouygues group applied the same standards, interpretations and accounting policies for the year ended 31 December 2013 as were applied in its consolidated financial statements for the year ended 31 December 2012, except for new IFRS requirements applicable from 1 January 2013 (see below). These changes did not have a material impact on the consolidated financial statements.

- *Principal new standards, amendments and interpretations effective within the European Union and mandatorily applicable or permitted for early adoption for periods beginning on or after 1 January 2013:*
  - **Amendment to IAS 1:** Presentation of items of Other Comprehensive Income (OCI).

    Although the amendment to IAS 1 had not been adopted by the European Union as of 31 December 2011, it was early adopted by the Bouygues group from 1 January 2011 since it was not in conflict with pronouncements that had already been endorsed. This amendment became effective within the European Union on 6 June 2012, and has been mandatorily applicable from 1 January 2013.

- **Amendment to IAS 19:** "Employee Benefits" (published in the Official Journal of the European Union on 6 June 2012, mandatorily applicable from 1 January 2013, early adoption permitted from 1 January 2012). The Bouygues group early adopted this amendment in the consolidated financial statements for the year ended 31 December 2012. Given that the Group already recognised in equity actuarial gains and losses on defined-benefit employee benefit plans, the application of this change in method had an immaterial impact.
- **Amendments to IAS 12, "Income Taxes" (Deferred Tax – Recovery of Underlying Assets) and to IFRS 1, "First-Time Adoption of International Financial Reporting Standards" (Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters), and IFRS 13 "Fair Value Measurement":** these pronouncements were endorsed by the European Union on 29 December 2012 and are mandatorily applicable from 1 January 2013. They have no impact on the financial statements of the Bouygues group.
- **IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosures of Interests in Other Entities", IAS 27 "Separate Financial Statements" (as amended in 2011), IAS 28 "Investments in Associates and Joint Ventures" (as amended in 2011):** these standards were endorsed by the European Union on 29 December 2012 and are mandatorily applicable from 1 January 2014. The principal changes and impacts of these standards are described below.

  IFRS 10 replaces the provisions about consolidated financial statements previously included in IAS 27, "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation – Special Purpose Entities"; it also redefines the concept of control over an entity.

  IFRS 11 replaces IAS 31, "Interests in Joint Ventures" and SIC 13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers", and describes how joint arrangements should be treated. Under this new standard, joint arrangements over which two or more parties exercise joint control are accounted for on the basis of the rights and obligations of each of the parties to the arrangement, taking account of factors such as the structure and legal form of the arrangement, the contractual terms agreed to by the parties to the arrangement and, when relevant, other facts and circumstances:

  - Joint ventures, which give the parties rights over the net assets, must be accounted for using the equity method, the proportionate consolidation method being no longer permitted.
  - In the case of joint operations, which give each party direct rights over the assets and obligations for the liabilities, the assets and liabilities (revenue and expenses) of the joint operation must be accounted for in accordance with the interests held in the joint operation.

  IFRS 11 will apply principally to Bouygues group joint arrangements set up for various property co-promotion programmes *(Sociétés Civiles Immobilières — SCIs)*; various contracts carried out by construction project companies in the form of *Sociétés en Participation – SEPs* (a form of silent partnership under French law) or other legal forms; and various companies that operate quarries or emulsion plants.

  IFRS 12 establishes the disclosure requirements relating to interests held in subsidiaries, joint arrangements, associates, and/or unconsolidated structured entities.

  Based on the analyses completed to date, the main impacts identified arise from the first-time application of IFRS 10, "Consolidated Financial Statements" and IFRS 11, "Joint Arrangements", and more specifically from the fact that the joint ventures in which the Group has an interest will be accounted for by the equity method, rather than by the proportionate consolidation method as at present.

  The joint arrangements affected by the first-time application of these new standards are mainly those relating to contracting and industrial companies held jointly by Colas and a partner, which will be accounted for by the equity method from 1 January 2014. The impact of the retrospective application of these standards as of 1 January 2013 and for the year ended 31 December 2013 is presented in Note 23 to the consolidated financial statements.

  A number of difficulties relating to the application of IFRS 11 have been referred to the IFRS Interpretations Committee. The Group does not expect that any future clarifications will have a material impact on its financial statements.

- *Other key standards, amendments and interpretations issued by the IASB but not yet endorsed by the European Union*

  The table below shows the principal standards, amendments and interpretations that had been issued by the IASB prior to 31 December 2013 but have not yet come into effect:

Standard, amendment or interpretation	IASB effective date*	Expected impact on the Bouygues group
IFRIC 21: Levies	1 January 2014	This interpretation, which has not been early adopted by the Bouygues group, applies to taxes and levies (such as the "CS3" tax in France) that are outside the scope of IAS 12. It will be applied by the Group with effect from 1 January 2014 once it has been endorsed by the European Union, which is expected in the second quarter of 2014 (the impacts are presented in Note 23 to the consolidated financial statements).

(*) Unless otherwise indicated, applicable to accounting periods beginning on or after the date shown in this column.

- Elective accounting treatments and estimates used in the valuation of certain assets, liabilities, income and expenses:

  Preparing financial statements to comply with IFRS standards and interpretations requires the use of estimates and assumptions which may have affected the amounts reported for assets, liabilities and contingent liabilities at the balance sheet date, and the amounts of income and expenses reported for the period.

  These estimates and assumptions have been applied consistently on the basis of past experience and of various other factors regarded as reasonable forming the basis of assessments of the valuations of assets and liabilities for accounting purposes. Actual results may differ materially from these estimates if different assumptions or conditions apply.

  The main items involved are the impairment testing of goodwill and equity investments, share-based payment (stock options), employee benefits (lump-sum retirement benefits, pensions, etc.), the fair value of unlisted financial instruments, deferred tax assets, and provisions.

Where no standard or interpretation applies to specific transactions, events or conditions, Group management exercises its judgement to define and apply accounting policies that will provide relevant information that gives a fair presentation and is comparable between periods, such that the 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 (i) carrying amount or (ii) estimated selling price less costs to sell.

A discontinued or held-for-sale operation is one that is material to the Group (having been treated as a cash generating unit) and that has either been disposed of or has been classified as a held-for-sale asset. Income statement and cash flow information about such discontinued or held-for-sale operations is reported in separate line items in the consolidated financial statements for all periods presented.

2.3 CONSOLIDATION METHODS

2.3.1 Full consolidation

Companies over which Bouygues exercises control are consolidated using the full consolidation method.

- Assessment of exclusive control over TF1:

As at 31 December 2013, Bouygues held 43.52% of the capital and voting rights of TF1. Exclusive control by Bouygues over TF1 is demonstrated by the following:

- Bouygues has consistently and regularly held a large majority of the voting rights exercised at TF1 general meetings, and no other shareholder directly or indirectly controls a higher share of voting rights than Bouygues;
- Bouygues has had exclusive power to determine decisions at TF1 general meetings during at least two consecutive financial years.

Other factors indicating the existence of exclusive control include:

- the large number of seats on the TF1 Board of Directors allocated to Bouygues;
- the role of Bouygues in appointing key executives of TF1.

All these factors clearly establish that Bouygues exercises exclusive control over TF1.

2.3.2 Proportionate consolidation: investments in joint ventures and joint operations

A joint venture or joint operation is a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control. Bouygues consolidates the assets, liabilities, income and expenses of such entities using the proportionate consolidation method based on the percentage of control exercised. This definition applies in particular to Bouygues Construction and Colas construction project companies in the form of *Sociétés en Participation (SEPs)* and similar legal forms, and to Bouygues Immobilier property companies.

2.3.3 Investments in associates

An associate is a company over which Bouygues exercises significant influence without exercising control. Significant influence is presumed to exist where Bouygues directly or indirectly holds at least 20% of the entity's voting rights.

The net profit or loss and the assets and liabilities of such entities are accounted for by the equity method.

- Alstom: Bouygues exercises significant influence over Alstom, as demonstrated by its 29.3% interest in the capital and its control of two seats on the Board of Directors.

  As of 31 December 2013, the investment in Alstom is reported under "Investments in associates" and accounted for by the equity method; it is carried at net acquisition cost (including goodwill) plus Bouygues' share of Alstom's net profit since the acquisition date, giving a total carrying amount (net of a €1,404 million impairment loss as of 31 December 2013) of €3,079 million (including €1,106 million of goodwill).

  Because of the time-lag between the financial year-ends of Alstom (31 March) and Bouygues (31 December), the financial contribution of Alstom to the Bouygues group's fourth-quarter results is estimated on the basis of the published results of Alstom for the first six months of its financial year. Given the revised forecasts announced by Alstom at the end of January 2014 (see Note 2.7.4.2), and pending the release by Alstom of its full-year results, the Bouygues group has not recognised any profit contribution from Alstom for the fourth quarter of 2013 (compared with the €59 million profit contribution recognised for the fourth quarter of 2012). Consequently, the total profit contribution from Alstom for the year ended 31 December 2013 is €168 million (compared with €240 million for the year ended 31 December 2012).

  Amortisation of fair value remeasurements of Alstom's identifiable intangible assets and other items had a negative impact of €15 million on the net profit/loss attributable to the Bouygues group for the year ended 31 December 2013.

- Concession arrangements and Public-Private Partnership (PPP) contracts:

  The Bouygues Construction group enters into concession arrangements and PPP contracts with local authorities via entities in which the Group holds an equity interest, generally of less than 20%. Given the effectively limited role of the Group in these entities, they are not consolidated. Equity interests in concession operating entities are in the majority of cases accounted for as associates by the equity method, or otherwise are not consolidated.

- In accordance with IAS 39, equity investments in non-consolidated companies are measured at fair value.

2.4 BUSINESS COMBINATIONS

With effect from 1 January 2010, business combinations have been accounted for in accordance with the revised IFRS 3 and IAS 27, which use the concept of "obtaining control" in determining the accounting treatment to be applied to acquisitions or disposals of equity interests; depending on the circumstances, the impacts of such acquisitions and disposals are recognised either in profit or loss or in equity.

In a business combination, the fair value of the consideration transferred is allocated to the identifiable assets and liabilities of the acquiree, which are measured at fair value at the acquisition date and presented in the balance sheet using the full fair value method in accordance with IFRS 3. This method involves remeasuring the assets and liabilities acquired at fair value in full (including non-controlling interests), rather than remeasuring just the percentage interest acquired.

The revised IFRS 3 allows entities to elect one of two methods of accounting for non-controlling interests in each business combination:

- at fair value (full goodwill method), i.e. the non-controlling interests are allocated their share of goodwill;
- at the non-controlling interests' proportionate share of the acquired entity's identifiable assets and liabilities (partial goodwill method), i.e. no share of goodwill is allocated to the non-controlling interests.

Fair value is the amount for which an asset or Cash Generating Unit (CGU) could be sold between knowledgeable, willing parties in an arm's length transaction.

Goodwill represents the excess of the cost of a business combination over the acquirer's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities that can be reliably measured at the acquisition date; non-controlling interests are either measured at fair value or not, depending on the option elected (see above). Goodwill is allocated to the 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 under "Impairment testing of non-current assets" in Note 2.7.4 below, in accordance with IAS 36. Impairment losses are charged to the income statement as an operating item.

In accordance with the revised IFRS 3, any previously-held equity interest is remeasured at fair value at the date on which control is obtained, with the resulting gain or loss recognised in profit or loss for the period. In the event of loss of control, the retained equity interest is also remeasured at fair value; the gain or loss on remeasurement is recognised in profit or loss for the period, along with the gain or loss arising on the disposal.

In the event of a change in percentage interest with no effect on control, the difference between the consideration transferred and the carrying amount of the non-controlling interest is recognised directly in equity attributable to the Group. Consequently, no additional goodwill is recognised.

All acquisition-related costs are recognised as an expense in profit or loss for the period.

In the event of a partial divestment of the component operations of a Cash Generating Unit (CGU), the Bouygues group usually allocates the goodwill in proportion to the value of the divested operation relative to the value of the CGU as measured at the date of divestment in accordance with the IFRS 7 hierarchy of valuation methods, unless it can be demonstrated that another method better reflects the goodwill of the divested operation; this policy complies with paragraph 86 of IAS 36.

Goodwill recognised prior to 1 January 2004 continues to be measured using the partial fair value method. This method involves restricting the fair value remeasurement of identifiable items to the percentage interest acquired. Non-controlling interests in these items are measured on the basis of the carrying amount of the 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 balance sheet date are translated at the closing exchange rate. Translation differences are recognised as income or expenses in the income statement. Non-monetary assets and liabilities denominated in foreign currencies and accounted for at historical cost are translated using the exchange rate on the date of the transaction.

2.5.2 Financial statements of foreign 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 INCOME TAXES

Deferred taxation is recognised on differences between the carrying amount and tax base of assets or liabilities, and arises as a result of:

- Temporary differences between the carrying amount and tax base of assets or liabilities, which may be:
  - items generating a tax liability in the future (deferred tax liabilities), arising mainly from income that is liable to tax in future periods; or
  - items deductible from taxable profits in the future (deferred tax assets), mainly provisions that are temporarily non-deductible for tax purposes. Such assets are recognised to the extent that is probable that sufficient taxable profits will be available against which to offset the temporary differences, and are reviewed at each balance sheet date.
- Tax losses available for carry-forward (deferred tax assets), where it is probable that these losses will be recovered in future periods.

Deferred taxes are measured using known applicable national tax rates for the relevant country as at the balance sheet date. In the case of France, the tax rate used in 2013 and 2014 incorporates the exceptional 10.7% contribution enacted in the 2014 Finance Act.

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 USEFUL LIVES BY MAIN ASSET CATEGORY AND SECTOR OF ACTIVITY

	CONSTRUCTION	MEDIA	TELECOMS
Mineral deposits (quarries)	(a)		
Non-operating buildings	10 to 40 years	25 to 50 years	
Industrial buildings	10 to 20 years		30 years
Plant, equipment and tooling (b)	3 to 15 years	3 to 7 years	10 to 30 years
Other property, plant and equipment (vehicles and office equipment) (b)	3 to 10 years	2 to 10 years	3 to 10 years

(a) Depreciated on the basis of the rate of depletion, up to a maximum of 40 years (Colas).
(b) Depending on the type of equipment.

In accordance with IAS 16, when an item of property, plant and equipment consists of components with different useful lives, each component is accounted for and depreciated as a separate item of property, plant and equipment.

Gains and losses on disposal represent the difference between the sale proceeds and the carrying amount, and are recognised in the income statement under “Other operating income and expenses”.

Depreciation periods are reviewed annually, and may be adjusted if expectations differ from previous estimates.

2.7.1.2 LEASES

Items of property, plant and equipment held under leases whereby the Bouygues group retains substantially all the risks and rewards of ownership (i.e. finance leases) are recognised as assets in the balance sheet, along with a corresponding liability.

Assets held under finance leases are recognised in the balance sheet in “Property, plant and equipment” at the lower of fair value or the present value of the minimum lease payments, less accumulated depreciation and impairment losses. They are depreciated over their estimated useful lives. The lease obligation is recognised as a liability under “Debt” in the balance sheet.

Obligations under operating leases are disclosed in off-balance sheet commitments.

2.7.1.3 GRANTS RECEIVED

Investment grants received from national, regional or local governments are netted off the value of the assets concerned in the balance sheet, and depreciated at the same rate as those assets once receipt of the grant becomes unconditional.

2.7.2 Intangible assets

IAS 38 defines an intangible asset as an identifiable non-monetary asset without physical substance which is controlled by the entity. An asset is identifiable:

- if it is separable, i.e. capable of being independently sold, transferred, licensed, rented or exchanged;
- or if it is derived from contractual or other legal rights, whether separable or not.

An asset is controlled if the entity has the power to obtain the future economic benefits flowing from the underlying resource 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 each balance sheet date 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 and office applications	straight line	3 to 8 years
4G licences	straight line	20 years maximum (b)

(a) UMTS licence awarded in 2002:
Amortised from the date on which the broadband network opened (26 May 2005).
(b) The licences acquired in 2011 (for €228 million) and 2012 (for €683 million) were reported as intangible assets in progress at 31 December 2012. During 2013, these licences (which were awarded for a 20-year period) were reclassified to “Concessions, patents and similar rights”, and are being amortised from the date on which they came into service (1 October 2013).

The fee for the UMTS licence, awarded for a 20-year period, comprises:

- a fixed component of €619.2 million, recognised as an intangible asset on the date the licence was awarded (12 December 2002);
- a variable component, calculated at 1% of sales generated by the operation of the third generation mobile network, recognised as incurred from the date on which the UMTS network opened (November 2007).

2.7.3 Other intangible assets

Other intangible assets recognised by the Group include leasehold rights and audiovisual rights (TF1).

TF1 AUDIOVISUAL RIGHTS:

This item includes shares in films and programmes produced or co-produced by TF1 Films Production, TF1 Vidéo and TF1 Production; audiovisual distribution and trading rights owned by TF1 DA and TF1 Entreprises; and music rights owned by Une Musique.

Audiovisual rights are recognised as assets, at historical cost. Dates of initial recognition and amortisation methods are as follows:

	Categories of audiovisual rights		
	Film co-production shares	**Distribution and/or trading rights**	**Music rights**
Amortisation method	In line with revenues over 8 years	■ Distribution = in line with revenues, minimum 3 years straight line ■ Trading: 5 years straight line	Over 2 years with: ■ 75% of gross value in year 1 ■ 25% of gross value in year 2
Initial recognition	At end of shooting or on receipt of censor's certificate	On signature of contract	On signature of contract

- Films co-produced by TF1 Films Production are amortised in line with revenues over a limited time-frame, taking account of the timing of revenue sources; this policy is consistent with industry practice.
- An impairment loss is recognised against audiovisual rights on a line by line basis where estimated future revenues do not cover the carrying amount of the asset.

2.7.4 Impairment testing – non-current assets and investments in associates

Impairment tests are carried out on the carrying amount of non-current assets and investments in associates if there is objective evidence that they may have become impaired.

The carrying amounts of indefinite-lived intangible assets and goodwill are compared to their recoverable amounts at least at the end of each financial year.

2.7.4.1 IMPAIRMENT TESTING OF TF1, BOUYGUES TELECOM AND COLAS

Method applied

In determining the recoverable amount, intangible assets to which independent cash flows cannot be directly allocated are grouped within the Cash Generating Unit (CGU) to which they belong, or within the appropriate group of CGUs representing the lowest level at which management monitors return on investment (business segment level in the case of the Bouygues group). The recoverable amount of CGUs is measured as follows:

a) 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.

b) For other CGUs: using the DCF method, taking account of the specific characteristics of the investment.

- The cash flows used are derived from three-year business plans which are prepared by the management of the business segment and presented to the subsidiary's Board of Directors and the Board of Directors of Bouygues SA, and where applicable incorporate the latest estimates of the subsidiary's management.
- The discount rate is determined on the basis of a weighted average cost of capital appropriate to the sector of activity in which the business segment operates, by reference to a panel of comparable companies. Two alternative capital structure scenarios are applied: 1/3 debt – 2/3 equity (scenario 1); 2/3 debt – 1/3 equity (scenario 2).
- The terminal value is calculated by aggregating the discounted cash flows to infinity, based on normative cash flows and a perpetual growth rate that is consistent with the growth potential of the markets in which the business segment operates and with its competitive position in those markets.

The recoverable amount of the assets of the CGU as determined above is then compared with their carrying amount in the consolidated balance sheet. If this carrying amount is greater than the recoverable amount of the CGU, an impairment loss is recognised. Any such losses are allocated in the first instance to any goodwill carried in the balance sheet, and may not be subsequently reversed.

Information about goodwill impairment tests performed as of 31 December 2013:

- The recoverable amount of TF1 as of 31 December 2013 was determined by reference to the quoted market price, after taking account of a 15% control premium.
- The recoverable amount of Bouygues Telecom and Colas was determined using the method described above, based on three-to-five-year cash flow projections corresponding to the business plans of each of the two subsidiaries as presented to the subsidiary's Board of Directors and the Board of Directors of Bouygues SA, and where applicable incorporating the latest estimates of the subsidiary's management:
  - Cash flows beyond the projection period were extrapolated using a reasonable, sector-specific perpetual growth rate.
  - The discount rates (weighted average cost of capital) and growth rates used as of 31 December 2013 were as follows:

	Discount rate		Perpetual growth rate
	Scenario 1 [a]	**Scenario 2** [a]	
Bouygues Telecom	5.68%	5.12%	2%
Colas	6.25%	5.61%	2%

(a) Depending on the capital structure: 1/3 debt - 2/3 equity (scenario 1); 2/3 debt - 1/3 equity (scenario 2).

- Assumptions used in the Bouygues Telecom business plan:

  After slightly positive cash flow (EBITDA net of capital expenditure) projected for 2014, the normative cash flows of Bouygues Telecom were determined on the assumption that cash flow generation would improve, based on:

  - The acceleration in 2014 of the transformation plan initiated in response to radical changes and uncertainties in the telecoms market. This follows on from the measures taken at the start of 2012, which unlocked €599 million of savings in the mobile business between the end of 2011 and the end of 2013.
  - The ongoing strategy of developing data uses, capitalising on the October 2013 launch of the largest 4G network in France, which is just starting to bear fruit.
  - The benefits expected to arise starting in 2018 from the agreement between Bouygues Telecom and SFR on the partial sharing of their mobile networks, which in the medium term will make it possible to offer customers the best geographical coverage and the best quality of service while optimising capital expenditure and operating costs.

2.7.4.2 IMPAIRMENT TESTING OF THE INVESTMENT IN ALSTOM

Method applied

Because goodwill included in the carrying amount of investments in associates is not reported separately, it is not tested separately for impairment, in line with IAS 36. An impairment loss is recognised if the carrying amount of the investment exceeds its recoverable amount; this loss is charged against the carrying amount of the investment, and may be reversed.

Information about the impairment test performed as at 31 December 2013:

As of 31 December 2013, the investment in Alstom was tested for impairment by comparing its carrying amount with its recoverable amount, determined by reference to value in use as derived from cash flow projections established by Bouygues management, which in turn were based on forecasts prepared by a panel of financial analysts.

- On 21 January 2014, when publishing its sales figures for the nine months ended 31 December 2013, Alstom announced that persistent weakness in demand for new thermal power plants was weighing on its outlook for free cash flow and operating margin for the 2014/2015 financial year, and that the expected recovery would be delayed. This announcement led to a sharp drop in the quoted market price, which had fallen 25% by 14 February 2014, and to a significant revision to the analysts' cash flow forecasts used as the basis for impairment testing.
- The discount rate (weighted average cost of capital) and growth rate used for Alstom as of 31 December 2013 were as follows:

	Discount rate		Growth rate applied to cash flows after a five-year time horizon
	Scenario 1 (a)	Scenario 2 (a)	
Alstom	9.58%	8.49%	2%

(a) Depending on the capital structure: 1/3 debt - 2/3 equity (scenario 1); 2/3 debt - 1/3 equity (scenario 2).

2.7.4.3 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.

In the case of Alstom, the changes made to the analysts' cash flow forecasts since 21 January 2014 and the latest information released by Alstom were taken into account by the Bouygues group in its recoverable amount calculations, resulting in the recognition of a €1,404 million impairment loss on the 2013 financial statements. The value in use calculated by the Group was confirmed by a firm of independent valuers.

Note 3.2.3 to the consolidated financial statements includes a table showing the consolidated carrying amount of listed shares held by Bouygues (TF1, Alstom, Colas) relative to the closing quoted share price at 31 December 2013.

2.7.4.4 SENSITIVITY ANALYSIS

An analysis was performed for the Bouygues Telecom and Colas CGUs, and for the investment in Alstom, in order to determine the sensitivity of the calculation to the key parameters (discount rates, growth rates, normative cash flows), either individually or using combined scenarios for discount rates and normative cash flows (including reasonably possible changes in normative cash flows).

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For these CGUs, and for the investment in Alstom, the recoverable amount would equal the carrying amount of the assets tested if the assumptions shown below (taken individually) were to be applied:

	Change in discount rate		Change in normative cash flows	
	Scenario 1 (a)	Scenario 2 (a)	Scenario 1 (a)	Scenario 2 (a)
Bouygues Telecom	+30 bp	+86 bp	-9%	-24%
Colas	+794 bp	+858 bp	-72%	-77%
Alstom	-23 bp	+86 bp	+4%	-15%

(a) Depending on the capital structure: 1/3 debt - 2/3 equity (scenario 1); 2/3 debt - 1/3 equity (scenario 2).

For Bouygues Telecom, in the event of a 10% reduction in normative cash flows combined with an increase of 50 basis points in the discount rate, the recoverable amount would be €930 million lower than the carrying amount under scenario 1, and would equal the carrying amount under scenario 2. If the perpetual growth rate applied to the normative cash flows were to be halved, the recoverable amount would be €930 million lower than the carrying amount under scenario 1, and €80 million lower under scenario 2.

For Alstom, a 10% reduction in normative cash flows combined with an increase of 50 basis points in the discount rate would cause the recoverable amount to be lower than the carrying amount by €560 million under scenario 1, and by €110 million under scenario 2.

2.7.5 Non-current financial assets

In addition to deferred tax assets (treated as non-current), other non-current financial assets include loans and receivables (including advances to non-consolidated companies), deposits and caution money, and investments in non-consolidated companies (i.e. those over which the Bouygues group exercises neither control nor significant influence).

Investments in non-consolidated companies are measured at fair value, with changes in fair value taken to shareholders' equity.

Fair value is the market price for listed investments, and value in use for unlisted investments. Value in use is determined using the most appropriate criteria for each individual investment.

If there is objective evidence that an investment is impaired, the accumulated losses taken to shareholders' equity are recognised in the income statement.

Advances to non-consolidated companies, and other loans and receivables, are accounted for at amortised cost, determined using the effective interest method.

In the case of variable-rate loans and receivables, cash flows are periodically re-estimated to reflect changes in market interest rates, resulting in an adjustment to the effective interest rate and hence to the valuation of the loan or receivable.

Loans and receivables are reviewed for objective evidence of impairment. An impairment loss is recognised if the carrying amount of a financial asset is greater than the estimated recoverable amount as determined by impairment testing. Impairment losses are recognised in the income statement (see Note 3.2.4 for details).

CONCESSION ARRANGEMENTS AND PUBLIC-PRIVATE PARTNERSHIP (PPP) CONTRACTS:

The Group (Bouygues Construction and Colas) holds equity interests in entities that have entered into concession arrangements or PPP contracts. These contracts, which are accounted for in accordance with IFRIC 12, are assessed on a case by case basis.

Under the financial receivable method, the initial receivable represents the fair value of the activity undertaken; this receivable is subsequently measured at amortised cost using the effective interest method as defined in IAS 39.

Consequently, the receivable represents the fair value of the activity undertaken, plus cumulative interest calculated using the effective interest method, minus payments received from the grantor.

2.8 CURRENT ASSETS

2.8.1 Inventories

Inventories are stated at the lower of cost (first in first out or weighted average cost, depending on the nature of the business) or market price.

Where the realisable value of inventory is lower than cost, the necessary provision for impairment is recognised.

2.8.2 Property development programmes

Property development programme inventories are measured at cost; this includes land acquisition costs and taxes, construction and fitting-out costs, utilities connection costs, professional fees and ancillary costs.

All advertising costs are recognised in profit or loss as incurred.

Preliminary studies relating to property development programmes are recognised in inventory. If the probability of the programme being completed is low, especially if there is a risk of withdrawal or refusal of planning permission, the amount recognised is written down via a provision for impairment.

2.8.3 Programmes and broadcasting rights (TF1)

In order to secure broadcasting schedules for future years, the TF1 group enters into binding contracts, sometimes for a period of several years, under which it acquires (and the other party agrees to deliver) programmes and sports transmission rights.

A programme is treated as ready for transmission and recognised in inventory under "Programmes and broadcasting rights" when the following two conditions are met: technical acceptance (for in-house and external productions), and opening of rights (for external productions). In the case of rights and programmes for which these two criteria have not been met (programmes not yet delivered, sports rights for which the right to broadcast is not activated until the date of the event, etc.), the Group takes the view that it does not control the asset, since it has neither the right nor the ability to broadcast the programme. Consequently, these rights are not recognised in the balance sheet, and any advance payments made to acquire such rights are treated as supplier prepayments.

PROGRAMMES AND BROADCASTING RIGHTS

The "Programmes and broadcasting rights" line in the balance sheet includes:

- in-house productions, made by TF1 group companies for TF1 channels;
- external productions, comprising broadcasting rights acquired by the TF1 group's channels and co-production shares of broadcasts made for the TF1 group's channels.

The value of programmes and broadcasting rights is measured as follows:

- in-house production: overall production cost (direct costs plus a portion of indirect production costs);
- broadcasting rights and co-productions: purchase cost, less consumption for the year calculated at each balance sheet date.

TF1 SA programmes are deemed to have been consumed on transmission. If they are acquired for a single transmission, they are regarded as having been consumed in full at the time of this transmission. If they are acquired for two or more transmissions, consumption is calculated according to the type of programme using the rules described below (unless otherwise specified in the acquisition contract):

	Type of programme		
	Dramas with a running time of at least 52 minutes	**Films, TV movies, series and cartoons**	**Other programmes and broadcasting rights**
1st transmission	80%	50%	100%
2nd transmission	20%	50%	

"Other programmes and broadcasting rights" in the table above refers to children's programmes (other than cartoons), entertainment shows, plays, factual and documentary programmes, news, sport, and dramas with a running time of less than 52 minutes.

A provision for impairment is recorded once it becomes probable that a programme will not be transmitted, or if the contractual value at which it was recognised in inventory exceeds the value attributable to it using the rules described above. Probability of transmission is assessed on the basis of the most recent programming schedules approved by management. If rights are resold, a provision is recorded once the sale is probable to cover any excess of the value at which the rights were initially recognised in inventory (or the amount of advance payments) over the actual or estimated selling price.

Programmes that have not been broadcast and the rights to which have expired are written off as a component of current operating profit, and any previously-recognised provisions are reversed.

Rights ordered under irrevocable contracts but not yet available for transmission are disclosed in Note 4.1 to the financial statements, and are priced at the contractual amount or the estimated future cash outflow, less any advance payments made.

2.8.4 Trade receivables

Trade receivables are carried at face value, net of impairment recorded to reflect the probability of recovery. These receivables are usually short-term and non interest-bearing. They are measured at the original invoice amount, unless application of an implied interest rate would have a material effect.

In line with the percentage of completion method of accounting for long-term contracts, trade receivables include:

- statements issued as works are executed or services provided, and accepted by the project owner;
- unbilled receivables, arising where works are entitled to acceptance but billing or acceptance by the project owner has been temporarily delayed.

2.8.5 Other current receivables and prepaid expenses

Other receivables are carried at face value, net of impairment recorded to reflect the probability of recovery.

2.9 FINANCIAL INSTRUMENTS

Some Group entities use hedging instruments to limit the impact on the income statement of fluctuations in exchange rates and interest rates. The Group's policy on the use of financial instruments is described below.

2.9.1 Risks to which the Group is exposed

2.9.1.1 CURRENCY RISK

In general, the Bouygues group has little exposure to currency risk in routine commercial transactions, given that its international operations (primarily Bouygues Construction and Colas) do not involve exports. Where possible, expenses relating to a contract are incurred in the same currency as that in which the contract is billed. This applies to most projects executed outside France, on which local-currency expenses (sub-contracting and supplies) represent a much higher proportion than euro-denominated expenses. Exposure to currency risk is therefore limited to contract margins, and to any design work carried out in France. The Bouygues group also pays particular attention to risks relating to assets denominated in non-convertible currencies, and to country risk generally.

2.9.1.2 INTEREST RATE RISK

The Group's financial expenses have low sensitivity to interest rate risk, since the bulk of debt is at fixed-rate either in the form of fixed-rate bond issues, or via a portfolio of hedging instruments that convert 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.

2.9.2 Principles applied to all hedging instruments

The only instruments used for hedging purposes are forward currency purchases and sales, currency swaps and purchases of currency options for currency risk hedging purposes; and interest rate swaps, future rate agreements, and purchases of caps and collars for interest rate risk hedging purposes.

These instruments:

- are used solely for hedging purposes;
- are contracted solely with high-quality French and foreign banks;
- carry no liquidity risk in the event of reversal.

Specific reports are prepared for those responsible for the management and supervision of the relevant Group companies describing the use of hedging instruments, the selection of counterparties with whom they are contracted, and more generally the management of exposure to currency risk and interest rate risk.

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2.9.3 Hedging rules

2.9.3.1 CURRENCY RISK

Group policy is to hedge systematically all residual currency exposure relating to commercial transactions. If the future cash flow is certain, the currency risk is hedged by buying or selling currency forward, or by means of currency swaps. For some large contracts, options may be taken out for hedging purposes before the contract award has been confirmed; if the hedged item ceases to exist (for example, if the service is not provided or the contract is cancelled), the hedge is closed out immediately.

In the interests of efficiency, the currency positions of some Group entities may be managed centrally, which in some cases may result in the offset of matching positions (currency derivatives are used solely for hedging purposes).

2.9.3.2 INTEREST RATE RISK

Group policy is for each sub-group to hedge some or all of its financial assets and liabilities, where these are foreseeable and recurring.

The aim is to control future interest expense by fixing the cost of debt using swaps and future rate agreements, or by limiting it through the use of caps, over a period equivalent to that of the financial liabilities to be hedged.

As with currency risk, the interest rate positions of some Group entities may, in the interests of efficiency, be managed centrally and partially offset.

2.9.4 Accounting methods

In general, the financial instruments used by the Group qualify for hedge accounting, which means that the hedging relationship is documented in accordance with the requirements of IAS 39. Two types of accounting treatment are used:

- Fair value hedges: changes in the fair value of the hedging instrument and changes in the fair value of the hedged item are recognised symmetrically in the income statement.
- Cash flow hedges: changes in the fair value of the hedging instrument are recognised in the income statement for the ineffective portion of the hedging relationship, and in shareholders' equity (until the hedge is closed out) for the effective portion.

2.10 CONSOLIDATED SHAREHOLDERS' EQUITY

Treasury shares are deducted from consolidated shareholders' equity. No expense or income arising on the cancellation of treasury shares is recognised in the income statement.

If a Group subsidiary holds its own shares, an additional percentage interest in that subsidiary is recognised at Group level.

2.10.1 Translation reserve

The translation reserve represents translation differences arising since 1 January 2004, when the reserve was deemed to be zero and the balance transferred to "Retained earnings".

2.10.2 Information about the management of capital

The objective of Bouygues management in managing capital is to maintain consolidated shareholders' equity at a level consistent with:

- maintaining a reasonable gearing ratio (net debt to shareholders' equity);
- distributing regular dividends to shareholders.

However, the level of equity may vary over short periods, especially if a strategically important investment opportunity arises.

The business plan is a key management tool, used by the parent company to assess the financial position of each business segment and of the Group as a whole, and the effects on consolidated shareholders' equity.

Within these overall principles, Group management allows the subsidiaries responsible for segments and their respective parent companies a degree of autonomy to manage their equity in line with their specific objectives and needs, given that equity capital requirements vary from business to business and segment to segment.

Bouygues defines net debt as all financial liabilities (including financial instrument liabilities associated with debt and short-term investments), less cash and cash equivalents and associated financial instruments.

2.11 NON-CURRENT LIABILITIES

2.11.1 Non-current debt

With the exception of derivative instruments accounted for as financial liabilities measured at fair value (including a counterparty risk component, which is immaterial), all other borrowings and financial liabilities are accounted for at amortised cost using the effective interest method.

Transaction costs directly attributable to the acquisition or issuance of a financial liability are offset against that liability, and amortised over the life of the liability using the effective interest method.

The portion of long-term debt due within less than one year is included in current liabilities.

2.11.2 Non-current provisions

Under IAS 37, "Provisions, Contingent Liabilities and Contingent Assets", a provision is recorded at the balance sheet date if the Group has an obligation to a third party resulting from a past event and it is probable that settlement of the obligation will result in a net outflow from the Group of resources embodying economic benefits.

The amount recognised as a provision represents the Group's best estimate of the net outflow of resources.

Non-current provisions are not usually associated with the normal operating cycle of each segment (see Note 2.12.2, "Current provisions").

Non-current provisions mainly comprise:

- Provisions established to cover the uninsured portion of risks under two-year and ten-year construction contract guarantees. These provisions are recognised in line with recognition of contract revenues, based on statistical data reflecting actual experience over the long term.
- Provisions related to tax exposures and to fines levied by the competition authorities.
- Provisions for litigation, claims and foreseeable risks relating to the Group's operations, especially foreign operations, including permanent withdrawal from projects and sundry risks and liabilities.
- Provisions for site rehabilitation and decommissioning costs (e.g. quarries).

Costs incurred as a result of a contractual obligation to remedy immediate environmental damage are covered by a provision.

- Provisions for employee benefits, which comprise:
  - Provisions for long-service awards.
  - Provisions for obligations to employees in respect of lump-sum benefits payable on retirement.

This provision is calculated using the projected unit credit method based on final salary, and on the basis of the collective agreement for each business segment. The calculation takes account of:

- status, age and length of service for each employee category;
- employee turnover, calculated on the basis of the average number of leavers by business segment, age bracket and employee category;
- average salary and wages including bonuses and benefits in kind, uplifted by a coefficient to reflect the applicable percentage of employer's social security charges;
- a final salary inflation rate;
- a discount rate applied to the obligation over the projected period to the retirement date;
- estimated mortality, based on mortality tables.

- provisions for pension obligations (depending on the country and terms of the pension plan).

  To cover their pension obligations, Group companies make regular payments to external bodies including public and private pension funds and insurance companies (defined-contribution plans). There are however some remaining defined-benefit plans still in existence, mainly in the Colas group (United Kingdom, Ireland and Canada); only a limited number of employees are involved, as it was decided some years ago to close these plans to new entrants. The fair value of the assets held to cover these plans as of the reporting date 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 balance sheet date.

The Bouygues group recognises in consolidated shareholders' equity the effect of changes in actuarial assumptions on the pension obligation.

2.12 CURRENT LIABILITIES

2.12.1 Advances and down-payments on orders

This item comprises advances and down-payments received from customers on construction contract starts.

2.12.2 Current provisions

- Provisions relating to the normal operating cycle of each segment. These mainly comprise:
  - provisions for construction contract risks, joint ventures, etc.;
  - provisions for restructuring.
- Provisions for losses to completion on construction contracts:

  These relate to construction contracts in progress, and take account of claims accepted by the customer. They are measured on a contract by contract basis, with no netting between them.

2.12.3 Trade payables and other current liabilities

Because of the short-term nature of these liabilities, the carrying amounts shown in the consolidated financial statements are a reasonable estimate of market value.

2.13 INCOME STATEMENT

As allowed under IAS 1, "Presentation of Financial Statements", the Bouygues group presents an income statement that classifies expenses by nature, in the format specified in Recommendation 2009-R-03 issued by the French national accounting standard-setter, the Conseil National de la Comptabilité (CNC), now the Autorité des Normes Comptables (ANC), on 2 July 2009. An income statement classifying expenses by function is shown in Note 16 to the financial statements.

2.13.1 Revenue recognition

The Group recognises revenue when:

- it is probable that the future economic benefits of the transaction will flow to the Group;
- the amount of revenue can be reliably measured;
- at the transaction date, it is probable that the amount of the sale will be recovered.

BOUYGUES TELECOM

Bouygues Telecom generates revenue from services, and from sales of handsets and accessories.

Services:

Plans and commercial services (mobile and fixed) are invoiced one month in advance, and the corresponding revenue is recognised on a straight-line basis over the service period.

Revenues from call charges other than plans, roaming fees and interconnection fees are recognised as the service is used.

Revenue generated by prepaid cards is recognised on sale of the card to the distributor or retailer but deferred until the card is activated, and then adjusted for unused minutes.

Services carried out on behalf of content providers in relation to SMS+ services and special numbers are not included in income and expenses for the period. Only the margin charged as consideration for the service is recognised in sales.

Sales of handsets and accessories:

Sales of handsets and SIM cards are recognised on sale to the distributor or retailer, but the margin on the sale is eliminated until the line is activated by the customer. Since August 2013, retail and business customers have been able to pay for their handsets in instalments.

Distributor/retailer commission:

All commission payable to distributors and retailers is recognised as an expense.

Consumer loyalty programme:

Customers on non-capped plans earn points as they are billed, which they can use to obtain a handset update provided that they renew their plan for a minimum of 12 months. With effect from 2011, customers on capped plans have been able to obtain a cut-price handset upgrade after 24 months provided that they renew their plan.

In accordance with IFRIC 13 (paragraphs AG1 to AG3), Bouygues Telecom has measured the fair value of the benefits awarded under its loyalty programmes, and has not deferred any revenues as a result.

2.13.2 Accounting for construction contracts

2.13.2.1 CONSTRUCTION ACTIVITIES

All activities related to construction contracts are accounted for using the percentage of completion method.

Under this method, the revenue recognised equals the latest estimate of the total selling price of the contract multiplied by the actual completion rate determined by reference to the physical state of progress of the works. The latest estimate of the total selling price takes account of claims that have been accepted by the client or are highly probable.

If it is regarded as probable that a contract will generate a loss on completion, a provision for expected losses on completion is recognised as a current provision in the balance sheet. The loss is provided for in full as soon as it is can be reliably measured, irrespective of the completion rate.

2.13.2.2 PROPERTY DEVELOPMENT ACTIVITIES

Revenues and profits are recognised using the percentage of completion method once the following conditions have been met:

- building permit with no appeal;
- signature of notarised deed of sale or development contract;
- construction contract signed (order given to start works).

The percentage of completion represents costs recognised to date as a proportion of the total estimated costs to completion of the project.

Accrued expenses are recognised for finishing costs on this type of project, based on the percentage of completion; residual expenses on delivered projects are also recognised in “Trade payables”.

Overheads, including sales force costs and all advertising costs, are expensed as incurred.

2.13.3 Profits/losses from joint operations

These profits and losses are included in “Other operating income and expenses”, and represent the Group’s share of profits or losses from non-consolidated companies (such as joint ventures) involved in the operation of production facilities for roadbuilding and asphalt products; they are included in current operating profit.

2.13.4 Share-based payment

In accordance with IFRS 2, stock subscription options granted to corporate officers or employees of the Group are accounted for in the financial statements as follows: the fair value of the options granted (corresponding to the fair value of the services rendered by the employees as consideration for the options) is recognised as an employee benefit under “Personnel costs” in the income statement, with the matching entry credited to shareholders’ equity.

The amount of the employee benefit is measured at the grant date of the option using the Black & Scholes model, and is charged to the income statement over the vesting period of the rights.

2.14 CASH FLOW STATEMENT

The consolidated cash flow statement is presented in accordance with IAS 7 and with CNC (now ANC) Recommendation 2009-R-03 of 2 July 2009, using the indirect method.

The net profit of consolidated entities is adjusted to eliminate the impact of transactions with no cash effect, and of income and expenses related to investing or financing activities.

Cash flow is defined as consolidated net profit before: net depreciation and amortisation expense, net changes in provisions and impairment losses, gains and losses on asset disposals, cost of net debt (included in financing activities in the cash flow statement), and net income tax expense for the period.

The cash flow statement explains changes in the Group’s net cash position, which is defined as the net total of the following balance sheet items:

- cash and cash equivalents;
- overdrafts and short-term bank borrowings.

2.15 OTHER FINANCIAL INDICATORS

2.15.1 EBITDA

Current operating profit excluding net depreciation and amortisation expense and changes in provisions, and impairment losses (after reversals of utilised and non-utilised provisions and of impairment losses).

2.15.2 Free cash flow

Cash flow (determined after cost of net debt and net income tax expense, but before changes in working capital), minus capital expenditure (net of disposals) for the period.

2.15.3 Net debt

This represents the aggregate of:

- cash and cash equivalents;
- overdrafts and short-term bank borrowings;
- non-current and current debt;
- financial instruments (used to hedge financial liabilities measured at fair value).

2.16 STATEMENT OF RECOGNISED INCOME AND EXPENSE

The Bouygues group presents a statement of recognised income and expense, disclosing a comparative net profit figure on the line "Total recognised income and expense" which includes income and expenses recognised directly in equity.

2.17 COMPARABILITY OF THE FINANCIAL STATEMENTS

Changes in the scope of consolidation during the year ended 31 December 2013 did not have a material effect on the consolidated financial statements as presented for that year, and do not impair comparisons with the consolidated financial statements for the year ended 31 December 2012.

Note 3 Non-current assets

For a breakdown of non-current assets by business segment see Note 16, "Segment Information".

3.1 ACQUISITIONS OF NON-CURRENT ASSETS DURING THE YEAR, NET OF DISPOSALS

(€ million)	2013	2012
Property, plant and equipment	1,226	1,433
Intangible assets	161	874
Capital expenditure	**1,387**	**2,307**
Acquisitions of non-current financial assets (investments in consolidated and non-consolidated companies and other long-term investments)	105	134
Acquisitions of non-current assets	**1,492**	**2,441**
Disposals of non-current assets	(128)	(395)
Acquisitions of non-current assets, net of disposals	**1,364**	**2,046**

The year-on-year reduction of €682 million reflects the acquisition of a 4G user licence for €683 million in 2012, and the disposal of the tower business and data centres for €207 million by Bouygues Telecom, also in 2012.

Capital expenditure (net of disposals) in 2013 mainly related to Bouygues Telecom (€752 million, versus €1,366 million in 2012) and Colas (€393 million, versus €404 million in 2012).

3.2 NON-CURRENT ASSETS: MOVEMENTS DURING THE PERIOD

3.2.1 Property, plant and equipment

(€ million)	Land and buildings	Industrial plant and equipment	Other property, plant and equipment	PP&E under construction and advance payments	Total
Gross value					
31 DECEMBER 2011	**2,059**	**11,011**	**2,735**	**451**	**16,256**
Movements during 2012					
Translation adjustments	(2)	(8)	(2)		(12)
Changes in scope of consolidation	20	(1)	48		67
Acquisitions during the period	70	863	302	198	1,433
Disposals, transfers & other movements	6	(488)	(276)	(296)	(1,054)
31 DECEMBER 2012	**2,153**	**11,377**	**2,807**	**353**	**16,690**
of which finance leases	14	109	51		174
Movements during 2013					
Translation adjustments	(32)	(118)	(31)	(2)	(183)
Changes in scope of consolidation	14	(3)	(20)	(1)	(10)
Acquisitions during the period	51	798	230	147	1,226
Disposals, transfers & other movements	14	(653)	(196)	(192)	(1,027)
31 DECEMBER 2013	**2,200**	**11,401**	**2,790**	**305**	**16,696**
of which finance leases	14	100	25		139
Depreciation, amortisation and impairment					
31 DECEMBER 2011	**(675)**	**(7,220)**	**(1,819)**		**(9,714)**
Movements during 2012					
Translation adjustments		6	1		7
Changes in scope of consolidation	(1)	8	(40)		(33)
Net expense for the period	(76)	(890)	(326)		(1,292)
Disposals, transfers & other movements	33	500	260		793
31 DECEMBER 2012	**(719)**	**(7,596)**	**(1,924)**		**(10,239)**
of which finance leases	(7)	(70)	(44)		(121)
Movements during 2013					
Translation adjustments	9	73	22		104
Changes in scope of consolidation		17	13		30
Net expense for the period	(82)	(827)	(308)		(1,217)
Disposals, transfers & other movements	30	696	219		945
31 DECEMBER 2013	**(762)**	**(7,637)**	**(1,978)**		**(10,377)**
of which finance leases	(8)	(58)	(20)		(86)
Carrying amount					
31 DECEMBER 2012	**1,434**	**3,781**	**883**	**353**	**6,451**
of which finance leases	7	39	7		53
31 DECEMBER 2013	**1,438**	**3,764**	**812**	**305**	**6,319**
of which finance leases	6	42	5		53

OPERATING COMMITMENTS NOT YET RECOGNISED INVOLVING FUTURE OUTFLOWS OF RESOURCES

Property, plant and equipment *(€ million)*	Falling due: **Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total 2013**	**Total 2012**
Colas: orders in progress for plant and equipment	35			35	13
Bouygues Telecom: orders in progress for network equipment assets	215			215	249
TOTAL	**250**			**250**	**262**

3.2.2 Intangible assets

(€ million)	**Development expenses** [a]	**Concessions, patents and similar rights**	**Other intangible assets**	**Total**
Gross value				
31 DECEMBER 2011	**216**	**1,388**	**1,599**	**3,203**
Movements during 2012				
Translation adjustments			(1)	(1)
Changes in scope of consolidation		(20)	12	(8)
Acquisitions during the period	22	51	801 [b]	874
Disposals, transfers & other movements		13	(25)	(12)
31 DECEMBER 2012	**238**	**1,432**	**2,386**	**4,056**
Movements during 2013				
Translation adjustments		(3)	(3)	(6)
Changes in scope of consolidation		(15)	(9)	(24)
Acquisitions during the period	18	64	79	161
Disposals, transfers & other movements	(82)	1,045 [c]	(1,020) [c]	(57)
31 DECEMBER 2013	**174**	**2,523**	**1,433**	**4,130**
Amortisation and impairment				
31 DECEMBER 2011	**(168)**	**(674)**	**(1,152)**	**(1,994)**
Movements during 2012				
Translation adjustments				
Changes in scope of consolidation		8	(9)	(1)
Net expense for the period	(26)	(103)	(53)	(182)
Disposals, transfers & other movements		4	3	7
31 DECEMBER 2012	**(194)**	**(765)**	**(1,211)**	**(2,170)**
Movements during 2013				
Translation adjustments		2	1	3
Changes in scope of consolidation		1	15	16
Net expense for the period	(21)	(125)	(57)	(203)
Disposals, transfers & other movements	82	8	12	102
31 DECEMBER 2013	**(133)**	**(879)**	**(1,240)**	**(2,252)**
Carrying amount				
31 DECEMBER 2012	**44**	**667**	**1,175**	**1,886**
31 DECEMBER 2013	**41**	**1,644** [d]	**193**	**1,878**

(a) Development expenses:
- *Software development expenses are usually capitalised (mainly relates to Bouygues Telecom).*
- *Development expenses of a permanent and recurring nature that do not meet the IAS 38 capitalisation criteria are expensed (mainly relates to Colas).*

(b) Includes 800 MHz bandwidth frequency licence: €683 million as of 31 December 2012.
(c) Includes €991 million for the 4G frequency user licence that came into service on 1 October 2013.
(d) Includes Bouygues Telecom's UMTS licence (carrying amount €320m) and 4G frequency user licence (€991 million).

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OPERATING COMMITMENTS NOT YET RECOGNISED INVOLVING FUTURE OUTFLOWS OF RESOURCES

	Falling due				
Intangible assets *(€ million)*	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total 2013**	**Total 2012**
TF1: audiovisual rights (securing programming schedules for future years)	19	1		20	20
TOTAL	**19**	**1**		**20**	**20**

3.2.3 Goodwill

(€ million)	Gross value	Impairment	Carrying amount
31 DECEMBER 2011	**5,645**	**(65)**	**5,580**
Movements during 2012			
Changes in scope of consolidation	75	2	77
Impairment losses charged during the period		(6)	(6)
Translation adjustments & other movements	(3)		(3)
31 DECEMBER 2012	**5,717**	**(69)**	**5,648**
Movements during 2013			
Changes in scope of consolidation	(321) [a]		(321)
Impairment losses charged during the period		(12)	(12)
Translation adjustments & other movements	(36)	1	(35)
31 DECEMBER 2013	**5,360**	**(80)**	**5,280**

(a) Includes (€407 million) for Eurosport International and €62 million for Furfari Paving Co Ltd.

For goodwill on associates, see Note 3.2.4.1.

3.2.3.1 SPLIT OF GOODWILL BY CASH GENERATING UNIT (CGU)

	31 December 2013		31 December 2012	
CGU *(€ million)*	**Total**	**% Bouygues or subsidiaries**	**Total**	**% Bouygues or subsidiaries**
Bouygues Construction [a]	413	99.97	421	99.97
Colas [b]	1,167	96.60	1,099	96.60
TF1 [b]	1,051 [c]	43.52	1,458	43.65
Bouygues Telecom [b]	2,648	90.53	2,669	90.53
Other activities	1		1	
TOTAL	**5,280**		**5,648**	

(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.
(c) The goodwill of €407 million allocated to Eurosport International was reclassified to "Held-for-sale assets and operations" as of 31 December 2013.

3.2.3.2 CONSOLIDATED CARRYING AMOUNT OF LISTED SHARES AS OF 31 DECEMBER 2013

(€)	Consolidated carrying amount per share	Closing quoted share price on 31 December 2013
TF1	14.33	14.01
Colas	99.61	123.00
Alstom	34.00	26.475

(a) €16.11 after adjustment to reflect a control premium.

For conclusions on impairment testing, see Note 2.7.4.3.

3.2.4 Non-current financial assets

As of 31 December 2013, these comprised:

- investments in associates (accounted for by the equity method): €3,386m;
- other non-current financial assets (loans, receivables, investments in non-consolidated companies, etc.): €570 million;
- deferred tax assets: €251 million.

(€ million)	Investments in associates	Investments in non-consolidated companies	Other non-current assets	Total gross value	Amortisation and impairment	Carrying amount	Non-current deferred tax assets [c]
31 DECEMBER 2011	**5,100**	**528**	**503**	**6,131**	**(276)**	**5,855**	**256**
Movements during 2012							
Changes in scope of consolidation	82	(212)	(35)	(165)	(3)	(168)	
Acquisitions and other increases	342	19	163	524		524	
Amortisation and impairment, net					(8)	(8)	
Disposals and other reductions	(130)	(34)	(151)	(315)		(315)	
Transfers and other allocations	(43)	28	40	25		25	16
31 DECEMBER 2012	**5,351**	**329**	**520**	**6,200**	**(287)**	**5,913**	**272**
AMORTISATION AND IMPAIRMENT	**(16)**	**(153)**	**(118)**	**(287)**			
CARRYING AMOUNT	**5,335**	**176**	**402**	**5,913**			**272**

(€ million)	Investments in associates [a]	Investments in non-consolidated companies	Other non-current assets	Total gross value	Amortisation and impairment	Carrying amount	Non-current deferred tax assets [c]
31 DECEMBER 2012	**5,351**	**329**	**520**	**6,200**	**(287)**	**5,913**	**272**
Movements during 2013							
Changes in scope of consolidation	13	(9)	(16)	(12)	(20)	(32)	(6)
Acquisitions and other increases	215	6	123	344		344	
Amortisation and impairment, net					(4)	(4)	
Disposals and other reductions	(221)	(14)	(101)	(336)	(1,404)	(1,740)	(4)
Transfers and other allocations	(552) [b]	2	12	(538)	13	(525)	(11)
31 DECEMBER 2013	**4,806**	**314**	**538**	**5,658**	**(1,702)**	**3,956**	**251**
AMORTISATION AND IMPAIRMENT	**(1,420)**	**(167)**	**(115)**	**(1,702)**			
CARRYING AMOUNT	**3,386**	**147**	**423**	**3,956**			**251**

(a) Includes goodwill on associates of €1,185 million as of 31 December 2013, after deducting the €1,404 million impairment loss booked against Alstom in 2013.
(b) Includes (€490 million) for Cofiroute, classified as a held-for-sale asset as of 31 December 2013.
(c) See Note 7.

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3.2.4.1 INVESTMENTS IN ASSOCIATES

(€ million)	Share of net assets held	Share of profit/(loss) for the period	Goodwill	Carrying amount
31 DECEMBER 2011	**2,139**	**198**	**2,748**	**5,085**
Movements during 2012				
Translation adjustments	13			13
Acquisitions and share issues	151		56	207
Profit/(loss) for the period		218		218
Impairment losses			(1)	(1)
Appropriation of prior-year profit, disposals, transfers and other movements	95	(198)	(84)	(187)
31 DECEMBER 2012	**2,398**	**218**	**2,719**	**5,335**
Movements during 2013				
Translation adjustments	(68)			(68)
Acquisitions and share issues	21		2	23
Profit/(loss) for the period		205 [c]		205
Impairment losses			(1,404) [d]	(1,404)
Appropriation of prior-year profit, disposals, transfers and other movements	(355) [b]	(218)	(132) [b]	(705)
31 DECEMBER 2013	**1,996**	**205**	**1,185**	**3,386** [a]

(a) Includes €3,079 million for Alstom (see below).
(b) Includes (€490 million) for Cofiroute, classified as a held-for-sale asset.
(c) Includes €153 million for the share of profits from Alstom.
(d) Alstom: an impairment loss of €1,404 million was recognised in the 2013 financial statements, see Note 2.7.4.3.

A list of associates in which the Bouygues group holds an interest is provided in Note 25, "List of principal consolidated companies at 31 December 2013".

Principal associates

(€ million)	31/12/2012	Net movement in 2013	31/12/2013	of which: share of profit/(loss) for period	of which: Alstom impairment loss
Alstom	4,480	(1,401)	3,079 [b]	153 [a]	(1,404) [a]
Construction					
Concession companies	66	(5)	61	(10)	
Other associates	9	(1)	8		
Roads					
Cofiroute	490	(490) [c]		50	
Other associates	98	25	123	13	
Media	161	(79)	82		
Other associates	31	2	33	(1)	
TOTAL	**5,335**	**(1,949)**	**3,386**	**205**	**(1,404)**

(a) Contribution of Alstom group: share of profits €168 million, amortisation charged against fair value remeasurements in 2013 (€15 million), impairment of net assets (€1,404 million).
(b) Includes goodwill of €1,106 million.
(c) Includes (€490 million) reclassified to held-for-sale assets.

Summary information about the assets, liabilities, income and expenses of the Bouygues group's two principal associates is provided below:

Amounts shown are for 100% of the associate (as published by the associate) *(€ million)*	**31 December 2013**	
	Alstom [(a)]	**Cofiroute**
Non-current assets	13,265	5,648
Current assets	17,160	710
TOTAL ASSETS	**30,425**	**6,358**
Shareholders' equity	5,006	2,149
Non-current liabilities	6,816	3,583
Current liabilities	18,603	626
TOTAL LIABILITIES AND EQUITY	**30,425**	**6,358**
Sales	**9,730**	**1,241**
Current operating profit	**695**	**626**
Net profit	**381**	**302**
Net profit attributable to the Group	**375**	**302**

Amounts shown are for 100% of the associate *(€ million)*	**31 December 2012**	
	Alstom [(b)]	**Cofiroute**
Non-current assets	13,480	5,802
Current assets	18,146	746
TOTAL ASSETS	**31,626**	**6,548**
Shareholders' equity	5,089	2,150
Non-current liabilities	7,265	3,645
Current liabilities	19,272	753
TOTAL LIABILITIES AND EQUITY	**31,626**	**6,548**
Sales	**20,269**	**1,337**
Current operating profit	**1,463**	**604**
Net profit	**784**	**294**
Net profit attributable to the Group	**768**	**294**

(a) Interim financial statements published by Alstom for the six months ended 30 September 2013 (Alstom's financial year-end is 31 March 2014).
(b) Published financial statements for the year ended 31 March 2013.

3.2.4.2 INVESTMENTS IN NON-CONSOLIDATED COMPANIES AND OTHER NON-CURRENT FINANCIAL ASSETS

- Principal investments in non-consolidated companies as of 31 December 2013:

	31/12/2013								31/12/2012
Investment (€ million)	Gross value	Impair-ment	Carrying amount	% interest	Total assets	Total current & non-current liabilities	Total sales	Net profit/ (loss)	Carrying amount
French companies									
Property									
Société Maintenance Technologie									4
Colas									
Asphalt & binder companies [a]	14	(2)	12						10
TF1									
Sylver	4		4	49.0%					4
Sofica Valor 7	7		7	40.1%					3
Serendipity									
Wonderbox	6		6	11.1%					6
SUB-TOTAL	**31**	**(2)**	**29**						**27**
Foreign companies									
Construction									
IEC Investments (Hong Kong)	51		51	15.0%	119	19	31	(15)	53
VSL Corporation (United States)	22	(22)		100.0%					
TF1									
Wikio	4		4	9.1%					4
A1-international (Netherlands)	13	(13)		50.0%					
Colas									
Carrières de Dumbéa [b]									17
Asphalt & binder companies [a]	2		2						1
SUB-TOTAL	**92**	**(35)**	**57**						**75**
Other investments	191	(130)	61						74
TOTAL	**314**	**(167)**	**147**						**176**

(a) The information provided for "Asphalt & binder companies" and "Other investments" relates to a large number of companies, for which individual information is not disclosed on grounds of immateriality.
(b) The change relative to 31 December 2012 is mainly due to the first-time consolidation of Carrières de Dumbéa in 2013; this entity was classified in "Investments in non-consolidated companies" as of 31 December 2012, because it was acquired at the end of the financial year.

Other non-current financial assets:	**423**	
Advances to non-consolidated companies	59	
Loans receivable	218	
Other long-term investments:	**146**	
- Deposits and caution money paid (net)		130
- Mutual funds		10
- Other investments with carrying amounts of less than €2 million individually		6

ANALYSIS OF INVESTMENTS IN NON-CONSOLIDATED COMPANIES AND OTHER NON-CURRENT FINANCIAL ASSETS (EXCLUDING ASSOCIATES) BY CATEGORY

(€ million)	Available-for-sale financial assets [a]	Loans and receivables [b]	Total
31 DECEMBER 2012	**208**	**370**	**578**
Movements during 2013	(38)	30	(8)
31 DECEMBER 2013	**170**	**400** [c]	**570**
Due within less than 1 year	10	37	47
Due within 1 to 5 years		83	83
Due after more than 5 years	160	280	440

(a) Impact of fair value remeasurements recognised in equity (except in the event of a significant and prolonged decline in value, in which case an impairment loss is recognised in profit or loss). Mainly comprises investments in non-consolidated companies (€147 million at 31 December 2013), the vast majority of which are measured at value in use (level 3 in the fair value hierarchy).
(b) Measured at amortised cost.
(c) Includes financial receivables relating to Public-Private Partnership (PPP) activities.

Investments accounted for by the proportionate consolidation method (joint ventures and joint operations)

The Bouygues group holds a number of investments accounted for by the proportionate consolidation method, which are listed in Note 25, "List of principal consolidated companies at 31 December 2013".

Aggregate amounts of assets/liabilities and key income statement indicators are shown below:

Bouygues share (€ million)	31 December 2013	31 December 2012
Non-current assets	237	228
Current assets	1,040	1,122
TOTAL ASSETS	**1,277**	**1,350**
Shareholders' equity	(44)	(137)
Non-current liabilities	133	138
Current liabilities	1,188	1,349
TOTAL LIABILITIES AND EQUITY	**1,277**	**1,350**
SALES	**1,834**	**1,480**
OPERATING PROFIT	**76**	**59**
NET PROFIT	**62**	**28**

Note 4 Current assets

4.1 INVENTORIES

(€ million)	31 December 2013 Gross value	Impairment [a]	Carrying amount	31 December 2012 Gross value	Impairment [a]	Carrying amount
Property development inventories	1,545	(124)	1,421 [b]	1,508	(128)	1,380
Raw materials and finished goods	1,001	(44)	957	995	(41)	954
Programmes & broadcasting rights (TF1)	796	(130)	666	746	(131)	615
TOTAL	**3,342**	**(298)**	**3,044**	**3,249**	**(300)**	**2,949**
(a) Includes: impairment losses charged in the period		*(125)*			*(110)*	
impairment losses reversed in the period		*131*			*107*	

(b) Includes Bouygues Immobilier: properties under construction €1,215 million, completed properties €37 million.

Operating commitments not yet recognised involving future outflows of resources

(€ million)	Falling due: Less than 1 year	1 to 5 years	More than 5 years	Total 2013	Total 2012
TF1					
Programmes and broadcasting rights [a]	603	613	69	1,285	1,268
Sports transmission rights [a] [b]	242	395	65	702	538
FUTURE PROGRAMMING SCHEDULES	**845**	**1,008**	**134**	**1,987**	**1,806**
Comparative at 31 December 2012	778	990	38	1,806	

(a) 2013: Some of the contracts are denominated in foreign currencies: €8 million in Swiss francs, €6 million in pounds sterling, and €283 million in US dollars.
(b) 2013: Includes €408 million for held-for-sale operations (of which €92 million was due within less than 1 year and €65 million after more than 5 years).
2012: Includes €322 million relating to activities that were classified as held-for-sale operations at 31 December 2013 (of which €96 million was due within less than 1 year).

(€ million)	Less than 1 year	1 to 5 years	More than 5 years	Total 2013	Total 2012
Bouygues Immobilier					
RECIPROCAL OFF BALANCE SHEET COMMITMENTS RELATING TO ACQUISITION OF LAND BANKS	**216**			**216**	**230**
Comparative at 31 December 2012	230			230	
Bouygues Telecom					
AGREEMENTS TO SECURE HANDSET SUPPLIES	**227**			**227**	**298**
Comparative at 31 December 2012	298			298	

As of 31 December 2013, programmes and broadcasting rights were held mainly by TF1 SA (€352 million, versus €468 million in 2012) and GIE AD (€819 million, versus €728 million in 2012).

Sports transmission rights were held mainly by TF1 SA and TF1 DS (€275 million in 2013, versus €187 million in 2012).

4.2 ADVANCES AND DOWN-PAYMENTS ON ORDERS

(€ million)	31 December 2013 Gross value	Impairment	Carrying amount	31 December 2012 Gross value	Impairment	Carrying amount
Advances and down-payments on orders	500	(26)	474	489	(9)	480

4.3 TRADE RECEIVABLES, TAX ASSETS AND OTHER CURRENT RECEIVABLES

	31 December 2013			31 December 2012		
(€ million)	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Trade receivables (including unbilled receivables)	6,839	(634)	6,205	6,979	(615)	6,364
Current tax assets (tax receivable)	199	(2)	197	186	(2)	184
Other receivables and prepaid expenses						
■ Other operating receivables (employees, social security, government and other)	1,235	(93)	1,142	1,311	(83)	1,228
■ Sundry receivables	718	(85)	633	747	(91)	656
■ Prepaid expenses	175		175	202		202
TOTAL OTHER CURRENT RECEIVABLES	**2,128**	**(178)**	**1,950**	**2,260**	**(174)**	**2,086**
TOTAL	**9,166**	**(814)**	**8,352**	**9,425**	**(791)**	**8,634**

SPLIT OF CARRYING AMOUNT OF TRADE RECEIVABLES BETWEEN NON PAST DUE AND PAST DUE BALANCES AS OF 31 DECEMBER 2013 AND 31 DECEMBER 2012

		Past due by			
(€ million)	Non past due	0-6 months	6-12 months	> 12 months	Total
Trade receivables	4,608	1,280	292	659	6,839
Impairment of trade receivables	(23)	(62)	(85)	(464)	(634)
CARRYING AMOUNT OF TRADE RECEIVABLES: 31 DECEMBER 2013	**4,585**	**1,218**	**207**	**195** [(a)]	**6,205**
CARRYING AMOUNT OF TRADE RECEIVABLES: 31 DECEMBER 2012	**4,758**	**1,223**	**199**	**184**	**6,364**

(a) Includes €66 million for Colas and €82 million for Bouygues Construction.

An analysis of trade receivables more than 12 months past due and not covered by impairment allowances revealed no additional credit risk (recoverable VAT, offset with trade creditors, etc.).

4.4 CASH AND CASH EQUIVALENTS

	31 December 2013			31 December 2012		
Cash and cash equivalents (€ million)	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Cash	1,433		1,433 [(a)]	1,532		1,532
Cash equivalents	2,139	(2)	2,137 [(b)]	2,958	(3)	2,955
TOTAL	**3,572**	**(2)**	**3,570**	**4,490**	**(3)**	**4,487**

(a) Includes €200 million of term deposits with maturities of less than 3 months recorded in the books of Bouygues SA.
(b) €1,991 million of these cash equivalents are held by Bouygues SA.
Surplus cash is invested with high-quality French and foreign banks.
Cash equivalents are readily convertible into cash.
Cash equivalents are measured at fair value.

All investments of cash and equivalents were available as of 31 December 2013.

The net cash position shown in the cash flow statement breaks down by currency as follows:

Split of net cash position by currency (€ million)	Euro	Pound sterling	Swiss franc	Other European currencies	US dollar	Other currencies	Total 31/12/2013	Total 31/12/2012
Cash	634	183	24	76	98	418	1,433	1,532
Cash equivalents	2,133		1			3	2,137	2,955
Overdrafts and short-term bank borrowings	(191)	(5)	(2)	(12)		(153)	(363)	(189)
TOTAL: 31 DECEMBER 2013	**2,576**	**178**	**23**	**64**	**98**	**268**	**3,207**	**4,298**
TOTAL: 31 DECEMBER 2012	**3,610**	**133**	**29**	**51**	**61**	**414**	**4,298**	

4.5 ANALYSIS OF DEPRECIATION, AMORTISATION, IMPAIRMENT AND PROVISIONS IN THE BALANCE SHEET AND INCOME STATEMENT

			Charges and reversals (operating)					
(€ million)	31/12/2012	Translation adjustments	Depreciation, amortisation	Impairment losses, provisions	Reversals (unutilised)	Other impairment losses & provisions	Other movements [a]	31/12/2013
Depreciation, amortisation & impairment of property, plant and equipment and intangible assets	(12,409)	107	(1,413)		1	(8)	1,093	(12,629)
Impairment of goodwill	(69)			(12)			1	(80)
Impairment of investments in non-consolidated companies	(153)	1				(5)	(10)	(167)
Impairment of other non-current financial assets	(134)	1				(1,419) [b]	17	(1,535)
Impairment of inventories	(300)			(13)	19		(4)	(298)
Impairment of trade receivables	(615)	5		(119)	85		10	(634)
Impairment of cash equivalents	(3)						1	(2)
Impairment of other current assets	(185)			(31)	15		(3)	(204)
TOTAL DEDUCTED FROM ASSETS	**(13,868)**	**114**	**(1,413)**	**(175)**	**120**	**(1,432)**	**1,105**	**(15,549)**
Current and non-current provisions	(2,976)	38		(337)	314	(10)	2	(2,969)
TOTAL RECOGNISED AS LIABILITIES	**(2,976)**	**38**		**(337)**	**314**	**(10)**	**2**	**(2,969)**

(a) Reversals on disposals, and changes in scope of consolidation.
(b) Includes the impairment loss of €1,404 million charged against the net assets of Alstom.

4.6 OTHER CURRENT FINANCIAL ASSETS

(€ million)	31 December 2013	31 December 2012
Financial instruments used to hedge debt	13	24
Other financial assets (financial receivables due within less than 1 year, financial instruments relating to working capital items, etc.)	16	10
TOTAL	**29**	**34**

Note 5 Consolidated shareholders' equity

5.1 SHARE CAPITAL OF BOUYGUES SA (€)

As of 31 December 2013, the share capital of Bouygues SA consisted of 319,264,996 shares with a €1 par value. Movements during 2013 were as follows:

		Movements during 2013		
	31 December 2012	Reductions	Increases	31/12/2013
Shares	324,232,374	(5,074,906)	107,528	319,264,996
NUMBER OF SHARES	**324,232,374**	**(5,074,906)**	**107,528**	**319,264,996**
Par value	€1			€1
SHARE CAPITAL (€)	**324,232,374**	**(5,074,906)**	**107,528**	**319,264,996**

5.2 SHAREHOLDERS' EQUITY AT 31 DECEMBER 2013 ATTRIBUTABLE TO THE GROUP AND TO NON-CONTROLLING INTERESTS

(€ million)	Share capital	Share premium	Reserves related to capital	Retained earnings	Consolidated reserves and profit/(loss) for period	Treasury shares	Items recognised directly in equity	Total 2013
Attributable to the Group	319	888	3,054		3,132		(239)	7,154
Attributable to non-controlling interests			3		1,526		1	1,530
TOTAL SHAREHOLDERS' EQUITY	**319**	**888**	**3,057**		**4,658**		**(238)** [a]	**8,684**

(a) Cumulative balance of items recognised directly in equity as of 31 December 2013.

5.3 ANALYSIS OF INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY

(€ million)	Ref.	2013 Attributable to the Group	2012 Attributable to the Group
Translation reserve	5.3.1	(11)	12
Fair value remeasurement reserve (financial instruments)	5.3.2	20	5
Actuarial gains/(losses)	5.3.3	(12)	(78)
Tax on items recognised directly in equity			32
Share of remeasurements of associates		(38)	(57)
SUB-TOTAL		**(41)**	**(86)**
		Non-controlling interests	Non-controlling interests
Other expenses and income attributable to non-controlling interests		(7)	(3)
TOTAL		(48)	(89)

5.3.1 Translation reserve

Principal translation adjustments in the year ended 31 December 2013 arising on the consolidated financial statements of foreign subsidiaries and associates reporting in the following currencies:

	31 December 2012	Movements during 2013	31 December 2013
US dollar	(10)	(15)	(25)
Canadian dollar	32	(32)	
Australian dollar	9	(10)	(1)
Pound sterling	(4)	(2)	(6)
Thai baht	6	(5)	1
South African rand	2	62	64
Swiss franc	8	(1)	7
Czech koruna	8	(5)	3
Croatian kuna	4	(1)	3
Polish zloty	4		4
Other currencies	35	(69)	(34)
TOTAL	**94**	**(78)** [b]	**16** [a]

(a) Includes cumulative translation adjustments on associates: (€37 million) relating to Alstom.
(b) Split: subsidiaries (€11 million), associates (€67 million).

5.3.2 Fair value remeasurement reserve (attributable to the Group)

This reserve contains amounts recognised directly in equity on the remeasurement at fair value of financial instruments used for hedging purposes and of available-for-sale financial assets

(€ million)	31 December 2012	Movements during 2013	31 December 2013
Gross movement (fully consolidated entities)	(11)	20	9

It mainly relates to cash flow hedges, currency hedges, and fair value remeasurement of available-for-sale financial assets.

5.3.3 Actuarial gains and losses on employee benefits (IAS 19) (attributable to the Group)

(€ million)	31 December 2012	Movements during 2013	31 December 2013
Gross movement (fully consolidated entities)	(51)	(12) [a]	(63)

(a) Impact of the Iboxx A10+ rate (3.24% at 31 December 2013, versus 3.30% at 31 December 2012) and pension funds of subsidiaries in English-speaking countries.

5.4 ANALYSIS OF "OTHER TRANSACTIONS WITH SHAREHOLDERS" ATTRIBUTABLE TO THE GROUP

The impact on consolidated shareholders' equity of share-based payment (IFRS 2) is as follows:

(€ million)	2013	2012	(charged to profit or loss)
TF1 and Bouygues SA stock options			
Transfer to reserves:			
■ TF1	1	1	
■ Bouygues SA	5	10	2013 expense calculated on basis of plans awarded since April 2009
CONSOLIDATED EXPENSE	**6**	**11**	
Employee share ownership plan			
■ Bouygues Confiance 6 plan		4	Cost of employee benefit
TOTAL	**6**	**15**	

5.5 ANALYSIS OF "ACQUISITIONS/DISPOSALS WITHOUT LOSS OF CONTROL" AND "OTHER MOVEMENTS"

The net movement of -€20 million, split between the portion attributable to the Group (-€27 million) and the portion attributable to non-controlling interests (+€7 million), mainly relates to the Group's share of various transactions recognised in equity by Alstom (-€25 million).

Note 6 Non-current and current provisions

6.1 NON-CURRENT PROVISIONS

(€ million)	Long-term employee benefits (a)	Litigation and claims (b)	Guarantees given (c)	Other non-current provisions (d)	Total
31 DECEMBER 2011	**480**	**360**	**382**	**643**	**1,865**
Movements during 2012					
Translation adjustments	1	1		1	3
Changes in scope of consolidation	20	(3)	2	5	24
Charges to provisions	59	86	110	255	510
Reversals of provisions (utilised or unutilised)	(22)	(107)	(101)	(128)	(358) (e)
Actuarial gains and losses	83				83
Transfers and other movements	7		(5)	44	46
31 DECEMBER 2012	**628**	**337**	**388**	**820**	**2,173**
Movements during 2013					
Translation adjustments	(3)		(1)	(7)	(11)
Changes in scope of consolidation		2	(3)	(2)	(3)
Charges to provisions	40	101	111	181	433
Reversals of provisions (utilised or unutilised)	(27)	(116)	(109)	(172)	(424) (f)
Actuarial gains and losses	14				14
Transfers and other movements	(2)	7	(7)	(4)	(6)
31 DECEMBER 2013	**650**	**331**	**379**	**816**	**2,176**

Provisions are measured on the basis of management's best estimate of the risk.

(a) Long-term employee benefits (see Note 19.1)	***650***	***Principal segments involved:***	
Lump-sum retirement benefits	*442*	*Bouygues Construction*	*181*
Long service awards	*139*	*Colas*	*358*
Other long-term employee benefits	*69*	*TF1*	*29*
		Bouygues Telecom	*49*
(b) Litigation and claims	***331***	*Bouygues Construction*	*173*
Provisions for customer disputes	*158*	*Bouygues Immobilier*	*47*
Subcontractor claims	*29*	*Colas*	*91*
Employee-related & other litigation and claims	*144*		
(c) Guarantees given	***379***	*Bouygues Construction*	*296*
Provisions for guarantees given	*292*	*Bouygues Immobilier*	*33*
Provisions for additional building/civil engineering/civil works guarantees	*87*	*Colas*	*50*
(d) Other non-current provisions	***816***	*Bouygues Construction*	*238*
Provisions for risks related to official inspections	*229*	*Colas*	*300*
Provisions for miscellaneous foreign risks	*76*	*Bouygues Telecom*	*191*
Provisions for subsidiaries and affiliates	*63*		
Dismantling and site rehabilitation	*241*		
Other non-current provisions	*207*		
(e) Including reversals of unutilised provisions during 2012	***(183)***		
(f) Including reversals of unutilised provisions during 2013	***(180)***		

6.2 CURRENT PROVISIONS

Provisions related to the operating cycle (see Note 2):

(€ million)	Provisions for customer warranties	Provisions for project risks and project completion [(e)]	Provisions for expected losses to completion [(b)]	Other current provisions [(a)]	Total
31 DECEMBER 2011	**56**	**289**	**205**	**281**	**831**
Movements during 2012					
Translation adjustments		1	(2)	(3)	(4)
Changes in scope of consolidation	(1)	1	1	(1)	
Charges to provisions	28	161	80	110	379
Reversals of provisions (utilised or unutilised)	(31)	(153)	(106)	(118)	(408) [(c)]
Transfers and other movements	4	(7)	(2)	10	5
31 DECEMBER 2012	**56**	**292**	**176**	**279**	**803**
Movements during 2013					
Translation adjustments	(1)	(5)	(11)	(10)	(27)
Changes in scope of consolidation	3			(5)	(2)
Charges to provisions	26	175	102	95	398
Reversals of provisions (utilised or unutilised)	(29)	(140)	(92)	(113)	(374) [(d)]
Transfers and other movements		8	(1)	(12)	(5)
31 DECEMBER 2013	**55**	**330**	**174**	**234**	**793**

(a) Other provisions comprise:

Reinsurance costs	*5*
Customer disputes (current portion) and TF1 vendor's liability guarantees	*30*
Customer loyalty programmes (Bouygues Telecom)	*10*
Site rehabilitation (current portion)	*7*
Miscellaneous current provisions	*182*

Principal segments involved:

Bouygues Construction	*76*
Bouygues Immobilier	*30*
Colas	*59*
TF1	*30*

(b) Provisions relating to construction activities (mainly Bouygues Construction and Colas). (Individual project provisions are not disclosed for confidentiality reasons).

(c) Includes reversals of unutilised provisions during 2012: (163)

(d) Includes reversals of unutilised provisions during 2013: (138)

(e) Mainly Bouygues Construction and Colas.

Note 7 Non-current deferred tax assets and liabilities

7.1 NON-CURRENT DEFERRED TAX ASSETS

(€ million)	31 December 2012	Movements during 2013	31 December 2013
Deferred tax assets			
Bouygues Construction	94	(9)	85
Bouygues Immobilier	21	4	25
Colas	149	1	150
TF1	11	(11)	
Bouygues Telecom			
Bouygues SA & other	(3)	(6)	(9)
TOTAL	**272**	**(21)**	**251**

Deferred tax assets manly derive from:
- temporary differences (provisions temporarily non-deductible for tax purposes, etc.);
- tax losses with a genuine probability of recovery.

7.2 NON-CURRENT TAX LIABILITIES

(€ million)	31 December 2012	Movements during 2013	31 December 2013
Deferred tax liabilities	170	1	171 [(a)]
TOTAL	**170**	**1**	**171**

(a) Includes €91 million for Colas and €61 million for Bouygues Telecom.

7.3 NET DEFERRED TAX ASSET/LIABILITY BY BUSINESS SEGMENT

Deferred taxation by segment/type *(€ million)*	**Net deferred tax asset/(liability) at 31/12/2012**	**Changes in scope of consolidation**	**Translation adjustments**	**Movements during 2013**		**Other items** [(a)]	**Net deferred tax asset/(liability) at 31/12/2013**
				Gain	**Expense**		
A – Tax losses							
Bouygues Construction	4				(1)		3
Bouygues Immobilier							
Colas	3			5			8
TF1	4				(3)		1
SUB-TOTAL	**11**			**5**	**(4)**		**12**
B – Temporary differences							
Bouygues Construction	84				(6)		78
Bouygues Immobilier	19			4			23
Colas	48	(1)	(2)	7		(2)	50
TF1	(3)	1			(6)	(2)	(10)
Bouygues Telecom	(51)				(10)		(61)
Bouygues SA & other	(6)				(6)		(12)
SUB-TOTAL	**91**		**(2)**	**11**	**(28)**	**(4)**	**68**
TOTAL	**102**		**(2)**	**16**	**(32)**	**(4)**	**80** [(b)]

(a) Mainly deferred taxation on fair value remeasurements of financial instruments and on actuarial gains/losses on employee benefits.

(b) Breakdown of net deferred tax asset:

- deferred tax assets:	*251*
- deferred tax liabilities:	*(171)*
	80

• Principal sources of deferred taxation (€m):	***31/12/2013***	***31/12/2012***
- deferred tax assets on employee benefits (mainly lump-sum retirement benefits)	*173*	*170*
- deferred tax assets on provisions temporarily non-deductible for tax purposes	*95*	*99*
- restricted provisions booked solely for tax purposes	*(92)*	*(93)*
- other	*(96)*	*(74)*
	80	*102*

7.4 PERIOD TO RECOVERY OF DEFERRED TAX ASSETS

31 December 2013 *(€ million)*	**Less than 2 years**	**2 to 5 years**	**More than 5 years**	**Total**
Estimated period to recovery of deferred tax assets	135	70	46 [(a)]	251

(a) Mainly Colas (primarily deferred tax assets on employee benefits and tax losses).

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7.5 UNRECOGNISED DEFERRED TAX ASSETS

Some deferred tax assets were not recognised as of 31 December 2013 due to the low probability of recovery (mainly tax losses, which in the case of France are relevant only to companies not included in the Bouygues SA group tax election).

(€ million)	31 December 2012	Movements during 2013	31 December 2013
Bouygues Construction	125	(22)	103
Bouygues Immobilier	49	(8)	41
Colas	63	11	74
TF1	23	(3)	20
TOTAL	**260**	**(22)**	**238**

Note 8 Non-current and current debt

8.1 INTEREST-BEARING DEBT BY MATURITY

	Current debt (maturing 2014)				Non-current debt							
(€ million)	Accrued interest	1 to 3 months	4 to 12 months	Total maturing 2014	1 to 2 years 2015	2 to 3 years 2016	3 to 4 years 2017	4 to 5 years 2018	5 to 6 years 2019	6 or more years 2020 and later	Total 31/12/2013	Total 31/12/2012
Bond issues	170		757[(a)]	927	1,000	600		499	963	3,070	6,132	6,880
Bank borrowings		13	43	56	49	32	232	19	8	67	407	535
Finance lease obligations		3	9	12	11	5	4	3	2		25	26
Other borrowings		4	10	14	12	15	4	4	4	9	48	61
TOTAL DEBT	**170**	**20**	**819**	**1,009**	**1,072**	**652**	**240**	**525**	**977**	**3,146**	**6,612**	**7,502**
Comparative at 31/12/2012	162	14	775	951	850	1,057	887	61	516	4,131		7,502

(a) Bond issue redeemable in October 2014.

The table below lists all outstanding Bouygues bond issues (the quoted price in each case is presented as a percentage of the nominal, on a full price basis (i.e. including accrued interest):

ISIN	Issue date	Maturity	Nominal value on maturity	Interest rate	Last known quoted price, as % of nominal on full price basis *
FR0010126904	29/10/2004	29/10/2014	758	4.375%	103.0050
FR0010633974	03/07/2008	03/07/2015	1,000	6.125%	107.8305
FR0010326975	24/05/2006	24/05/2016	600	4.750%	108.7940
FR0010853226	12/02/2010	12/02/2018	500	4.000%	109.3250
FR0010957662	29/10/2010	29/10/2019	1,000	3.641%	107.7885
FR0010212852	22/07/2005	22/07/2020	1,000	4.250%	112.2850
FR0011193515	09/02/2012	09/02/2022	800	4.500%	112.4135
FR0011332196	02/10/2012	01/01/2023	700	3.625%	105.3590
FR0010379255	06/10/2006	06/10/2026	595	5.500%	106.8565
		TOTAL	**6,953**		

(*) Source: Reuters

Finance lease obligations (included in debt) by business segment *(€ million)*	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	Total
Non-current: 31/12/2013	**4**		**20**	**1**			**25**
Current: 31/12/2013			**9**	**3**			**12**
Non-current: 31/12/2012			20	6			26
Current: 31/12/2012	1		11	4			16

8.2 CONFIRMED CREDIT FACILITIES AND DRAWDOWNS

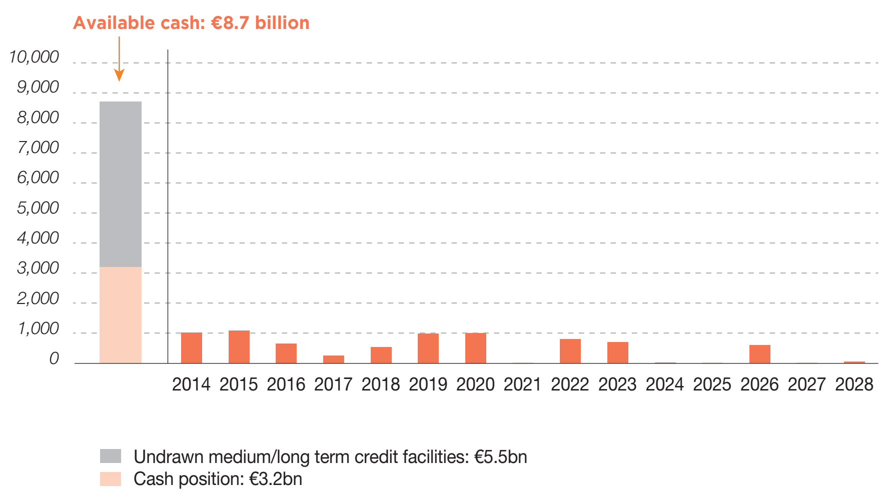
	Confirmed facilities – Maturity				Drawdowns – Maturity			
Description *(€ million)*	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Bond issues (mainly Bouygues SA)	927	3,062	3,070	7,059	927	3,062	3,070	7,059
Bank borrowings [(a)]	375	5,492	112	5,979	56	340	67	463
Finance lease obligations	12	25		37	12	25		37
Other borrowings	14	39	9	62	14	39	9	62
TOTAL CREDIT FACILITIES	**1,328**	**8,618**	**3,191**	**13,137**	**1,009**	**3,466**	**3,146**	**7,621**

(a) Confirmed undrawn credit facilities: €5,516 million.

8.3 LIQUIDITY AT 31 DECEMBER 2013

As at 31 December 2013, available cash stood at €3,194 million (including -€13 million for financial instruments contracted to hedge net debt). The Group also had €5,516 million of undrawn confirmed credit facilities as at the same date.

Debt maturity schedule as of December 2013



The bond issues maturing 2015, 2016, 2018, 2019, 2022, 2023 and 2026 contain a change of control clause relating to Bouygues SA.

The credit facilities contracted by Bouygues SA and its subsidiaries contain no financial covenants or trigger event clauses.

8.4 SPLIT OF CURRENT AND NON-CURRENT DEBT BY INTEREST RATE TYPE

Split of current and non-current debt, including the effect of all open interest rate hedges at the balance sheet date:

(as a percentage)	31 December 2013	31 December 2012
Fixed rate [a]	94	94
Floating rate	6	6

(a) Rates fixed for more than one year.

8.5 INTEREST RATE RISK

The split of financial assets and financial liabilities by type of interest as of 31 December 2013 is shown below:

(€ million)	Floating rate	Fixed rate	Total
Financial liabilities (debt)	(732)	(6,889)	(7,621)
Financial assets (net cash) [a]	3,194		3,194
Net pre-hedging position	**2,462**	**(6,889)**	**(4,427)**
Interest rate hedges	310	(310)	
Net post-hedging position	**2,772**	**(7,199)**	**(4,427)**
Adjustment for seasonal nature of some activities [b]	(878)		
Net post-hedging position after adjustment	**1,894**		

(a) Includes -€13 million for the fair value of financial instruments contracted to hedge net debt.
(b) Colas: operations, and cash flows from operations, are subject to marked seasonal fluctuations. This adjustment gives an approximation of the average cash position over the full year, which is used as the basis for analysing the sensitivity of interest expense to changes in interest rates. It corresponds to the difference between the average cash position over the full year, and the net cash position in the balance sheet at 31 December.

The effect of an immediate 1% rise in short-term interest rates on the net post-hedging position after adjustment (as presented above) would be to reduce the cost of net debt by €19 million over a full year.

8.6 SPLIT OF NON-CURRENT AND CURRENT DEBT BY CURRENCY

	Europe						
(€ million)	Euro	Pound sterling	Other currencies	US dollar	Hong Kong dollar	Other currencies	Total
Non-current: 31/12/2013	**5,837**	**659**	**8**	**58**	**19**	**31**	**6,612**
Current: 31/12/2013	**964**	**9**	**1**	**25**	**1**	**9**	**1,009**
Non-current: 31/12/2012	6,712	666	7	51	24	42	7,502
Current: 31/12/2012	902	12	14	8	1	14	951

An analysis of debt by business segment is provided in Note 16.

Details of collateral and pledges given by the Bouygues group are provided in Note 18.1 (analysis by business segment).

Note 9 Main components of change in net debt

9.1 CHANGE IN NET DEBT

(€ million)	31 December 2012	Movements during 2013	31 December 2013
Cash and cash equivalents	4,487	(917)	3,570
Overdrafts and short-term bank borrowings	(189)	(174)	(363)
NET CASH POSITION	**4,298**	**(1,091)**	**3,207** [a]
Non-current debt	(7,502)	890	(6,612)
Current debt	(951)	(58)	(1,009)
Financial instruments, net	(17)	4	(13)
TOTAL DEBT	**(8,470)**	**836**	**(7,634)**
NET DEBT	**(4,172)**	**(255)**	**(4,427)**

(a) Net cash position as analysed in the 2013 cash flow statement (net cash flows + non-monetary movements).

9.2 PRINCIPAL NET DEBT TRANSACTIONS IN THE YEAR ENDED 31 DECEMBER 2013

NET DEBT AT 31 DECEMBER 2012	**(4,172)**
Acquisitions/disposals, including changes in scope of consolidation and other impacts on equity	(103)
Dividends paid	(591)
Transactions involving the share capital of Bouygues SA (see Note 5.1)	(71)
Operating items	610
Other items [a]	(100)
NET DEBT AT 31 DECEMBER 2013	**(4,427)**

(a) Includes:

- *Eurosport International: net cash position at 31 December 2013, reclassified to "Held-for-sale assets"* *(67)*
- *4G licence (interest capitalised until 1 October 2013)* *(33)*

Note 10 Current liabilities

(€ million)	31 December 2013	31 December 2012
Advances and down-payments received [(a)]	1,348	1,449
Current debt [(b)]	1,009	951
Current taxes payable	121	82
Trade payables	6,805	6,925
Current provisions [(c)]	793	803
Other current liabilities		
■ Other operating liabilities (employees, social security, government)	2,527	2,529
■ Deferred income	1,673	1,859
■ Other non-financial liabilities	1,820	1,984
Overdrafts and short-term bank borrowings	363	189
Financial instruments – liabilities	26	41
Other current financial liabilities	10	19
TOTAL	**16,495**	**16,831**

(a) As of 31 December 2013, "Advances and down-payments received" included €284 million received from customers on signature of a deed 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 2013.
(b) See analysis in Note 8, "Non-current and current debt".
(c) See analysis in Note 6.2, "Current provisions".

Note 11 Analysis of sales and other revenues from operations

11.1 ANALYSIS BY ACCOUNTING CLASSIFICATION

(€ million)	2013	2012
Sales of goods	3,303	3,476
Sales of services	11,406	11,838
Construction contracts	18,636	18,233
SALES	**33,345**	**33,547**
OTHER REVENUES FROM OPERATIONS	**96**	**107**
TOTAL REVENUES	**33,441**	**33,654**

There were no material exchanges of goods or services in the year ended 31 December 2013.

Consolidated balance sheet: information about construction contracts

(€ million)	Bouygues Construction	Colas	Total
Works to be rebilled	493	424	917
Warranty retentions	148	101	249
Works billed in advance	(1,267)	(297)	(1,564)
Advance payments received	(632)	(258)	(890)

11.2 ANALYSIS BY BUSINESS SEGMENT

	2013 sales				2012 sales			
(€ million)	France	International	Total	%	France	International	Total	%
Construction	5,746	5,082	10,828	32	5,414	4,987	10,401	31
Property	2,409	100	2,509	8	2,263	133	2,396	7
Roads	7,324	5,614	12,938	39	7,287	5,669	12,956	39
Media	1,990	427	2,417	7	2,129	446	2,575	8
Telecoms	4,644		4,644	14	5,208		5,208	15
Bouygues SA & other	5	4	9		7	4	11	
CONSOLIDATED SALES	**22,118**	**11,227**	**33,345**	**100**	**22,308**	**11,239**	**33,547**	**100**

11.3 ANALYSIS BY GEOGRAPHICAL AREA

Sales are allocated to the territory in which the sale is generated.

	2013 sales		2012 sales	
(€ million)	Total	%	Total	%
France	22,118	66	22,308	66
European Union (28 members)	3,485	11	3,574	11
Rest of Europe	1,199	3	1,150	3
Africa	1,319	4	1,280	4
Middle East	191	1	203	1
North America	2,695	8	2,827	8
Central and South America	205	1	223	1
Asia-Pacific	1,788	5	1,710	5
Oceania	345	1	272	1
TOTAL	**33,345**	**100**	**33,547**	**100**

11.4 SPLIT BY TYPE OF CONTRACT, FRANCE/INTERNATIONAL

	2013			2012		
(%)	France	International	Total	France	International	Total
Public-sector contracts [(a)]	34	59	42	31	61	41
Private-sector contracts	66	41	58	69	39	59

(a) Sales billed directly to government departments, local authorities or public enterprises (mainly works and maintenance contracts) in France and abroad.

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Note 12 Operating profit

(€ million)	2013	2012
Sales	33,345	33,547
Other revenue from operations	96	107
Purchases used in production and external charges	(23,203)	(23,575)
Personnel costs	(7,064)	(7,062)
Taxes other than income tax	(642)	(664)
Net depreciation, amortisation, provisions and impairment		
■ Depreciation and amortisation, net (*)	(1,413)	(1,462)
■ Net charges to provisions and impairment losses (*)	(512)	(521)
Change in production and property development inventories	54	189
Other income from operations		
■ Reversals of unutilised provisions (*)	434	447
■ Other miscellaneous income	910	883
Other expenses on operations	(661)	(603)
CURRENT OPERATING PROFIT (*)	**1,344**	**1,286**
Other operating income (b)		34
Other operating expenses (a)	(91)	(200)
OPERATING PROFIT	**1,253**	**1,120**

(*) Components included in the calculation of EBITDA.
See Note 16 for an analysis by business segment.
*(a) **2013***
***Bouygues Telecom:** ongoing adaptation measures: (€80 million)*
***Colas:** charges incurred on the reorganisation of operations in France: (€11 million)*
2012
***TF1:** impact of phase II of the optimisation plan: (€48 million)*
***Bouygues Telecom:** impact of the adaptation plan: (€152 million)*
*(b) **2012***
***Bouygues Telecom:** gains on disposals of non-current operating and financial assets (see Note 1)*

Note 13 Cost of net debt and other financial income and expenses

13.1 ANALYSIS OF COST OF NET DEBT

(€ million)	2013	2012
Financial expenses	**(364)**	**(352)**
Comprising:		
Interest expense on debt	(336)	(317)
Interest expense related to treasury management	(24)	(27)
Interest expense on finance leases	(1)	(2)
Negative impact of financial instruments	(3)	(6)
Financial income	**55**	**62**
Comprising:		
Interest income from cash and cash equivalents	37	43
Income and gains on disposal from cash and cash equivalents	18	19
TOTAL COST OF NET DEBT	**(309)**	**(290)**

Interest expense on debt is reported net of interest expense capitalised in compliance with IAS 23 (see Note 9.2), relating to the acquisition of 4G licences (authorisation to use frequencies that came into service on 1 October 2013).

13.2 OTHER FINANCIAL INCOME AND EXPENSES

(€ million)	2013	2012
Other financial income	70	63
Other financial expenses	(96)	(52)
OTHER FINANCIAL INCOME/(EXPENSES), NET	**(26)**	**11**

"Other financial income and expenses" include gains or losses on disposals of investments in non-consolidated companies, interest paid to investors on calls for funds (commercial property), commitment fees, changes in the fair value of "Other current financial assets" and other items during the period.

The net year-on-year change of €37 million is mainly attributable to:

- a €6 million reduction in financial income, due to the non-recurrence of the remeasurement of the fair value of the investment in Groupe AB that was booked in 2012;
- miscellaneous impairment losses of €20 million, mainly on calls for funds and current accounts.

Note 14 Income tax expense

14.1 ANALYSIS OF INCOME TAX EXPENSE

	2013			2012		
(€ million)	France	Other countries	Total	France	Other countries	Total
Tax payable to the tax authorities	(234)	(117)	(351)	(237)	(83)	(320)
Deferred tax liabilities	(5)	2	(3)	(6)	(3)	(9)
Deferred tax assets	(9)	(4)	(13)	7	(8)	(1)
TOTAL	**(248)**	**(119)**	**(367)**	**(236)**	**(94)**	**(330)**

See Note 16 for an analysis by business segment.

14.2 TAX PROOF (RECONCILIATION BETWEEN STANDARD TAX RATE AND EFFECTIVE TAX RATE)

Differences between the standard corporate income tax rate applicable in France and the effective tax rate based on the consolidated financial statements are explained as follows:

(€ million)	2013	2012
NET PROFIT/(LOSS) FOR THE PERIOD (100%)	**(648)**	**728**
Eliminations:		
Income tax expense	(367)	(330)
Net profit of discontinued and held-for-sale operations	N/A	N/A
Share of profits/(losses) of associates and losses on dilution	1,199	(217)
NET PRE-TAX PROFIT FROM CONTINUING OPERATIONS EXCLUDING ASSOCIATES	**918**	**841**
Standard tax rate in France	38.00%	36.10%
Effect of non-recognition of tax loss carry-forwards (creation and utilisation)	2.77%	4.23%
Effect of permanent differences	1.39%	(2.40%)
Flat-rate taxes, dividend taxes and tax credits	(0.38%)	1.33%
Differential tax rates, long-term capital gains, foreign taxes	(1.79%)	(0.02%)
EFFECTIVE TAX RATE	**39.99%**	**39.24%**

The change in the effective tax rate between 2012 and 2013 is mainly due to the impact of new tax measures enacted in France (mainly the 3% tax on dividend payouts).

Note 15 Net profit/(loss) from continuing operations and diluted earnings per share

15.1 NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS

The Bouygues group reported a net loss of €648 million from continuing operations for the year ended 31 December 2013:

(€ million)	2013	2012
Net profit/(loss) from continuing operations	(648)	728
Net profit/(loss) from continuing operations attributable to non-controlling interests	(109)	(95)
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO THE GROUP	**(757)**	**633**

15.2 BASIC AND DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS

Basic earnings per share from continuing operations is calculated by dividing the net profit (or loss) 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.

	2013	2012
Net profit/(loss) from continuing operations attributable to the Group *(€m)*	(757)	633
Weighted average number of shares outstanding	319,179,297	315,649,354
BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS (€)	**(2.37)**	**2.00**

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 balance sheet date).

	2013	2012
Net profit/(loss) from continuing operations attributable to the Group *(€m)*	(757)	633
Weighted average number of shares outstanding	319,179,297	315,649,354
Adjustment for potentially dilutive effect of stock options	402,024	96,044
DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS (€)	**(2.37)**	**2.00**

Note 16 Segment information

Segment information is provided in two forms:

1) **By business segment (CGU):** Construction (Bouygues Construction), Property (Bouygues Immobilier), Roads (Colas), Media (TF1), Telecoms (Bouygues Telecom), Bouygues SA and other.
2) **By geographical area:** France (including overseas departments), European Union, Rest of Europe, Africa, Asia-Pacific-Oceania, Americas and Middle East (property, plant and equipment is allocated by location of assets as of 31 December).

Inter-segment sales are generally conducted on an arm's length basis.

An analysis of sales by geographical area is provided in Note 11.3.

The operating segments used in reporting by business segment are those reviewed by the chief operational decision-maker of the Group, and are not aggregated for segment reporting purposes. This information is used to allocate resources to operating segments, and to monitor their performance.

Operating segment information is compiled using the same accounting policies as used in the preparation of the consolidated financial statements, as described in the notes to the financial statements.

The "Bouygues SA and other" segment includes contributions from corporate holding companies, and from entities dedicated to the centralised financing of the Group.

16.1 ANALYSIS BY BUSINESS SEGMENT – YEAR ENDED 31 DECEMBER 2013

(€ million)	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	Total 2013
Income statement							
Total sales	11,111	2,510	13,049	2,470	4,664	119	33,923
Inter-segment sales	(283)	(1)	(111)	(53)	(20)	(110)	(578)
THIRD-PARTY SALES	**10,828**	**2,509**	**12,938**	**2,417**	**4,644**	**9**	**33,345**
Net depreciation & amortisation expense	(192)	(7)	(417)	(67)	(725)	(5)	(1,413)
Net charges to provisions & impairment losses	(265)	(32)	(125)	(37)	(51)	(2)	(512)
CURRENT OPERATING PROFIT/(LOSS)	**435**	**178**	**417**	**223**	**125**	**(34)**	**1,344**
Other operating income							
Other operating expenses			(11)		(80)		(91)
OPERATING PROFIT/(LOSS)	**435**	**178**	**406**	**223**	**45**	**(34)**	**1,253**
Cost of net debt	20		(26)		(4)	(299)	(309)
Income tax expense	(162)	(61)	(127)	(73)	(18)	74	(367)
Share of profits/(losses) of associates	(11)	(3)	64	1	(2)	156 [a]	205
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**278**	**102**	**315**	**152**	**13**	**(1,508)** [c]	**(648)**
Net profit of discontinued and held-for-sale operations							
NET PROFIT/(LOSS)	**278**	**102**	**315**	**152**	**13**	**(1,508)**	**(648)**
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	**277**	**101**	**301**	**60**	**11**	**(1,507)**	**(757)**
Balance sheet							
Property, plant and equipment	597	21	2,341	190	3,028	142	6,319
Intangible assets	44	17	91	108	1,566	52	1,878
Goodwill	413		1,167	1,051	2,648	1	5,280
Deferred tax assets and non-current tax receivable	62	24	156			9	251
Investments in associates	69		123	82	14	3,098 [b]	3,386
Other non-current financial assets	303	12	189	18	13	35	570
Cash and cash equivalents	654	106	506	46	16	2,242	3,570
Other assets							13,050
TOTAL ASSETS							**34,304**
Non-current debt	461	6	231	1	792	5,121	6,612
Non-current provisions	888	108	799	43	253	85	2,176
Deferred tax liabilities and non-current tax liabilities	5	2	91	9	61	3	171
Current debt	9	4	61	2	3	930	1,009
Other liabilities							24,336
TOTAL LIABILITIES							**34,304**
Net surplus cash/(net debt) [d]	**3,006**	**271**	**39**	**188**	**(783)**	**(7,148)**	**(4,427)**
Cash flow statement							
Cash flow	**630**	**181**	**831**	**261**	**785**	**54**	**2,742**
Acquisitions of property, plant & equipment and intangible assets, net of disposals	**159**	**10**	**296**	**39**	**752**	**22**	**1,278**
Acquisitions of investments in consolidated companies and other investments, net of disposals	**(1)**	**1**	**97**	**(10)**		**(1)**	**86**
Other indicators							
EBITDA	**668**	**191**	**823**	**300**	**880**	**(27)**	**2,835**
Free cash flow [e]	**329**	**110**	**382**	**149**	**11**	**(193)**	**788**

(a) Includes €153 million for Alstom.
(b) Includes €3,079 million for Alstom.
(c) Includes impairment loss of €1,404 million booked against Alstom
(d) Contribution at business segment level, including Bouygues Relais and Uniservice internal current accounts (these inter-segment accounts are eliminated in the "Bouygues SA & other" column).
(e) After stripping out the 4G licence (€33 million), adjusted free cash flow for the year ended 31 December 2013 is €821 million.

16.2 ANALYSIS BY BUSINESS SEGMENT – YEAR ENDED 31 DECEMBER 2012

(€ million)	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	Total 2012
Income statement							
Total sales	10,640	2,396	13,036	2,621	5,226	123	34,042
Inter-segment sales	(239)		(80)	(46)	(18)	(112)	(495)
THIRD-PARTY SALES	**10,401**	**2,396**	**12,956**	**2,575**	**5,208**	**11**	**33,547**
Net depreciation & amortisation expense	(212)	(5)	(457)	(72)	(713)	(3)	(1,462)
Net charges to provisions & impairment losses	(278)	(23)	(109)	(13)	(92)	(6)	(521)
CURRENT OPERATING PROFIT/(LOSS)	**364**	**179**	**406**	**258**	**122**	**(43)**	**1,286**
Other operating income					34		34
Other operating expenses				(48)	(152)		(200)
OPERATING PROFIT/(LOSS)	**364**	**179**	**406**	**210**	**4**	**(43)**	**1,120**
Cost of net debt	16	1	(24)		(4)	(279)	(290)
Income tax expense	(129)	(61)	(137)	(71)	(2)	70	(330)
Share of profits/(losses) of associates	(6)	(2)	59	(6)	(4)	176 [(a)]	217
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**262**	**110**	**310**	**139**	**(16)**	**(77)**	**728**
Net profit of discontinued and held-for-sale operations							
NET PROFIT/(LOSS)	**262**	**110**	**310**	**139**	**(16)**	**(77)**	**728**
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	**267**	**107**	**291**	**59**	**(14)**	**(77)**	**633**
Balance sheet							
Property, plant and equipment	629	18	2,467	217	2,975	145	6,451
Intangible assets	48	11	90	128	1,576	33	1,886
Goodwill	421		1,099	1,458	2,669	1	5,648
Deferred tax assets and non-current tax receivable	69	20	157	11		15	272
Investments in associates	75		588	161	13	4,498 [(b)]	5,335
Other non-current financial assets	304	19	195	16	13	31	578
Cash and cash equivalents	750	82	431	37	41	3,146	4,487
Other assets							12,097
TOTAL ASSETS							**36,754**
Non-current debt	87	14	258	13	250	6,880	7,502
Non-current provisions	884	99	821	42	237	90	2,173
Deferred tax liabilities and non-current tax liabilities	6	2	98	10	51	3	170
Current debt	8	12	50	4	4	873	951
Other liabilities							25,958
TOTAL LIABILITIES							**36,754**
Net surplus cash/(net debt) [(c)]	**3,093**	**358**	**(170)**	**237**	**(650)**	**(7,040)**	**(4,172)**
Cash flow statement							
Cash flow	**599**	**180**	**884**	**277**	**786**	**51**	**2,777**
Acquisitions of property, plant & equipment and intangible assets, net of disposals	**159**	**13**	**345**	**45**	**1,358**	**32**	**1,952**
Acquisitions of investments in consolidated companies and other investments, net of disposals	**18**	**1**	**59**	**9**	**8**	**(1)**	**94**
Other indicators							
EBITDA	**614**	**186**	**832**	**318**	**908**	**(36)**	**2,822**
Free cash flow [(d)]	**327**	**107**	**378**	**161**	**(578)**	**(190)**	**205**

(a) Includes €172 million for Alstom.
(b) Includes €4,480 million for Alstom.
(c) Contribution at business segment level, including Bouygues Relais and Uniservice internal current accounts (these inter-segment accounts are eliminated in the "Bouygues SA & other" column).
(d) After stripping out the acquisition of the 4G licence (€726 million) and the proceeds from the divestment of tower business and data centres (€207 million), adjusted free cash flow for the year ended 31 December 2012 was €724 million.

16.3 ANALYSIS BY GEOGRAPHICAL AREA

(€ million)	France [a]	European Union	Rest of Europe	Africa	Asia-Pacific-Oceania	Americas	Middle East	Total
Balance sheet								**31/12/2013**
Property, plant and equipment [b]	5,002	303	106	180	171	554	3	6,319
Intangible assets	1,816	24	0	12	6	20		1,878
Cash flow statement								
Purchase price of property, plant & equipment and intangible assets	1,127	39	24	76	46	74	1	1,387

(a) Includes French overseas departments.
(b) Includes assets held under finance leases.

(€ million)	France [a]	European Union	Rest of Europe	Africa	Asia-Pacific-Oceania	Americas	Middle East	Total
Balance sheet								**31/12/2012**
Property, plant and equipment [b]	4,918	314	130	189	203	689	8	6,451
Intangible assets	1,826	24	1	11	3	21		1,886
Cash flow statement								
Purchase price of property, plant & equipment and intangible assets	2,020	27	27	58	54	118	3	2,307

(a) Includes French overseas departments.
(b) Includes assets held under finance leases.

16.4 INCOME STATEMENT BY FUNCTION

2013 *(€ million)*	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	Total 2013
CONSOLIDATED SALES	**10,828**	**2,509**	**12,938**	**2,417**	**4,644**	**9**	**33,345**
Cost of sales	(9,366)	(2,108)	(11,321)	(1,667)	(3,809)	(11)	(28,282)
GROSS PROFIT	**1,462**	**401**	**1,617**	**750**	**835**	**(2)**	**5,063**
Research and development expenses	(19)	(1)	(28)	(9)	(14)	(2)	(73)
Selling expenses	(404)	(158)		(205)	(175)		(942)
Administrative expenses	(600)	(64)	(1,172)	(313)	(521)	(26)	(2,696)
Other income/(expenses)	(4)					(4)	(8)
CURRENT OPERATING PROFIT/(LOSS)	**435**	**178**	**417**	**223**	**125**	**(34)**	**1,344**

2012 *(€ million)*	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	Total 2012
CONSOLIDATED SALES	**10,401**	**2,396**	**12,956**	**2,575**	**5,208**	**11**	**33,547**
Cost of sales	(8,960)	(1,982)	(11,364)	(1,748)	(4,287)	(20)	(28,361)
GROSS PROFIT	**1,441**	**414**	**1,592**	**827**	**921**	**(9)**	**5,186**
Research and development expenses	(17)	(1)	(28)	(6)	(17)	(1)	(70)
Selling expenses	(388)	(166)		(208)	(165)		(927)
Administrative expenses	(671)	(68)	(1,158)	(355)	(617)	(28)	(2,897)
Other income/(expenses)	(1)					(5)	(6)
CURRENT OPERATING PROFIT/(LOSS)	**364**	**179**	**406**	**258**	**122**	**(43)**	**1,286**

Note 17 Financial instruments

The tables below show aggregate notional amounts at 31 December 2013 for each type of financial instrument used, split by residual maturity for interest rate hedges and by currency for currency hedges.

17.1 INTEREST RATE HEDGES

17.1.1 Analysis by maturity

Maturity *(€ million)*	Notional amounts at 31/12/2013 2014	2015 to 2018	After 2018	Total	Notional amounts 31/12/2012
Interest rate swaps					
■ on financial assets	5	3		8 (a)	627
■ on financial liabilities	603	219	91	913 (b)	1,070
Caps/floors					
■ on financial assets					
■ on financial liabilities		15		15	156

(a) Of which pay fixed rate: €8 million.
(b) Of which pay fixed rate: €913 million.

17.1.2 Analysis by business segment

(€ million)	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	Total 31/12/2013	Total 31/12/2012
Interest rate swaps								
■ on financial assets						8	8	627
■ on financial liabilities	1		312		600		913	1,070
Caps/floors								
■ on financial assets								
■ on financial liabilities	15						15	156

In the case of renewable interest rate hedges, the amounts shown in each column relate to the longest maturity.

17.2 CURRENCY HEDGES

17.2.1 Analysis by original currency

	31 December 2013 *(equivalent value in €m)* US dollar	Pound sterling	Swiss franc	Other currencies	Total	Total 31/12/2012
Forward purchases/sales						
■ forward purchases	293	1	9	253	556	257
■ forward sales	149	5	33	108	295	454
Currency swaps	54	59	254	355	722	755

17.2.2 Analysis by business segment

(€ million)	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	Total 31/12/2013	Total 31/12/2012
Forward purchases/sales								
■ forward purchases	277		168	101	10		556	257
■ forward sales	198		89	8			295	454
Currency swaps	11			32		679	722	755

17.3 MARKET VALUE OF HEDGING INSTRUMENTS

As of 31 December 2013, the market value (net present value) of the hedging instruments portfolio was -€15 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: -€12 million;
- cash flow hedges: -€3 million.

In the event of a +1.00% movement in the yield curve, the hedging instruments portfolio would have a market value of +€4 million; in the event of a -1.00% movement in the yield curve, the hedging instruments portfolio would have a market value of -€29 million.

In the event of a 1% depreciation in the euro against each of the other foreign currencies, the hedging instruments portfolio would have a market value of -€29 million.

These calculations were prepared by the Bouygues group, or obtained from the banks with whom the instruments were contracted.

Note 18 Off balance sheet commitments

Notes 18.1 and 18.2 disclose information about guarantee commitments and sundry contractual commitments. Operating lease obligations are shown separately in Note 18.3.

(See also Notes 3, 4 and 8).

18.1 GUARANTEE COMMITMENTS

								Maturity			
(€ million)	31/12/2013	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	Less than 1 year	1 to 5 years	More than 5 years	31/12/2012
Pledges, mortgages and collateral	120	5		115				24	83	13	115
Guarantees and endorsements given	96	13		79	4 (a)			47	36	13	88
TOTAL GUARANTEE COMMITMENTS GIVEN	**216**	**18**		**194**	**4**			**71**	**119**	**26**	**203**
Guarantees and endorsements received	4		2		2 (b)			2	2		4
TOTAL GUARANTEE COMMITMENTS RECEIVED	**4**		**2**		**2**			**2**	**2**		**4**
NET BALANCE	**212**	**18**	**(2)**	**194**	**2**			**69**	**117**	**26**	**199**

(a) Given: includes €1 million relating to held-for-sale operations.
(b) Received: includes €2 million relating to held-for-sale operations.

In connection with its ordinary activities, the Bouygues group grants multi-year guarantees (such as 10-year building guarantees), which are usually covered by statistically-based provisions on the liabilities side of the balance sheet. Contract guarantees provided by banks to Group customers represent off balance sheet commitments for those banks; where such guarantees are liable to result in payments being made, a provision is recognised by Bouygues in the consolidated balance sheet.

18.2 SUNDRY CONTRACTUAL COMMITMENTS

(€ million)	31/12/2013	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	Maturity: Less than 1 year	Maturity: 1 to 5 years	Maturity: More than 5 years	31/12/2012
Image transmission	147				147			57	82	8	165
Network maintenance	551					551		130	163	258	603
Other	814		3		464 [a]	344	3	608	175	31	445
TOTAL SUNDRY CONTRACTUAL COMMITMENTS GIVEN	**1,512**		**3**		**611**	**895**	**3**	**795**	**420**	**297**	**1,213**
Image transmission	147				147			57	82	8	165
Network maintenance	551					551		130	163	258	603
Other	808				464 [a]	344		608	169	31	439
TOTAL SUNDRY CONTRACTUAL COMMITMENTS RECEIVED	**1,506**				**611**	**895**		**795**	**414**	**297**	**1,207**
NET BALANCE	**6**		**3**				**3**		**6**		**6**

(a) Includes €448 million relating to the commitments made under the agreements with Discovery (see Note 18.5.2).

No material off balance sheet commitments have been omitted from this disclosure, in accordance with applicable accounting standards.

18.3 OPERATING LEASES

(€ million)	31/12/2013	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	Maturity: Less than 1 year	Maturity: 1 to 5 years	Maturity: More than 5 years	31/12/2012
Operating lease commitments											
Commitments given	1,548	46	38	169	104 [a]	1,191		188	664	696	1,484
Commitments received	1,548	46	38	169	104 [a]	1,191		188	664	696	1,484
Operating lease commitments, net											

(a) Includes €58 million relating to held-for-sale operations.

These figures show the minimum future lease payments due until the normal renewal date of the lease (or earliest potential termination date) under operating leases relating to current operations (land, buildings, plant & equipment, etc.). After revaluation (projected increase in rentals), these amounts mainly take account of a discounting calculation (incremental borrowing rate).

Bouygues Telecom: commitments given in connection with operating activities, primarily commercial leases of property and land intended to house technical installations for the network: includes network site rentals of €508 million, property and other rentals of €133 million, rentals for the Sequana and Technopôle buildings of €267 million, and fibre optic and other miscellaneous commitments of €283 million.

18.4 FINANCE LEASES (ALREADY RECOGNISED AS LIABILITIES IN THE BALANCE SHEET)

(€ million)	31/12/2013	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	Maturity: Less than 1 year	Maturity: 1 to 5 years	Maturity: More than 5 years	31/12/2012
Finance leases	37	4		28	5 [(a)]			12	23	2	41

(a) Includes €1 million relating to held-for-sale operations.

18.5 OTHER COMMITMENTS

18.5.1 Bouygues Telecom

LICENCE TO USE FREQUENCIES IN THE 800 MHZ BAND

The 20-year licence to use frequencies in the 800 MHz band awarded to Bouygues Telecom is subject to an obligation to open the frequencies to Mobile Virtual Network Operators (MVNOs), and to roll out coverage of the French population progressively (98% within 12 years, 99.6% within 15 years).

These coverage obligations include a priority roll-out zone defined by Arcep (the French electronic communications and postal services regulator), and an obligation to provide coverage in each French administrative department (90% within 12 years, 95% within 15 years).

LICENCE TO USE FREQUENCIES IN THE 2,600 MHZ BAND

The 20-year licence to use frequencies in the 2,600 MHz band awarded to Bouygues Telecom is subject to an obligation to open the frequencies to MVNOs, and to roll out coverage of the French population progressively (25% within 4 years, 60% within 8 years, 75% within 12 years).

AUTHORISATION TO REFARM FREQUENCIES IN THE 1,800 MHZ BAND FOR TECHNOLOGIES OTHER THAN GSM

Arcep decision 2013-0514, issued on 4 April 2013, amended Bouygues Telecom's licence to allow for the possibility of refarming frequencies in the 1,800 MHz band for technologies other than GSM, and in particular to meet its 4G coverage obligations.

On 1 October 2013, Bouygues Telecom launched its national 4G network: by the end of 2013, 63% of the population had 4G coverage in the 2,600, 1,800 or 800 MHz band, in over 2,000 towns and cities.

LICENCE TO TRANSMIT ON FREQUENCIES IN THE 900 MHZ AND 1,800 MHZ BANDS

The licence to transmit in the 900 MHz and 1,800 MHz bands, renewed on 9 December 2009 for a period of 15 years, imposes on Bouygues Telecom an obligation to cover 99% of the population by 31 December 2010. Bouygues Telecom is in compliance with this obligation, which includes coverage of blind spots and the main roads in each department.

LICENCE TO OPERATE A 3G NETWORK

The Decree of 3 December 2002 that granted Bouygues Telecom a licence to establish and operate a 3G network was subject to obligations, in particular regarding the roll-out timetable and coverage of the population.

By the end of 2013, Bouygues Telecom was providing 3G coverage to 96% of the population, which exceeded the last coverage obligation set in its licence (75% of the population on 12 December 2010).

BLIND SPOTS

The agreement signed in 2003 by the three operators, the French government, French local authorities and Arcep required that coverage be provided in blind spots in some 3,000 municipalities. Bouygues Telecom regards this initial blind spot coverage programme as having been completed as of 31 December 2013; the few remaining sites are being blocked by the local authority concerned, and hence have no visibility.

In addition, the operators have agreed to cover a further 364 municipalities, over and above their initial commitment.

At present, nearly 3,200 French municipalities have 2G coverage.

3G MOBILE NETWORK SITE-SHARING AGREEMENT

In February 2010, Bouygues Telecom, Orange and SFR signed an agreement under the auspices of Arcep on the sharing of 3G network sites in the less densely populated zones of France.

This agreement, amended in July 2010 and July 2012 in anticipation of the future Free Mobile roll-out, provides for coverage of all the municipalities covered by the 2G blind spots programme.

Ultimately, it will result in the availability of 3G coverage equivalent to 2G coverage.

18.5.2 TF1

As a result of the partnership agreement signed in December 2012 and the further agreements signed on 21 January 2014 with the Discovery Communications group, the TF1 group entered into the following commitments:

EUROSPORT GROUP:

a) The Discovery Communications group committed to acquiring, once clearance is obtained from the various competition authorities, a 31% interest in Eurosport SAS (the parent company of the Eurosport group), thereby taking its equity interest in that company to 51%.

b) Before the above commitment is effectively fulfilled, TF1 SA or any of its subsidiaries is committed to acquiring an 80% equity interest in Eurosport France, and to granting Eurosport SAS a right to buy out the investment in Eurosport France exercisable between 1 January 2015 and 31 December 2017.

c) After the commitment described in (a) has been fulfilled, TF1 has the possibility of selling its remaining 49% equity interest in Eurosport SAS to Discovery Communications during specified periods between 1 July 2015 and 30 September 2016.

PAY-TV THEME CHANNELS:

- **d)** The Discovery Communications group has an option to acquire, during a one-year period commencing on 21 December 2014, a 29% equity interest in the pay-TV theme channels, thereby raising its interest to 49%.
- **e)** If after the acquisition by the Discovery Communications group of 31% of Eurosport SAS (see above), Discovery Communications were not to acquire the 29% interest in the pay-TV theme channels, TF1 would be able to sell to Discovery Communications a 15% equity interest in those channels, raising the percentage interest held by Discovery Communications to 35%.
- **f)** In the event that TF1 withdraws completely from the Eurosport group, Discovery Communications can sell its entire equity interest in the theme channels to TF1 during a one-year period commencing on 21 December 2018.

The amounts reported in the "Sundry contractual commitments" schedule in Note 18.2 relate to commitments a), b) and d), measured on the basis of enterprise values as of 31 December 2013.

Because the other commitments are subject to conditions that have not been met to date, they are not reported in that schedule.

18.6 CONTINGENT ASSETS AND LIABILITIES

Bouygues Telecom

GUARANTEE RECEIVED:

On the sale of Darty Telecom on 2 May 2012, Établissements Darty et Fils provided a vendor's asset and liability guarantee to Bouygues Telecom.

This guarantee is capped, and may be called in at any time within 18 months from the date of the sale, subject to exceptions arising from statutes of limitation.

When Bouygues Telecom acquired Azeïde Groupe on 30 September 2013, the vendors provided a 12-month asset/liability guarantee, expiring on 30 September 2014.

GUARANTEE GIVEN:

On the sale of Extenso on 31 October 2012, Bouygues Telecom provided a vendor's asset and liability guarantee to the purchaser, INNOV8.

This guarantee is capped, and may be called in at any time up to and including 31 March 2014, except in tax matters where it will expire 30 days after the end of the prescription period under the relevant statute of limitation.

On the sale of 85% of the share capital of FPS Towers on 21 November 2012, Bouygues Telecom provided a vendor's asset and liability guarantee to the purchaser, Antin Infrastructure Luxembourg X.

This guarantee is capped, and may be called in at any time during an 18-month period from 21 November 2012 (or from the date of sale of the site, in the case of sites sold after 21 November 2012), except in tax matters where it will expire 20 days after the end of the prescription period under the relevant statute of limitation.

Note 19 Employee benefit obligations and employee share ownership

19.1 EMPLOYEE BENEFIT OBLIGATIONS

(€ million)	31 December 2012	Movements during 2013	31 December 2013
Lump-sum retirement benefits	424	18	442
Long-service awards	135	4	139
Other post-employment benefits (pensions)	69		69
TOTAL	**628**	**22**	**650**

These obligations are covered by non-current provisions.

19.2 EMPLOYEE BENEFIT OBLIGATIONS, PENSION OBLIGATIONS (POST-EMPLOYMENT BENEFITS) EXCLUDING LONG-SERVICE AWARDS

The tables below give details about the Group's post-employment benefit obligations.

19.2.1 Defined-contribution plans

(€ million)	2013	2012
Amount recognised as an expense	(1,798)	(1,767)

This defined-contribution expense consists of contributions to:

- the public health insurance scheme and the supplementary health insurance scheme;
- pension funds (compulsory and top-up schemes);
- unemployment insurance funds.

For related-party information, see Note 20.

19.2.2 Defined-benefit plans

Defined-benefit pension plans apply mainly to the Colas group in the United Kingdom (independently-managed pension funds).

19.2.2.1 NET EXPENSE RECOGNISED IN THE INCOME STATEMENT (AS AN OPERATING ITEM)

	Lump-sum retirement benefits		Pensions	
(€ million)	2013	2012	2013	2012
Service cost	1	4	(3)	(5)
Interest cost on the obligation	12	14	5	15
Income from plan assets			(7)	(13)
NET EXPENSE/(GAIN) RECOGNISED IN PROFIT OR LOSS	**13**	**18**	**(5)**	**(3)**

Sign convention:
Net expense: plus sign
Net gain: minus sign

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19.2.2.2 AMOUNTS RECOGNISED IN THE BALANCE SHEET

	Lump-sum retirement benefits		Pensions		Total	
(€ million)	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Present value of obligation	448	430	378	352	826	782
Fair value of plan assets (dedicated assets)	(6)	(6)	(309)	(283)	(315)	(289)
NET OBLIGATION RECOGNISED (PROVISION)	**442**	**424**	**69**	**69**	**511**	**493**
Ratio of plan assets to present value of obligation			82%	80%		

19.2.2.3 MOVEMENT IN BALANCE SHEET ITEMS (NON-CURRENT PROVISIONS)

	Lump-sum retirement benefits		Pensions	
(€ million)	2013	2012	2013	2012
START OF PERIOD	**424**	**308**	**69**	**50**
Expense recognised	13	18	(5)	(3)
Changes in scope of consolidation	(1)			(1)
Transfers and other movements	(1)	37	(2)	1
Actuarial gains and losses recognised in equity	7	61	7	22
END OF PERIOD	**442**	**424**	**69**	**69**

19.2.2.4 ANALYSIS BY BUSINESS SEGMENT: YEAR ENDED 31 DECEMBER 2013

(€ million)	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	Total
Net lump-sum retirement benefit expense [a]	3	1	5	1	4	(1)	13
Non-current provisions (balance sheet):							
■ lump-sum retirement benefits	148	14	199	28	37	16	442
■ pensions	2		67				69

(a) Pension expense for 2013 is immaterial.

19.2.2.5 ANALYSIS BY GEOGRAPHICAL AREA: 31 DECEMBER 2013

(€ million)	France [b]	European Union	Rest of Europe	Africa	Americas	Asia-Pacific	Middle East	Total
Net lump-sum retirement benefit expense [a]	12			1				13
Non-current provisions (balance sheet):								
■ lump-sum retirement benefits	433	1		3	2	3		442
■ pensions	17	41			10	1		69

(a) Pension expense for 2013 is immaterial.
(b) Includes French overseas departments.

19.2.2.6 MAIN ACTUARIAL ASSUMPTIONS USED TO MEASURE LUMP-SUM RETIREMENT BENEFIT OBLIGATIONS

	2013	2012
Discount rate [b]	3.24% (Iboxx A10+)	3.30% (Iboxx A10+)
Mortality table	INSEE	INSEE
Retirement age (depending on business segment):		
■ Managerial staff	62/65 years	62/65 years
■ Technical, supervisory & clerical staff, and site workers	62/65 years	62/63 years
Salary inflation rate (depending on business segment) [a]	1.6% to 3.0%	1.8% to 3.6%

(a) Includes general inflation.
(b) A reduction of 50 basis points in the discount rate would increase the obligation by €28 million as at 31 December 2013. Under Group accounting policies, any such actuarial losses would have been recognised directly in equity.

19.3 EMPLOYEE SHARE OWNERSHIP

Stock options

Total number of effectively exercisable options: 5,098,507.

Quoted share price at 31 December 2013: €27.42

Plan grant date	Outstanding options at 31/12/2013	Earliest normal exercise date	Earliest company savings scheme exercise date	Exercise price (€)	Number of effectively exercisable options
05/06/2007	4,115,179	05/06/2011	05/06/2008	62.63	
31/03/2008	4,134,612	31/03/2012	31/03/2009	42.68	
01/04/2009	4,371,077	01/04/2013	01/04/2010	25.62	4,371,077
30/06/2010	4,020,887	01/07/2014	01/07/2011	34.08	
14/06/2011	2,887,776	14/06/2015	14/06/2012	31.43	
13/06/2012	2,909,720	14/06/2016	14/06/2013	20.11	727,430
26/02/2013	2,766,150	27/02/2017	27/02/2014	22.28	
TOTAL	**25,205,401**				**5,098,507**

Stock options are effectively exercisable if they meet both of the following conditions:

1) They must be legally exercisable as at 31 December 2013, either by normal exercise (4 years after the plan grant date) or by partial exercise ahead of the normal exercise date under the terms of the company savings scheme.

2) They must be in the money at 31 December 2013, in other words the exercise price must be less than the closing share price on that date (€27.42).

Note 20 Disclosures on related parties and remuneration of directors and senior executives

20.1 RELATED-PARTY DISCLOSURES

Transaction *(€ million)*	Expenses		Income		Receivables		Payables	
	2013	2012	**2013**	2012	**31/12/2013**	31/12/2012	**31/12/2013**	31/12/2012
Parties with an ownership interest	3	6	1	1				1
Joint ventures and joint operations	41	47	234	213	287	291	125	74
Associates	48	39	233	317	91	110	65	41
Other related parties	59	67	339	240	131	109	136	69
TOTAL	**151**	**159**	**807**	**771**	**509**	**510**	**326**	**185**
Maturity								
■ Less than 1 year					448	436	324	185
■ 1 to 5 years					43	50	2	
■ More than 5 years					18	24		
of which impairment of doubtful receivables (mainly non-consolidated companies)					106	102		

Identity of related parties:

- Parties with an ownership interest: SCDM (a company controlled by Martin and Olivier Bouygues).
- Joint ventures and joint operations: primarily quarry companies, construction project companies and entities set up for property co-promotion programmes.
- Associates: includes transactions with concession companies and Alstom.
- Other related parties: mainly transactions with non-consolidated companies in which the Group has an interest.

20.2 DISCLOSURES ABOUT REMUNERATION AND BENEFITS PAID TO DIRECTORS AND SENIOR EXECUTIVES (BOUYGUES)

These disclosures cover members of the Group's Management Committee in post on 31 December 2013.

Direct remuneration: €14,709,421, comprising basic remuneration of €7,686,321, variable remuneration of €7,023,100 paid in 2014 on the basis of 2013 performance, and €427,709 of directors' fees.

Directors' fees paid to non-executive and non-voting directors amounted to €423,730.

Short-term benefits: none.

Post-employment benefits: Members of the Management Committee belong to a top-up retirement plan based on 0.92% of their reference salary for each year's membership of the plan. This top-up plan is capped at eight times the annual French social security ceiling, and is contracted out to an insurance company. Contributions paid into the fund managed by the insurance company amounted to €4,500,000 in 2013.

Long-term benefits: none.

Termination benefits: these comprise lump-sum retirement benefits of €662,515.

Share-based payment: 535,000 stock options were awarded to members of the Management Committee on 28 March 2013, at an exercise price of €22.28. The earliest exercise date is 29 March 2017, and the expense recognised in the year ended 31 December 2013 was €102,935.

Note 21 Additional cash flow statement information

21.1 CASH FLOWS OF ACQUIRED AND DIVESTED SUBSIDIARIES

Breakdown by business segment of cash flows resulting from acquisitions and divestments of subsidiaries.

21.1.1 Continuing operations

Acquired/divested subsidiaries *(€ million)*	**Construction**	**Property**	**Roads**	**Media**	**Telecoms**	**Bouygues SA & other**	**Total 31/12/2013**
Cash and cash equivalents	11	(2)	2	5		1	17
Inventories		39	(5)	1		(41)	(6)
Trade and other receivables	18	9	(177)	15	(1)		(136)
Non-current assets (other than goodwill)	24	(18)	(38)	1		12	(19)
Goodwill	1	(1)	(87)				(87)
Trade payables & other current liabilities	(31)	(29)	204	(9)		22	157
Non-current debt	(21)	(1)	7		1	2	(12)
Non-current provisions	(1)	3	(2)	(2)		2	
Non-current taxes			1				1
NET ACQUISITION/DIVESTMENT COST	**1**		**(95)**	**11**		**(2)**	**(85)**
Cash acquired or divested	(11)	2	(2)	(5)		(1)	(17)
Net debt on long-term investments	(2)		2			1	1
NET CASH INFLOW/(OUTFLOW) FROM ACQUISITIONS AND DIVESTMENTS OF SUBSIDIARIES	**(12)**	**2**	**(95)**	**6**		**(2)**	**(101)**

Acquisitions during the period were made primarily by Colas, and included Furfari Paving Co and Tropic Asphalt.

21.1.2 Held-for-sale operations

Eurosport International: presented as a held-for-sale operation in the balance sheet

Acquired/divested subsidiaries *(€ million)*	**Media**	**Total 31/12/2013**
Cash and cash equivalents	103 [(a)]	103
Inventories		
Trade and other receivables	116	116
Non-current assets (other than goodwill)	35	35
Goodwill	407	407
Total assets	**661**	**661**
Bank overdrafts	(34) [(a)]	(34)
Trade payables & other current liabilities	(127)	(127)
Non-current debt	(2)	(2)
Non-current provisions	(3)	(3)
Non-current taxes		
Total liabilities	**(166)**	**(166)**
VALUE OF EQUITY	**495**	**495**

(a) Cash flow statement:

Opening cash position at 1 January 2013:	*13*
- cash flows from operating activities:	*60*
- cash flows from investing activities:	*(3)*
- cash flows from financing activities:	*(1)*
Closing cash position at 31 December 2013:	*69*

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Note 22 Auditors' fees

The table below shows fees paid to the auditors (and member firms of their networks) responsible for the audit of the consolidated financial statements of Bouygues and consolidated companies (excluding associates), as expensed through the income statement in 2013.

	Mazars network				EY network				Other firms (a)				Total expense	
	Amount*		%	%	Amount*		%	%	Amount*		%	%		
(€ '000)	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
A – Audit														
Audit of consolidated and individual company financial statements (b)	(6,718)	(6,653)	98%	95%	(4,446)	(4,786)	95%	95%	(6,806)	(6,876)	88%	79%	(17,970)	(18,315)
■ Bouygues SA	(226)	(234)			(226)	(235)							(452)	(469)
■ Consolidated companies	(6,492)	(6,419)			(4,220)	(4,551)			(6,806)	(6,876)			(17,518)	(17,846)
Related engagements (c)	(106)	(231)	2%	3%	(188)	(275)	4%	5%	(548)	(1,063)	7%	12%	(842)	(1,569)
■ Bouygues SA	(20)	(18)			(109)	(111)			(68)				(197)	(129)
■ Consolidated companies	(86)	(213)			(79)	(164)			(480)	(1,063)			(645)	(1,440)
SUB-TOTAL 1	**(6,824)**	**(6,884)**	**100%**	**98%**	**(4,634)**	**(5,061)**	**99%**	**100%**	**(7,354)**	**(7,939)**	**95%**	**91%**	**(18,812)**	**(19,884)**
B – Other services (d)														
Legal, tax, employment law	(7)	(98)	0%	2%	(65)		1%		(383)	(754)	5%	9%	(455)	(852)
Other	(7)		0%		(5)				(40)		0%		(52)	
SUB-TOTAL 2	**(14)**	**(98)**	**0%**	**2%**	**(70)**		**1%**		**(423)**	**(754)**	**5%**	**9%**	**(507)**	**(852)**
TOTAL FEE EXPENSE	**(6,838)**	**(6,982)**	**100%**	**100%**	**(4,704)**	**(5,061)**	**100%**	**100%**	**(7,777)**	**(8,693)**	**100%**	**100%**	**(19,319)**	**(20,736)**

(*) Excluding VAT.
(a) In the interests of comprehensiveness, this table includes fees paid to other firms.
(b) Includes services provided by independent experts and member firms to the auditors in connection with their audit engagement.
(c) Includes procedures and services directly related to the audit engagement and provided to the issuer or its subsidiaries:
- by the auditors, in compliance with Article 10 of the Code of Ethics;
- by a member firm of the auditor's network, in compliance with Articles 23 and 24 of the Code of Ethics.
(d) Non-audit services provided, in compliance with Article 24 of the Code of Ethics, by member firms to subsidiaries of the issuer on whose financial statements an audit opinion is issued.

Note 23 Impacts of first-time application of consolidation accounting standards and IFRIC 21

The schedules below show, for the year ended 31 December 2013, the effects of the new standards and interpretations mandatorily applicable or available for early adoption with effect from 1 January 2014, having been endorsed by the European Union (as described in Note 2.2 to the consolidated financial statements).

Impact on the 2013 income statement

(€ million)	2013 results as published	First-time application of IFRS 10 and IFRS 11	First-time application of IFRIC 21	2013 results as restated
Sales	33,345	(224)		33,121
Current operating profit	1,344	(25)	(1)	1,318
Share of profits/(losses) of associates and joint ventures	205	12		217
Net profit/(loss) for the period	(648)	(1)	(1)	(650)
Net profit/(loss) attributable to the Group	(757)		(1)	(758)
Net profit/(loss) attributable to non-controlling interests	109	(1)		108

The principal restatements arising from first-time application of IFRS 11 are as follows:

- Colas: negative impacts of €204 million on sales and €24 million on current operating profit, due to the fact that contracting companies and industrial companies jointly held by Colas and a partner will be accounted for by the equity method with effect from 1 January 2014.
- TF1: negative impact of €10 million on sales.
- Bouygues Construction: negative impact of €10 million on sales, positive impact of €2 million on current operating profit.

IFRIC 21 has no material impact on 2013, but will alter the allocation of expense between quarters.

Impact on the balance sheet as of 31 December 2013

(€ million)	31/12/2013 balance sheet as published	First-time application of IFRS 10 and IFRS 11	First-time application of IFRIC 21	31/12/2013 balance sheet as restated
Non-current assets	17,684	7	(11)	17,680
Current assets	15,469	(95)	9	15,383
Total assets	34,304	(88)	(2)	34,214
Shareholders' equity	8,684	(14)	27	8,697
Non-current liabilities	8,959	(20)	5	8,944
Current liabilities	16,495	(54)	(34)	16,407
Total liabilities and equity	34,304	(88)	(2)	34,214

Note 24 Principal exchange rates

Convention: 1 local currency unit = X euros.

		Closing rate		Annual average rate	
Country	**Currency unit**	**31/12/2013**	**31/12/2012**	**2013**	**2012**
EUROPE					
Denmark	Danish krone	0.134061	0.134030	0.134086	0.134315
United Kingdom	Pound sterling	1.199472	1.225340	1.177503	1.231635
Hungary	Hungarian forint	0.003367	0.003421	0.003368	0.003470
Poland	Polish zloty	0.240714	0.245459	0.238238	0.239940
Czech Republic	Czech koruna	0.036460	0.039760	0.038492	0.039778
Romania	Romanian leu	0.223664	0.224997	0.226296	0.224345
Switzerland	Swiss franc	0.814598	0.828363	0.812309	0.830300
NORTH AMERICA					
United States	US dollar	0.725111	0.757920	0.752945	0.773296
Canada	Canadian dollar	0.681617	0.761209	0.730795	0.774828
REST OF THE WORLD					
Morocco	Moroccan dirham	0.088905	0.089714	0.089459	0.090089
Thailand	Thai baht	0.022135	0.024785	0.024492	0.024964
Hong Kong	Hong Kong dollar	0.093517	0.097790	0.097073	0.099705
African Financial Community	CFA franc	0.001524	0.001524	0.001524	0.001524
South Africa	South African rand	0.068653	0.089504	0.077924	0.094518

Note 25 List of principal consolidated companies at 31 December 2013

Company	City/Country	% interest 2013	% interest 2012	% direct and indirect control [(a)] 2013	% direct and indirect control [(a)] 2012
FRANCE					
Full consolidation					
Construction					
Bouygues Construction SA	Saint-Quentin-en-Yvelines	99.97	99.97		
Bouygues Bâtiment Ile-de-France SA	Saint-Quentin-en-Yvelines	99.97	99.97		
Bouygues Bâtiment International SA	Saint-Quentin-en-Yvelines	99.97	99.97		
Bouygues TP SA	Saint-Quentin-en-Yvelines	99.97	99.97		
BYTP Régions France SA	Labège	99.97	99.97		
Axione	Malakoff	99.97	99.97		
Brézillon SA	Margny-lès-Compiègne	99.32	99.32		
Challenger SNC	Saint-Quentin-en-Yvelines	99.97	99.97		
DTP Terrassement SA	Saint-Quentin-en-Yvelines	99.97	99.97		
DV Construction SA	Mérignac	99.97	99.97		
Bouygues Energies & Services	Saint-Quentin-en-Yvelines	99.97	99.97		
Bouygues E&S FM France	Saint-Quentin-en-Yvelines	99.97	99.97		
GFC Construction SA	Caluire et Cuire	99.97	99.97		
Quille Construction SA	Nantes	99.97	99.97		
Kohler Investment	Saint-Quentin-en-Yvelines	99.97	99.97		
Norpac SA	Villeneuve d'Ascq	99.97	99.97		
Pertuy Construction SA	Maxéville	99.97	99.97		
Quille SA	Rouen	99.97	99.97		
Sodéarif SA	Saint-Quentin-en-Yvelines	99.96	99.96		
Property					
Bouygues Immobilier	Issy-les-Moulineaux	100.00	100.00		
SLC	Lyon	100.00	100.00		
Urbis Réalisations SA	Toulouse	100.00	100.00		
Roads					
Colas SA and its regional subsidiaries (Colas, Screg, and Sacer)	Boulogne-Billancourt	96.60	96.60		
Aximum	Chatou	96.59	96.59	100.00	100.00
Colas Rail and its subsidiaries	Maisons-Laffitte	96.59	96.59	100.00	100.00
Grands Travaux Océan Indien (GTOI) SA	Le Port (Reunion Island)	96.59	96.59	99.99	99.99
Smac and its subsidiaries	Boulogne-Billancourt	96.59	96.59	100.00	100.00
Société de la Raffinerie de Dunkerque	Dunkirk	96.59	96.59	100.00	100.00
Spac and its subsidiaries	Clichy	96.59	96.59	100.00	100.00
Media					
Télévision Française 1 SA	Boulogne-Billancourt	43.52	43.65		
Dujardin and its subsidiaries	Cestas	43.52	43.65	100.00	100.00
E-TF1	Boulogne-Billancourt	43.52	43.65	100.00	100.00
Eurosport SAS and its subsidiaries	Issy-les-Moulineaux	34.82	34.92	80.00	80.00
La Chaîne Info	Boulogne-Billancourt	43.52	43.65	100.00	100.00
NT1	Boulogne-Billancourt	43.52	43.65	100.00	100.00
Télé Monte Carlo	Monaco	34.82	34.92	80.00	80.00
Téléshopping	Boulogne-Billancourt	43.52	43.65	100.00	100.00
TF1 Droits Audiovisuels	Boulogne-Billancourt	43.52	43.65	100.00	100.00
TF1 Entreprises	Boulogne-Billancourt	43.52	43.65	100.00	100.00

(a) Where percentage control differs from percentage interest.

Company	City/Country	% interest 2013	% interest 2012	% direct and indirect control [(a)] 2013	% direct and indirect control [(a)] 2012
TF1 Publicité	Boulogne-Billancourt	43.52	43.65	100.00	100.00
TF1 Vidéo	Boulogne-Billancourt	43.52	43.65	100.00	100.00
Métro France Publications	Paris	43.52	43.65	100.00	100.00
Telecoms					
Bouygues Telecom SA and its subsidiaries	Paris	90.53	90.53		
Other subsidiaries					
Bouygues Relais SNC	Paris	100.00	100.00		
GIE 32 Hoche	Paris	90.00	90.00		
Société Française de Participation & Gestion (SFPG) SA and its subsidiaries	Paris	99.76	99.76		
Serendipity and its subsidiaries	Paris	100.00	100.00		
Proportionate consolidation					
Construction					
Evesa SAS	Paris	47.48 [(b)]	47.48		
Property					
SAS Tour D2	Issy-les-Moulineaux	50.00	50.00		
Associates (equity method)					
Construction					
Adelac SAS	Archamps	45.85 [(c)]	45.85	46.09	46.09
Autoroute de liaison Seine-Sarthe SA (ALIS)	Bourg-Achard	33.16	33.16		
Axione Infrastructures SAS and its subsidiaries	Saint-Quentin-en-Yvelines	15.00	15.00		
Consortium Stade de France SA	Saint-Denis	33.32	33.32		
Roads					
Cofiroute	Sèvres	16.10	16.10	16.67	16.67
Media					
Groupe AB	La Plaine Saint-Denis	14.58	14.62	33.50	33.50
Other associates					
Alstom	Levallois-Perret	29.33	29.40		
Finagestion and its subsidiaries (Africa)	Paris	19.06	19.98		
INTERNATIONAL					
Full consolidation					
Construction					
Bouygues Civil Works Florida	Miami/United States	99.97	99.97		
Bouygues Thaï Ltd	Changwat Nonthaburi/Thailand	48.99	48.99		
Bouygues UK Ltd	London/United Kingdom	99.97	99.97		
Dragages et TP (Hong Kong) Ltd	Hong Kong/China	99.97	99.97		
DTP Singapour Pte Ltd	Singapore	99.97	99.97		
Bouygues E&S FM UK	London/United Kingdom	99.97	99.97		
Karmar SA	Warsaw/Poland	99.97	99.97		
Leadbitter Bouygues Holding Ltd and its subsidiaries	Abingdon/United Kingdom	99.97	99.97		
Losinger Marazzi AG	Köniz/Switzerland	99.97	99.97		
Losinger Holding AG	Lucerne/Switzerland	99.97	99.97		
Thomas Vale Group and its subsidiaries	Worcestershire/United Kingdom	99.97	99.97		
VCES Holding s.r.o. and its subsidiaries	Prague/Czech Republic	99.97	99.97		
VSL International Ltd	Köniz/Switzerland	99.87	99.87		
Property					
Bouygues Immobilier Polska Sarl	Warsaw/Poland	100.00	100.00		

(a) Where percentage control differs from percentage interest.
(b) 32.99% Bouygues Construction, 14.49% Colas.
(c) 39.19% Bouygues Construction, 6.66% Colas.

Company	City/Country	% interest 2013	% interest 2012	% direct and indirect control [(a)] 2013	% direct and indirect control [(a)] 2012
Roads					
Colas Australia	Sydney/Australia	96.60	90.58	100.00	93.77
Colas Belgium and its subsidiaries	Brussels/Belgium	96.59	96.59	100.00	100.00
Colas Canada Inc.	Montreal Quebec/Canada	96.60	96.60	100.00	100.00
Colas Cz	Prague/Czech Republic	95.73	95.73	99.10	99.10
Colas Danmark A/S	Virum/Denmark	96.60	96.60	100.00	100.00
Colas Gabon	Libreville/Gabon	86.84	86.84	89.90	89.90
Colas Hungaria and its subsidiaries	Budapest/Hungary	96.60	96.60	100.00	100.00
Colas Inc. and its subsidiaries	Morristown New Jersey/ United States	96.60	96.60	100.00	100.00
Colas Ltd and its subsidiaries	Rowfant/United Kingdom	96.60	96.60	100.00	100.00
Colas du Maroc and its subsidiaries	Casablanca/Morocco	96.60	96.60	100.00	100.00
Colas Suisse Holding SA and its subsidiaries	Lausanne/Switzerland	95.85	95.85	99.22	99.22
Other subsidiaries					
Challenger Réassurance	Luxembourg	99.99	99.99		
Uniservice	Geneva/Switzerland	99.99	99.99		
Proportionate consolidation					
Construction					
Bombela Civils Jv Ltd	Johannesburg/South Africa	44.99	44.99		
Associates (equity method)					
Construction					
Bina Fincom	Zagreb/Croatia	44.99	44.99		
Hermes Airports Ltd	Nicosia/Cyprus	21.99	21.99		
Société Concessionnaire du Pont Rivieira Marcory	Abidjan/Ivory Coast	48.99	48.99		

(a) Where percentage control differs from percentage interest.

7.2 Auditors' report on the consolidated financial statements

(for the year ended 31 December 2013)

To the shareholders,

In accordance with the assignment entrusted to us by your Annual General Meeting, we present below our report for the year ended 31 December 2013 on:

- the audit of the accompanying consolidated financial statements of Bouygues;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the group as at 31 December 2013, and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Justification of our assessments

In accordance with the requirements of Article L. 823-9 of the Commercial Code relating to the justification of our assessments, we bring to your attention the following matters:

- The company performs annual impairment tests on goodwill and indefinite-lived intangible assets, and also assesses whether there is any evidence that non-current assets may be impaired, in accordance with the methods described in Note 2.7.4 to the consolidated financial statements. We reviewed the methods used to carry out the tests and the underlying assumptions.
- Current and non-current provisions carried on balance sheet were measured as described in Notes 2.12.2 and 2.11.2 to the consolidated financial statements. In light of available information, our assessment of these provisions was based primarily on an analysis of the processes implemented by management to identify and evaluate risks.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

Specific verification

As required by law, we have also verified, in accordance with professional standards applicable in France, the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris-La Défense, 25 February 2014

The Statutory Auditors

ERNST & YOUNG Audit
Jean Bouquot

MAZARS
Guillaume Potel

7.3 Parent company financial statements (French GAAP)

7.3.1 Parent company balance sheet

ASSETS (€ million)	Gross 31/12/2013	Depreciation, amortisation & impairment 31/12/2013	31/12/2013	31/12/2012	31/12/2011
Intangible assets	6	3	3	3	3
Property, plant and equipment					
Long-term investments	12,012	641	11,371	12,005	11,329
■ Holdings in subsidiaries and affiliates	11,987	636	11,351	11,982	11,307
■ Loans and advances to subsidiaries and affiliates	10		10	10	9
■ Other	15	5	10	13	13
NON-CURRENT ASSETS	**12,018**	**644**	**11,374**	**12,008**	**11,332**
Inventories and work in progress					
Advances and down-payments made	1		1		
Trade receivables	20		20	20	22
Other receivables	124	2	122	140	156
Short-term investments	1,985	1	1,984	2,748	1,964
Cash	232		232	376	330
CURRENT ASSETS	**2,362**	**3**	**2,359**	**3,284**	**2,472**
Other assets	86		86	101	76
TOTAL ASSETS	**14,466**	**647**	**13,819**	**15,393**	**13,880**

LIABILITIES AND SHAREHOLDERS' EQUITY (€ million)	31/12/2013	31/12/2012	31/12/2011
Share capital	319	324	315
Share premium and reserves	1,695	1,787	1,646
Retained earnings	2,247	2,094	1,790
Net profit/(loss) for the period	(118)	664	808
Restricted provisions	7	7	7
SHAREHOLDERS' EQUITY	**4,150**	**4,876**	**4,566**
Provisions	95	96	94
Debt	7,121	7,825	6,286
Advances and down-payments received			
Trade payables	28	21	27
Other payables	47	35	45
LIABILITIES	**7,291**	**7,977**	**6,452**
OVERDRAFTS AND SHORT-TERM BANK BORROWINGS	**2,364**	**2,519**	**2,832**
Other liabilities	14	21	30
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**13,819**	**15,393**	**13,880**

7.3.2 Income statement

(€ million)	2013	2012	2011
SALES	**63**	**68**	**69**
Other operating revenues	2	8	2
Purchases and changes in inventory			
Taxes other than income tax	(3)	(3)	(3)
Personnel costs	(44)	(45)	(45)
Other operating expenses	(36)	(45)	(48)
Depreciation, amortisation, impairment and provisions, net	(6)	(2)	(5)
OPERATING PROFIT/(LOSS)	**(24)**	**(19)**	**(30)**
Financial income and expenses	(180)	579	706
PROFIT/(LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS	**(204)**	**560**	**676**
Exceptional items	1	(35)	(2)
Income taxes and profit-sharing	85	139	134
NET PROFIT/(LOSS)	**(118)**	**664**	**808**

7.3.3 Cash flow statement

(€ million)	2013	2012	2011
A - Operating activities			
Net profit/(loss) for the period	(118)	664	808
Amortisation, depreciation and impairment of non-current assets, net	637	15	12
Charges to/reversals of provisions, net	1	3	6
Deferred expenses, deferred income and accrued income	(7)	(43)	(9)
Gains and losses on disposals of non-current assets			(1)
Cash flow from operations before changes in working capital	**513**	**639**	**816**
Current assets	19	23	15
Current liabilities	19	(15)	5
Change in working capital	**38**	**8**	**20**
NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES	**551**	**647**	**836**
B - Investing activities			
Acquisitions of intangible assets and property, plant and equipment		(1)	(2)
Acquisitions of long-term investments	(4)	(677)	(31)
Increases in non-current assets	**(4)**	**(678)**	**(33)**
Disposals of non-current assets	15		1
Investments during the period, net	**11**	**(678)**	**(32)**
Other long-term investments, net			155
Amounts receivable/payable in respect of non-current assets, net	(1)	(1)	(1)
NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES	**10**	**(679)**	**122**
C - Financing activities			
Change in shareholders' equity	(97)	150	(1,557)
Dividends paid	(511)	(504)	(570)
Change in debt	(706)	1,529	(785)
NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES	**(1,314)**	**1,175**	**(2,912)**
CHANGE IN NET CASH POSITION (A + B + C)	**(753)**	**1,143**	**(1,954)**
Cash position at 1 January	605	(538)	1,416
Other non-monetary flows			
Change during the period	(753)	1,143	(1,954)
CASH POSITION AT END OF PERIOD	**(148)**	**605**	**(538)**

7.3.4 Notes to the parent company financial statements

CONTENTS

All figures are expressed in millions of euros

Note 1 Significant events of the year

1.1 HOLDINGS IN SUBSIDIARIES AND AFFILIATES

1.1.1 GIE 32 Hoche

On 21 March 2013, GIE 32 Hoche reduced its share capital by €16.2 million. Based on its percentage interest, Bouygues received €14.6 million.

1.1.2 Financière des Bois Verts

On 15 May 2013, Bouygues subscribed €4 million to a capital increase carried out by Financière des Bois Verts via the issuance of 322,580 shares.

1.1.3 Innovation 24

On 11 October 2013, Bouygues subscribed €0.1 million, via a contribution in kind, to a capital increase carried out by Innovation 24 involving the issuance of 11,660 shares.

1.1.4 Financière du Rond Point

On 5 December 2013, Bouygues subscribed €0.1 million to a capital increase carried out by Financière du Rond Point via the issuance of 6,660 shares, followed by a €0.1 million reduction in share capital via the cancellation of 4,768 shares.

1.1.5 Sofi

This company was liquidated on 9 July 2013.

The cancellation of the 4,950 shares had no impact on profit or loss, as the investment had been provided for in full.

1.1.6 Bouygues Immobilier

On 9 December 2013, Bouygues received a €30 million interim cash payment out of 2014 dividends from Bouygues Immobilier.

1.1.7 Alstom

The very substantial revision by analysts of the cash flow projections for Alstom used as the basis for impairment testing, following Alstom's announcement on 21 January 2014 of a downgrade to its free cash flow and operating margin objectives for the 2014/2015 financial year and of a delay in the anticipated recovery, led Bouygues to book an impairment loss of €618.4 million in the 2013 financial statements (see Note 21).

1.2 TREASURY SHARES

On 7 January 2013, Bouygues repurchased 5,074,906 of its own shares for a total of €99.4 million; these shares were cancelled by the Board of Directors on 26 February 2013.

As of 31 December 2013, Bouygues held 76,500 treasury shares via a liquidity contract managed by CA Cheuvreux.

1.3 BOND ISSUE

The May 2006 bond issue of €709.4 million, which bore interest at 4.5%, was redeemed in full in May 2013.

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 on the balance sheet date, or at the hedged rate if the item is covered by a currency hedge.

Unrealised foreign exchange gains and losses are taken to suspense accounts in the balance sheet; unrealised losses are covered by a provision.

2.5 SHORT-TERM INVESTMENTS

The short-term investment portfolio is measured in accordance with French accounting standards.

The realisable value of unlisted securities (equities, negotiable debt instruments, and money-market mutual funds) was determined by reference to the latest estimate as at 31 December 2013. 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: 99.05% (October 2004 issue), 99.804% (July 2005 issue), 97.203% (February 2006 issue), 99.657% (May 2006 issue), 98.662% (October 2006 issue), 99.441% (July 2008 issue), 99.651% (February 2010 issue), 99.66% (February 2012 issue) and 99.681% (October 2012 issue).

2.7 PROVISIONS

These mainly comprise:

- provisions for miscellaneous risks (including tax inspections) and provisions for additional risks relating to loss-making subsidiaries, established where the negative net assets of a subsidiary are not wholly covered by provisions for impairment of Bouygues SA's investment in and loans and/or advances to that subsidiary;
- provisions for charges, including employee benefits: bonuses, lump-sum retirement benefits, long-service awards, etc.

2.8 HEDGING INSTRUMENTS

Bouygues SA uses hedging instruments to limit the impact on the income statement of fluctuations in exchange rates and interest rates.

These instruments share the following characteristics:

- they are limited to the following products: forward currency purchases and sales, currency swaps, cross currency swaps and purchases of currency options for currency risk hedging purposes, and interest rate swaps, future rate agreements, and purchases of caps and collars for interest rate risk hedging purposes;
- they are used solely for hedging and pre-hedging purposes;
- they are contracted solely with high-quality French and foreign banks;
- they carry no liquidity risk in the event of reversal.

Gains and losses on financial instruments used for hedging purposes are recognised in the income statement symmetrically with gains and losses arising on the hedged item.

2.9 RETIREMENT BENEFIT OBLIGATIONS

Methods and assumptions used in calculating the obligation:

- projected unit credit method based on final salary;
- benefits as defined in agreements or established by custom within the company, taking into account applicable collective agreements for managerial, administrative, clerical, technical and supervisory grade staff;
- obligation measured in accordance with opinions and recommendations issued by the ANC (the French national accounting standard-setter);
- vested rights as of 31 December 2013;
- employees classified in groups with similar characteristics in terms of grade, age and length of service;
- average monthly salary for each employee group, uplifted by a percentage to reflect the applicable rate of employer's social security charges;
- salary increase rate and discount rate: rates revised annually to reflect actual trends;
- average employee turnover rate calculated on the basis of average number of leavers over the last five years;
- mortality by reference to INSEE 2006-2008 life expectancy tables;
- application of the revised IAS 19, further to the ANC recommendation of November 2013: actuarial gains and losses are recognised in profit or loss with effect from 1 January 2013 (with accumulated actuarial gains and losses as of 1 January 2013 transferred to retained earnings).

2.10 CONSOLIDATION

Bouygues SA is the ultimate parent company in the consolidation.

Note 3 Non-current assets

	Balance at 01/01/2013	Increases	Decreases	Balance at 31/12/2013
Intangible assets				
Software	6			6
Other				
Gross value	**6**			**6**
Accumulated amortisation	(3)			(3)
CARRYING AMOUNT	**3**			**3**
Property, plant and equipment				
Land and buildings				
Other				
Gross value				
Accumulated depreciation				
CARRYING AMOUNT				
Long-term investments				
Holdings in subsidiaries and affiliates	12,001	4	18	11,987
Loans and advances to subsidiaries and affiliates [a]	10			10
Other	15	99	99	15
Gross value	**12,026**	**103**	**117**	**12,012**
Impairment	(21)	(623)	(3)	(641)
CARRYING AMOUNT	**12,005**	**(520)**	**114**	**11,371**
TOTAL CARRYING AMOUNT	**12,008**	**(520)**	**114**	**11,374**

(a) Of which amounts falling due after more than one year	*Gross value*
Loans and advances to subsidiaries and affiliates	*10*

Note 4 Current assets by maturity

	Gross value	< 1 year	> 1 year
Advances and down-payments made	1	1	
Operating receivables	26	23	3
Other receivables	118	118	
TOTAL	**145**	**142**	**3**

Note 5 Cash

	31/12/2013	31/12/2012
Term deposits with maturities of less than 3 months	200	376
Other items	32	
TOTAL	**232**	**376**

Note 6 Other assets and liabilities

	Balance at 01/01/2013	Increases	Decreases	Balance at 31/12/2013	Amount due in < 1 year
Other assets					
Bond issue costs	11		2	9	2
Upfront payments on interest rate swaps: deferred charges	26		3	23	3
Bond redemption premium	20		4	16	3
Bond repurchase premium	39		6	33	6
Other	5	4	4	5	5
TOTAL	**101**	**4**	**19**	**86**	**19**
Other liabilities					
Upfront payments on interest rate swaps: deferred income	21		7	14	6
Other					
TOTAL	**21**		**7**	**14**	**6**

Note 7 Changes in shareholders' equity

SHAREHOLDERS' EQUITY AT 31 DECEMBER 2012 (BEFORE APPROPRIATION OF PROFITS)	**4,876**
Dividends paid	(511)
SHAREHOLDERS' EQUITY AFTER APPROPRIATION OF PROFITS	**4,365**
Changes in share capital	(5)
Changes in share premium and reserves	(91)
Retained earnings: actuarial gains & losses on retirement benefit obligation, in accordance with the revised IAS 19	(1)
Net profit/(loss) for the period	(118)
Investment grants	
Restricted provisions	
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2013	**4,150**

Note 8 Composition of share capital

	Number of voting rights	Number of shares
Start of period	445,673,682	324,232,374
Movements during the period	13,444,306	(4,967,378) [(a)]
End of period	459,117,988	319,264,996
PAR VALUE		**€1**

Maximum number of potentially dilutive shares: 5,098,507
(a) Movements in number of shares during the period:
- *Increases: 107,528 by exercise of stock options.*
- *Decreases: 5,074,906 by cancellation of treasury shares following the decision by the Board of Directors on 26 February 2013.*

Note 9 Provisions

	Balance at 01/01/2013	Charge for the year	Reversals during the year		Balance at 31/12/2013
			Used	Unused	
Provisions for subsidiaries					
Provisions for income taxes (tax risks)	64	2	1	5	60
Other provisions	11			1	10
Provisions for risks	**75**	**2**	**1**	**6**	**70**
Provisions for charges	**21**	**9**	**5**		**25**
TOTAL	**96**	**11**	**6**	**6**	**95**
			12		
Operating items		9	5		
Financial items			1		
Exceptional items (including taxes)		2	6		
Retirement benefit obligations transferred to retained earnings			1		
		11	**13**		

Note 10 Liabilities by maturity at the balance sheet date

Liabilities	Gross value	< 1 year	1 to 5 years	> 5 years
Debt				
Bond issues (including accrued interest)				
October 2004 bond issue [(a)]	764	764		
July 2005 bond issue [(b)]	764	14		750
February 2006 bond issue [(c)]	255	5		250
May 2006 bond issue [(d)]	617	17	600	
October 2006 bond issue [(e)]	602	7		595
July 2008 bond issue [(f)]	1,031	31	1,000	
February 2010 bond issue [(g)]	518	18	500	
October 2010 bond issue [(h)]	1,006	6		1,000
February 2012 bond issue [(i)]	832	32		800
October 2012 bond issue [(j)]	732	32		700
Bank borrowings				
Total debt	**7,121**	**926**	**2,100**	**4,095**
Trade payables	**28**	**28**		
Other payables	**47**	**47**		
Overdrafts and short-term bank borrowings	**2,364**	**2,364**		
Deferred income	**14**	**6**	**7**	**1**
TOTAL	**9,574**	**3,371**	**2,107**	**4,096**

Original amounts, excluding accrued interest:

(a) October 2004 bond issue:
- *Amount: €758.09 million, after exchange and early repayment of €241.91 million on 29 October 2010 - rate: 4.375%*
- *Redemption terms: redeemable in full at par on 29 October 2014.*

(b) July 2005 bond issue:
- *Amount: €750 million - rate: 4.25%*
- *Redemption terms: redeemable in full at par on 22 July 2020.*

(c) Supplementary issue to July 2005 bond issue:
- *Amount: €250 million - rate: 4.25%*
- *Redemption terms: redeemable in full at par on 22 July 2020.*

(d) May 2006 bond issue:
- *Amount: €600 million - rate: 4.75%*
- *Redemption terms: redeemable in full at par on 24 May 2016.*

(e) October 2006 bond issue:
- *Amount: £400 million (€595.33 million) - rate: 5.5%*
- *Redemption terms: redeemable in full at par on 6 October 2026.*

(f) July 2008 bond issue:
- *Amount: €1 billion - rate: 6.125%*
- *Redemption terms: redeemable in full at par on 3 July 2015.*

(g) February 2010 bond issue:
- *Amount: €500 million - rate: 4%*
- *Redemption terms: redeemable in full at par on 12 February 2018.*

(h) October 2010 bond issue:
- *Amount: €1 billion - rate: 3.641%*
- *Redemption terms: redeemable in full at par on 29 October 2019.*

(i) February 2012 bond issue:
- *Amount: €800 million - rate: 4.50%*
- *Redemption terms: redeemable in full at par on 9 February 2022.*

(j) October 2012 bond issue:
- *Amount: €700 million - rate: 3.625%*
- *Redemption terms: redeemable in full at par on 16 January 2023.*

Note 11 Details of amounts involving related companies

	Amount
Assets	
Long-term investments	11,997
Operating receivables	20
Other receivables	21
Cash and current accounts	
TOTAL	**12,038**
Expenses	
Operating expenses	11
Financial expenses	13
Income tax expense	
TOTAL	**24**

	Amount
Liabilities	
Debt	
Trade payables	2
Other payables	41
Bank overdrafts and current accounts	2,364
TOTAL	**2,407**
Income	
Operating income	63
Financial income	767
Income tax credits	165
TOTAL	**995**

Note 12 Financial instruments

12.1 INTEREST RATE HEDGES

Amounts outstanding at 31/12/2013 by maturity	2014	2015 to 2018	After 2018	Total
Interest rate swaps				
On financial assets				
On financial liabilities				

12.2 CURRENCY HEDGES

Amounts outstanding at 31/12/2013 by currency	CHF	GBP	USD	Other currencies	Total
Forward currency contracts					
Forward purchases					
Forward sales					
Currency swaps					

As of 31 December 2013, the market value of the financial instruments portfolio was zero.

12.3 OPTIONS

Calls: none

Note 13 Off balance sheet commitments given and received

	Amount of guarantee	of which related companies
Commitments given (contingent liabilities)		
Retirement benefit obligations		
Other commitments given [(a)]	52	52
TOTAL	**52**	**52**
Commitments received (contingent assets)		
Other commitments received		
TOTAL		

(a) Joint and several underwriting of credit facilities.

Note 14 Sales

Sales recorded by Bouygues SA mainly comprise costs of shared support functions recharged to subsidiaries.

Note 15 Financial income and expenses

	2013	2012
Dividend income and shares of partnership profits	764	895
Interest income	14	18
Interest expense	(335)	(357)
Other financial income/(expenses), net: proceeds from disposals, impairment losses and provisions	(623)	23
TOTAL	**(180)**	**579**

Note 16 Group tax election and income tax gain/(expense)

Bouygues made a group tax election in 1997 under Article 223 A-U of the French General Tax Code; this election still applies.
In addition to Bouygues SA, the group tax election included 81 subsidiaries in 2013.
Each company in the tax group recognises its own income tax expense as though the group election is not in place; the parent company recognises any tax savings.
At the end of the period, Bouygues SA recognised an income tax gain, comprising:

	Short-term	Long-term	Total
Net income tax gain/(expense) [(a)]	(77)	(7)	(84)
Income tax received from profitable subsidiaries in the tax group	163	7	170
TOTAL	**86**		**86**

(a) Includes additional 3% contribution on sums distributed as dividend: (15)

Note 17 Contingent tax position

	1 January 2013		Movements in the year		31 December 2013	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Non-deductible expenses						
Provisions for income taxes	66		2	6	62	
Other non-deductible expenses	28		5	6	27	
TOTAL	**94**		**7**	**12**	**89**	
Expenses deductible for tax purposes/ income liable to tax but not recognised for accounting purposes						
Unrealised foreign exchange losses		5	5	3		3
Unrealised foreign exchange gains						
Unrealised foreign exchange gains/losses, net		**5**	**5**	**3**		**3**
Deferred income	21			7	14	
Deferred charges		26	3			23
Capitalisation bonds	9			1	8	
Liquidity account						
Bond repurchase premium		38	5			33
Other income and expenses	**30**	**64**	**8**	**8**	**22**	**56**
TOTAL	**30**	**69**	**13**	**11**	**22**	**59**

Note 18 Average number of employees during the year

	2013	2012
Managerial staff	138	138
Administrative, clerical, technical and supervisory staff	31	33
TOTAL	**169**	**171**

Note 19 Utilisation of the Competitiveness and Employment Tax Credit *(CICE)*

Bouygues recognised a competitiveness and employment tax credit *(Crédit d'Impôt Competitivité Emploi – CICE)* of €0.07 million in respect of the year ended 31 December 2013, of which €0.06 million was offset against personnel costs and €0.01 million was offset against income taxes (as a result of tax credits derived from partnerships not liable to corporate income tax).

The *CICE* enabled the following efforts to be made during the year (by Bouygues SA, and by entities consolidated by Bouygues SA but not liable to corporate income tax):

- acquisitions of property, plant and equipment and intangible assets amounting to €0.6 million;
- diploma courses and safety training amounting to €0.04 million;
- recruitment (gross annualised salaries of new employees including employer's social security charges, and costs incurred on relationships with schools) amounting to €1.23 million.

Note 20 Advances, loans and remuneration paid to directors and senior executives

Remuneration of directors and senior executives:

- The total amount of direct and indirect remuneration of all kinds received from French and foreign companies by senior executives (Chairman and Chief Executive Officer, and Deputy Chief Executive Officer) was as follows: €1.5 million of basic remuneration, €0 million of variable remuneration based on 2013 performance, and €0.14 million of directors' fees.
- Directors' fees paid to members of the Board of Directors (including non-voting directors): €0.50 million.

Note 21 List of investments

	Number of shares	%	Estimated realisable value
Alstom	90,543,867	29.332	3,079 (d)
Bouygues Construction	1,705,132	99.936	902 (c)
Bouygues Immobilier	90,924	99.993	504 (c)
Bouygues Telecom	42,158,644	90.164	5,275 (a)
Colas	31,543,222	96.597	2,410 (c)
TF1	91,946,297	43.523	1,288 (b)
Other holdings			265
TOTAL HOLDINGS IN SUBSIDIARIES AND AFFILIATES			**13,723**
Negotiable debt instruments and money-market mutual funds			1,949 (a)
Capitalisation bonds			32 (b)
Other investments			12 (b)
TOTAL SHORT-TERM INVESTMENTS			**1,993**
TOTAL INVESTMENTS			**15,716**

The estimated realisable value shown is:
(a) Carrying amount in the balance sheet (net book value)
(b) Stock market value (closing price for equities)
(c) Share of consolidated net assets
(d) As of 31 December 2013, the investment in Alstom was tested for impairment by comparing its carrying amount with its recoverable amount, determined by reference to value in use as derived from cash flow projections established by Bouygues management, which in turn were based on forecasts prepared by a panel of financial analysts.
- *On 21 January 2014, when publishing its sales figures for the nine months ended 31 December 2013, Alstom announced that persistent weakness in demand for new thermal power plants was weighing on its outlook for free cash flow and operating margin for the 2014/2015 financial year, and that the expected recovery would be delayed. This announcement led to a sharp drop in the quoted market price, which had fallen 25% by 14 February 2014, and to a very significant revision to the analysts' cash flow forecasts used as the basis for impairment testing.*
- *The changes made to the analysts' cash flow forecasts since 21 January 2014 and the latest information released by Alstom were taken into account in the cash flow forecasts prepared by the Bouygues group in order to estimate the recoverable amount of its investment in Alstom, resulting in the recognition of an impairment loss of €618.4 million in the Bouygues SA financial statements for the year ended 31 December 2013. The value in use calculated by the Group was confirmed by a firm of independent valuers.*

Note 22 List of subsidiaries and affiliates

	Share capital [a]	Other shareholders' equity [a] [b]	%	Carrying amount [c] Gross	Carrying amount [c] Net	Loans & advances	Guarantees [c]	Sales [c]	Net profit/(loss) [c]	Dividends received [c]
A - Detailed information										
1. Subsidiaries (interest > 50%)										
France										
Bouygues Construction [d]	128	774	99.94	59	59			11,111	278	267
Bouygues Immobilier [d]	139	365	99.99	315	315			2,510	102	137
Bouygues Telecom [d]	713	2,150	90.16	5,275	5,275			4,664	13	
Colas [d]	49	2,446	96.60	1,712	1,712			13,049	315	229
TOTAL				**7,361**	**7,361**			**31,334**	**708**	**633**
Other countries										
Uniservice	51	14	99.99	32	32				2	4
TOTAL				**32**	**32**				**2**	**4**
2. Affiliates (interest >10%, ≤ 50%)										
France										
Alstom [e]	2,161	2,943	29.33	3,697	3,079			20,269	818	76
TF1 [d]	42	1,669	43.52	732	732			2,470	152	51
TOTAL				**4,429**	**3,811**			**22,739**	**970**	**127**
Other countries										
TOTAL										
B - Aggregate information										
3. Other subsidiaries										
France				162	144	10		25	(4)	
Other countries				1				29	1	
4. Other affiliates										
France				3	3			135	24	2
Other countries										
OVERALL TOTAL				**11,988**	**11,351**	**10**		**54,262**	**1,701**	**766**

(a) *In the local functional currency.*
(b) *Including net profit/loss for the year.*
(c) *In euros.*
(d) *Parent company of a business segment: consolidated reserves, sales and net profit/loss (excluding non-controlling interests) for the segment, for the year ended 31 December 2013.*
(e) *Year ended 31 March.*

7.4 Auditors' report on the parent company financial statements

(for the year ended 31 December 2013)

To the shareholders,

In accordance with the assignment entrusted to us by your Annual General Meeting, we present below our report for the year ended 31 December 2013 on:

- the audit of the accompanying financial statements of Bouygues;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the company as at 31December 2013 and of the results of its operations for the year then ended in accordance with French Generally Accepted Accounting Principles (GAAP).

Justification of our assessments

In accordance with the requirements of Article L. 823-9 of the Commercial Code relating to the justification of our assessments, we bring to your attention the following matters:

Holdings in subsidiaries and affiliates recognised as assets on the company's balance sheet are valued in accordance with the methods described in Note 2.3.1 to the financial statements. We reviewed the data used to estimate the carrying amounts of these investments and checked the calculations of impairment provisions where appropriate. We have no matters to report regarding the methods used, the reasonableness of the estimates made or the relevance of the information disclosed in the notes to the financial statements.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the Commercial Code relating to remuneration and benefits received by the corporate officers and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Paris-La Défense, 25 February 2014

The Statutory Auditors

ERNST & YOUNG Audit	**MAZARS**
Jean Bouquot	Guillaume Potel

8 COMBINED ANNUAL GENERAL MEETING OF 24 APRIL 2014

8.1 Agenda

8.1.1 Ordinary General Meeting

- Board of Directors' reports;
- Report by the Chairman of the Board of Directors;
- Auditors' reports;
- Approval of the parent company financial statements and transactions for the year ended 31 December 2013;
- Approval of the consolidated financial statements and transactions for the year ended 31 December 2013;
- Appropriation of earnings, setting of dividend;
- Approval of regulated agreements and commitments;
- Renewal of the term of office of Hervé Le Bouc as a director;
- Renewal of the term of office of Helman le Pas de Sécheval as a director;
- Renewal of the term of office of Nonce Paolini as a director;
- Favourable opinion on the remuneration components owed or awarded to Martin Bouygues in respect of the year ended 31 December 2013;
- Favourable opinion on the remuneration components owed or awarded to Olivier Bouygues in respect of the year ended 31 December 2013;
- Authorisation to the Board of Directors with a view to permitting the company to trade in its own shares.

8.1.2 Extraordinary General Meeting

- Board of Directors' reports and auditors' reports;
- Authorisation to the Board of Directors to reduce share capital by cancelling treasury shares held by the company;
- Authorisation given to the Board of Directors to grant options to acquire new or existing shares;
- Delegation of powers to the Board of Directors to issue equity warrants during the period of a public tender offer for the company's shares;
- Authorisation to the Board of Directors to use, during the period of a public offer for the company's shares, all the authorisations and delegations to increase the share capital;
- Amendment of the by-laws to permit the appointment of directors representing employees;
- Powers to carry out formalities.

8.2 Board of Directors' report on the resolutions submitted to the Combined Annual General Meeting

This report set outs the resolutions to be submitted for approval to the Combined Annual General Meeting of 24 April 2014. It is an integral part of the Board of Directors' management report. It also includes the tables summarising the financial authorisations given by the Annual General Meeting to the Board of Directors, and those financial authorisations that the Annual General Meeting will be asked to renew.

To facilitate understanding of the aims of the various resolutions and what is at stake each time a resolution is voted, the Medef, in association with Afep and Ansa, has published an educational guide to draft resolutions that are submitted to shareholders *(Guide pédagogique sur les projets de résolution soumis au vote des actionnaires)*. The full version of this guide is accessible at www.bouygues.com under, Finance/Shareholders, Annual General Meetings.

8.2.1 Ordinary General Meeting

The Ordinary General Meeting takes all decisions that are not liable to cause an amendment of the by-laws. These decisions are taken by a majority vote of the shareholders who are present or represented at the general meeting.

RESOLUTIONS 1 AND 2 – APPROVAL OF THE FULL-YEAR AND CONSOLIDATED FINANCIAL STATEMENTS

The purpose of the **first and second resolutions** is respectively to:

- approve the full-year financial statements, also referred to as individual or parent company financial statements, as well as the transactions recorded in these financial statements,
- approve the consolidated financial statements and the transactions recorded in these financial statements.

By approving the parent company and consolidated financial statements, the shareholders indicate that they have no matters to report regarding these financial statements. Approving the parent company financial statements is a prerequisite to all dividend payments.

We ask you, after having acquainted yourself with the Board of Directors' reports set out in this Registration Document, to approve the transactions and the parent company and consolidated financial statements for the year ended 31 December 2013, as will be presented to you.

RESOLUTION 3 – APPROPRIATION OF EARNINGS (PROPOSED DIVIDEND: €1.60 PER SHARE)

The purpose of the **third resolution** is to appropriate the earnings for the year ended 31 December 2013 and to set the dividend.

During the Annual General Meeting, shareholders must decide how the earnings for the financial year will be appropriated. Earnings can be appropriated to shareholders' equity, reserves or retained earnings. They may also be paid out to shareholders.

Distributable earnings for the financial year ended 31 December 2013 amounted to €2,128,407,948.78, comprising a net loss of €117,940,044.23 and retained earnings of €2,246,347,993.01.

We propose to distribute a dividend of a total amount of €510,823,993.60 and to appropriate the balance of €1,617,583,955.18 to retained earnings.

The dividend, which is the same as in 2012, amounts to a payout of €1.60 for each of the 319,264,996 existing shares. This dividend is eligible for 40% tax relief in accordance with paragraph 2 of Article 158-3 of the General Tax Code.

In accordance with the law, shares held by the company when the dividends are paid out are not eligible for dividends.

The dividend payment date is 5 May 2014. The ex-date and record date have been set at 29 April 2014 and in the evening of 2 May 2014 respectively.

The amount of dividends distributed in respect of the last three financial years are as follows:

	2010	2011	2012
Number of shares	365,862,523	314,869,079	319,157,468
Dividend per share	€1.60	€1.60	€1.60
Total dividend (a) (b)	€570,328,377.60	€503,726,526.40	€510,523,948.80

(a) The amounts shown represent dividends actually paid, taking account of the fact that shares held by the company itself do not qualify for dividends.
(b) Amounts eligible for 40% tax relief in accordance with paragraph 2 of Article 158-3 of the General Tax Code.

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RESOLUTION 4 – APPROVAL OF REGULATED AGREEMENTS AND COMMITMENTS

The purpose of the **fourth resolution** is to approve the agreements and commitments authorised by the Bouygues Board of Directors during the 2013 financial year or at the start of the 2014 financial year and that fall within the scope of application of Articles L. 225-38 and L. 225-40 to L. 225-42-1 of the Commercial Code. This approval is part of what is known as the regulated, or related-party, agreements procedure, which aims to prevent potential conflicts of interest.

A regulated agreement is entered into by the company (either directly or via an intermediary) and is liable to generate conflicts of interest: for example, an agreement between the company and one of its senior executives, or between the company and one of its shareholders who holds more than 10% of the share capital.

In accordance with the law, these agreements and commitments were granted prior approval by the Board of Directors; the directors concerned abstained from voting. The detailed list of these agreements and commitments, the benefit for Bouygues, their financial conditions and the amounts billed in 2013, are provided in the auditors' special report on regulated agreements and commitments (chapter 8, section 8.3, of this Registration Document). It should be noted that 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 concern mainly the following subjects:

- renewal for a period of one year starting 1 January 2014 of the **reciprocal services agreement between Bouygues and SCDM,** a company owned by Martin Bouygues and Olivier Bouygues. The amount that SCDM can potentially bill Bouygues is capped at €8 million a year. The amount billed by SCDM to Bouygues under this agreement in 2013 was €2.8 million, consisting mainly of the salaries of Martin and Olivier Bouygues (72% of the total). The remainder (28% of the total) is for the services provided by the small group that supports Martin and Olivier Bouygues in their deliberations and activities on behalf of the Group, mainly by conducting research and analysis into strategic developments and the growth of the Bouygues group. The amount billed by Bouygues to SCDM under this agreement in 2013 was €0.4 million;
- renewal for a period of one year starting 1 January 2014 of the **services agreement between Bouygues and its main subsidiaries:** Bouygues SA provides a range of general and expert services to Group businesses in areas such as finance, communications, sustainable development, corporate sponsorship, new technologies, insurance, legal affairs, human resources, etc. As part of this, Bouygues SA and its main subsidiaries sign annual agreements relating to these services, so that each business can request relevant services and expertise if need be. The subsidiaries are billed for the real costs of these shared services according to the nature of the service: the ratio of the subsidiary's headcount to the Group's headcount for human resources; the permanent capital ratio for financial services; and the ratio of the subsidiary's sales to Group sales for all other services;
- renewal for a period of one year starting 1 January 2014 of the **services agreement between Bouygues and Bouygues Europe.** This agreement enables Bouygues to entrust Bouygues Europe, a company based in Brussels, with Group representation and advocacy tasks and with promoting the Group's activities, primarily *vis-à-vis* European institutions;
- renewal for a period of one year starting 1 January 2014 of the **defined-benefit supplementary pension scheme** for members of the Group Management Committee, which includes Martin Bouygues and Olivier Bouygues, as well as the cross-charging agreements whereby Bouygues bills its subsidiaries for the contributions to this additional retirement provision, from which some of their senior executives benefit. The additional retirement provision is equivalent to 0.92% of the reference salary per year of service under the scheme, and may not exceed eight times the annual maximum amount under the social security regime, i.e. approximately €300,384 in 2014. The scheme has been outsourced to an insurance company.

In accordance with the law, the persons concerned will not vote on this resolution.

RESOLUTIONS 5 TO 7 – TERMS OF OFFICE OF DIRECTORS

The Annual General Meeting appoints the members of the Board of Directors, renews their terms of office when they expire, and ratifies co-optations.

The directors of Bouygues are appointed for a renewable three-year term.

The terms of office of Hervé Le Bouc, Helman le Pas de Sécheval and Nonce Paolini expire at the end of the Ordinary General Meeting of 24 April 2014. In the **fifth to seventh resolutions,** we ask you to renew these three terms of office for a period of three years, expiring after the Annual General Meeting in 2017 called to approve the financial statements for the year ended 31 December 2016.

In addition to the representatives of the main shareholders (SCDM and employee shareholders), independent directors and directors from the banking sector, the Bouygues Board of Directors traditionally includes representatives of the Group's business segments and a representative of Alstom. This specificity allows the Board to benefit from the professional skills and expertise of the key operational senior executives, as well as from their in-depth knowledge of the Group's activities. In this context, we ask you to renew the terms of office of Hervé Le Bouc and Nonce Paolini for a period of three years.

Hervé Le Bouc holds a degree in engineering from École Spéciale des Travaux Publics (ESTP). He joined the Bouygues group in 1977 and began his career at Screg Île-de-France (now a Colas subsidiary) as a site engineer, subsequently working as an area supervisor and then a regional manager until 1989. In 1985, he was appointed Director reporting to the Chairman and Chief Executive Officer. In 1989, he was named director in charge of commercial development of Bouygues Offshore for Europe, French overseas departments and territories (Dom-Tom) and Australia, and subsequently South East Asia and Mexico. He became COO of Bouygues Offshore in 1994, then CEO in 1996 and Chairman and CEO in 1999. From November 2001 to September 2002, he served concurrently as COO of Bouygues Construction, Chairman of the Board of Bouygues Offshore and Chairman of the Board of ETDE (now Bouygues Energies & Services). From September 2002 to February 2005, Hervé Le Bouc was CEO of Saur, then Chairman and CEO from February 2005 to April 2007. In February 2007, Hervé Le Bouc became a director of Colas and was named Deputy CEO in August of the same year. On 30 October 2007, he was appointed Chairman and CEO of Colas. Hervé Le Bouc was appointed a director of Bouygues in April 2008.

Helman le Pas de Sécheval is a graduate of École Normale Supérieure with a PhD in Physical Sciences and an engineering degree from École des Mines. He began his career in 1991 as a project manager in the financial engineering department of Banexi. From 1993 to 1997, he was deputy inspector-general of the underground quarries of Paris. In July 1997, he was appointed deputy to the head of the Department of Financial Operations and Information of the COB (now the AMF), becoming head of this department in 1998. From November 2001 to December 2009, Helman le Pas de Sécheval was group Chief Financial Officer of Groupama, with responsibility for the group's financing, investing, reinsurance and accounting divisions and oversight of the group's financial subsidiaries as well as GIE Groupama Systèmes d'Information. From January 2010 to December 2011, he was Managing Director of Groupama Centre-Atlantique. In September 2012, he was appointed General Counsel of Veolia Environnement. Helman le Pas de Sécheval joined the Bouygues Board of Directors in April 2008. He has been Chairman of the Accounts Committee since June 2011. He was appointed member of the Remuneration Committee of Bouygues in April 2013. Helman le Pas de Sécheval is an independent director.

Nonce Paolini holds a Master of Arts degree and graduated from Institut d'Études Politiques de Paris (IEP) in 1972. He started his career at the French power and gas utility EDF-GDF, where he worked first in operational positions (customer service/sales and marketing), and then in senior management (organisation, training, human resources, corporate communications). He joined the Bouygues group in 1988 as human resources development director, then became the Group corporate communications director in 1990. He joined TF1 in 1993 as human resources director and became Deputy CEO of the TF1 group in 1999. In January 2002, he was appointed Senior Vice-President of Bouygues Telecom to head up sales and marketing, customer relations and human resources. Nonce Paolini became Deputy CEO in April 2004 and a director in April 2005. Nonce Paolini has been CEO of TF1 since 22 May 2007, and Chairman and CEO since 31 July 2008. Nonce Paolini was appointed a director of Bouygues in April 2008.

RESOLUTIONS 8 AND 9 – OPINION ON THE INDIVIDUAL REMUNERATION COMPONENTS OWED OR AWARDED TO THE EXECUTIVE DIRECTORS IN RESPECT OF THE 2013 FINANCIAL YEAR

Pursuant to Article 24.3 of the Afep/Medef Code updated in June 2013, to which Bouygues refers pursuant to Article L. 225-37 of the Commercial Code, in the **eighth and ninth resolutions** we ask you to approve the individual remuneration components owed or awarded in respect of the 2013 financial year to the two executive directors, Martin Bouygues and Olivier Bouygues.

The full report on remuneration of corporate officers required by Articles L. 225-102-1 and L. 225-37 paragraph 9 of the Commercial Code is included in chapter 5, section 5.4, of this Registration Document.

Principles and rules for determining the remuneration of executive directors

The principles and rules for determining the remuneration of executive directors of Bouygues are set by the Board of Directors, on the basis of the Remuneration Committee's work and the recommendations of the Afep/Medef Code.

Neither of the two executive directors holds an employment contract. In the event that executive directors leave the company, the Board of Directors does not grant them severance compensation or non-competition indemnities.

Fixed remuneration takes account of the level and difficulty of the individual's responsibilities, job experience, and length of service in the Group and also the wage policy of groups or companies in similar sectors.

Benefits in kind involve use of a company car and the part-time assignment of an assistant and a chauffeur/security guard for their personal requirements.

Variable remuneration is awarded on an individual basis: the Board decides the criteria for the variable portion of each executive director's remuneration and limits it to 150% of the fixed remuneration. Variable remuneration is based on the performance of the Group, with performance being determined by reference to the following key economic indicators:

- increase in current operating profit;
- change in consolidated net profit (attributable to the Group) versus the Plan;
- change in consolidated net profit (attributable to the Group) versus the preceding year;
- free cash flow of Bouygues (before changes in working capital).

These quantitative objectives have been calculated precisely but are not publicly disclosed for confidentiality reasons.

Each criterion is used to determine part of the variable remuneration. A weighting factor and a specific ceiling are assigned to each criterion.

The existence of a **capped additional retirement provision** is taken into account when setting the **overall remuneration** of executive directors, as is the fact that no **severance compensation or non-competition indemnities are granted to them. Moreover, no deferred annual variable remuneration or multi-year variable remuneration is awarded to executive directors.**

Remuneration accruing to Martin Bouygues and Olivier Bouygues is paid by SCDM, which then invoices Bouygues pursuant to the agreement governing relations between Bouygues and SCDM. This agreement was approved by the Combined Annual General Meeting of 25 April 2013 (fourth resolution) as part of the regulated agreements procedure.

Remuneration components of Martin Bouygues, Chairman and CEO

In the **eighth resolution,** we ask you to approve the remuneration components owed or awarded to Martin Bouygues, Chairman and CEO, in respect of the 2013 financial year. These components are set out in section I of the following table:

I. Remuneration components owed or awarded in respect of the 2013 financial year that are submitted to the Annual General Meeting of 24 April 2014 for approval (Resolution 8)	Amount or carrying amount *(€)*	Comments
Fixed remuneration	920,000	Martin Bouygues' fixed remuneration remains unchanged since 2003.
Change versus 2012	0%	
Annual variable remuneration Change versus 2012 % variable/fixed [(a)] Ceiling [(b)]	0 0% 0% 150%	**Variable remuneration criteria (2013 financial year):** ■ Increase in current operating profit (50%) ■ Change in consolidated net profit versus the Plan (25%) ■ Change in consolidated net profit versus 2012 (25%) ■ Free cash flow before changes in working capital (50%) Martin Bouygues requested that no variable remuneration be awarded to him in respect of the 2013 financial year due to the write-down against Bouygues' investment in Alstom. Martin Bouygues also requested that no variable remuneration be awarded to him in respect of the 2012 financial year.
Deferred variable remuneration		Deferred variable remuneration is not provided for.
Multi-year variable remuneration		Multi-year variable remuneration is not provided for.
Exceptional remuneration		Exceptional remuneration is not provided for.
Value of stock options, performance shares or other long-term remuneration component awarded during the financial year		No stock options, performance shares or other long-term remuneration component were awarded during the year.
Directors' fees	73,900 o/w Bouygues: 50,000 o/w subsidiaries: 23,900	
Value of benefits in kind	35,663	Company car. Part-time assignment of an assistant and a chauffeur/security guard for personal requirements.
II. Reminder: remuneration components owed or awarded in respect of the 2013 financial year that were approved by the Annual General Meeting as part of the regulated agreements procedure (Annual General Meeting of 25 April 2013, Resolution 4)	**Amount or carrying amount**	**Presentation**
Severance compensation		Severance compensation is not provided for.
Non-competition indemnities		Non-competition indemnities are not provided for.
Supplementary pension scheme	0	Martin Bouygues, in the same way and under the same conditions as the other members of the Group Management Committee, benefits from a supplementary pension scheme whereby he receives an additional retirement provision set at 0.92% of the reference salary (average of the best three years) per year in the scheme. Benefits are capped at eight times the social security ceiling, i.e. approximately €296,256 in 2013). Entitlement is acquired only after ten years' service with the Group and provided that the executive director is a member of the Group Management Committee at the date of retirement. If he had retired in 2013, taking into account his length of service, Martin Bouygues would have received an annual retirement provision of around €300,000.
TOTAL	**1,029,563**	
Change versus 2012	=	

(a) Variable remuneration expressed as a percentage of fixed remuneration.
(b) Variable remuneration ceiling, set as a percentage of fixed remuneration.

Remuneration components of Olivier Bouygues, Deputy CEO

In the **ninth resolution,** we ask you to approve the remuneration components owed or awarded to Olivier Bouygues, Deputy CEO, in respect of the 2013 financial year. These components are set out in section I of the following table.

I. Remuneration components owed or awarded in respect of the 2013 financial year that are submitted to the Annual General Meeting of 24 April 2014 for approval (Resolution 9)	**Amount or carrying amount** *(€)*	**Comments**
Fixed remuneration	500,000	Olivier Bouygues' fixed remuneration remains unchanged since 2009.
Change versus 2012	0%	
Annual variable remuneration Change versus 2012 % variable/fixed [(a)] Ceiling [(b)]	0 0% 0% 150%	**Variable remuneration criteria (2013 financial year)** ■ Increase in current operating profit (50%) ■ Change in consolidated net profit versus the Plan (25%) ■ Change in consolidated net profit versus 2012 (25%) ■ Free cash flow before changes in working capital (50%) Olivier Bouygues requested that no variable remuneration be awarded to him in respect of the 2013 financial year due to the write-down against Bouygues' investment in Alstom. Oliver Bouygues also requested that no variable remuneration be awarded to him in respect of the 2012 financial year.
Deferred variable remuneration		Deferred variable remuneration is not provided for.
Multi-year variable remuneration		Multi-year variable remuneration is not provided for.
Exceptional remuneration		Exceptional remuneration is not provided for.
Value of stock options, performance shares or other long-term remuneration component awarded during the financial year		No stock options, performance shares or other long-term remuneration component were awarded during the year.
Directors' fees	73,218 o/w Bouygues: 25,000 o/w subsidiaries: 48,218	
Value of benefits in kind	11,655	Company car. Part-time assignment of an assistant and a chauffeur/security guard for personal requirements.
II. Reminder: remuneration components owed or awarded in respect of the 2013 financial year that were approved by the Annual General Meeting as part of the regulated agreements procedure (Annual General Meeting of 25 April 2013, Resolution 4)	**Amount or carrying amount**	**Presentation**
Severance compensation		Severance compensation is not provided for.
Non-competition indemnities		Non-competition indemnities are not provided for.
Supplementary pension scheme	0	Olivier Bouygues, in the same way and under the same conditions as the other members of Group Management Committee, benefits from a supplementary pension scheme whereby he receives an additional retirement provision set at 0.92% of the reference salary (average of the best three years) per year in the scheme. Benefits are capped at eight times the social security ceiling, i.e. approximately €296,256 in 2013). Entitlement is acquired only after ten years' service with the Group and provided that the executive director is a member of the Group Management Committee at the date of retirement. If he had retired in 2013, taking into account his length of service, Olivier Bouygues would have received an annual additional retirement provision of around €300,000.
TOTAL	**584,873**	
Change versus 2012	=	

(a) Variable remuneration expressed as a percentage of fixed remuneration.
(b) Variable remuneration ceiling, set as a percentage of fixed remuneration.

RESOLUTION 10 – AUTHORISATION FOR THE COMPANY TO BUY BACK ITS OWN SHARES

The purpose of the **tenth resolution** is to renew the authorisation granted to the Board of Directors to trade in Bouygues shares on the company's behalf, in accordance with legal requirements, for a period of eighteen months.

In 2013, the buybacks of Bouygues shares involved a purchase of around 1.5 million shares and the sale of around 1.5 million shares, through a service provider acting within the scope of a liquidity contract that complies with a code of conduct approved by the Autorité des Marchés Financiers (AMF).

The objectives of the new buyback programme are the same as those of the previous one. They are set out in the wording of the resolution. Buybacks, which may not exceed 5% of the share capital, can be used, *inter alia,* to cancel shares, pursuant to the authorisation granted in the **eleventh resolution,** notably to offset the dilutive impact on existing shareholders resulting from the creation of new shares in connection with employee savings schemes and the exercise of stock options granted to employees and corporate officers, and to organise trading in the company's shares for liquidity purposes, through an investment services provider acting in complete independence. Shares acquired under buybacks may also be delivered as a medium of payment or exchange in an acquisition, merger, spin-off or contribution.

The maximum purchase price is €50. The overall ceiling for purchases is €800 million.

The transactions may be carried out at any time, including during the period of a public offer for the company's shares, in accordance with applicable regulations. It is important that the company should be able, where necessary, and even during a public offer, to buy back its own shares with a view to achieving the objectives of the buyback programme.

8.2.2 Extraordinary General Meeting

In principle, the Extraordinary General Meeting approves resolutions on a two-thirds majority of the votes held by shareholders who are present or represented. Only the Extraordinary General Meeting has the authority to amend the company's by-laws. The Extraordinary General Meeting is therefore the only form of meeting that has the authority to increase or reduce the share capital. However, it may decide to delegate this authority to the Board of Directors.

In the **eleventh to fourteenth resolutions** we ask you to renew the various financial authorisations granted to the Board of Directors, which expire in 2014 and that may have an impact on the amount of the share capital. The purpose of these resolutions is to enable the Board of Directors, under the conditions and within the limits set by the Annual General Meeting, to continue to benefit from the authorisations that allow it to finance the development of the company and to carry out the financial transactions that are appropriate for its strategy, without being obliged to convene specific Extraordinary General Meetings.

We have summarised below the aims and the content of these authorisations and delegations of authority.

RESOLUTION 11 – OPTION TO REDUCE SHARE CAPITAL BY CANCELLING SHARES

In the **eleventh resolution,** in accordance with Article L. 225-209 of the Commercial Code, we ask you to authorise the Board of Directors, if it deems fit, to reduce the share capital, on one or more occasions, up to a limit of 10% of the share capital in any twenty-four month period, by cancelling some or all of the shares that the company holds or may hold as a result of using the various share buyback authorisations given by the Annual General Meeting to the Board of Directors, particularly under the tenth resolution submitted to this Annual General Meeting for approval.

Cancelling shares makes it possible, if the Board of Directors deems it fit, to offset the dilution for shareholders resulting from the creation of new shares in connection, for example, with employee savings schemes and the exercise of stock options.

This authorisation will be granted for a period of eighteen months.

RESOLUTION 12 – OPTION TO GRANT OPTIONS TO SUBSCRIBE FOR OR BUY SHARES TO CERTAIN EMPLOYEES OR SENIOR EXECUTIVES

In the **twelfth resolution,** we ask you once again to authorise the Board of Directors to grant to persons it shall designate among the salaried employees and the corporate officers of the company and companies or groupings related to it, within the meaning of Article L. 225-180 of the Commercial Code, stock options giving the beneficiaries the right either to subscribe for or to buy shares in the company.

Share subscription or purchase options (or stock options) that companies award to certain employees and/or senior executives (the beneficiaries) are long-term remuneration instruments that align the interest of the beneficiaries with that of the company and its shareholders.

The mechanism is as follows: with the Annual General Meeting's authorisation, the Board of Directors offers all or part of employees and/or senior executives of the company the right to subscribe for or purchase shares at a set price, which corresponds to the value of the share on the grant date. After a waiting period, beneficiaries have a certain timeframe in which to exercise their options. If the share price rises, they may subscribe for or purchase shares at a lower price than their listed value. If the listed price does not go up, there is no point in the beneficiaries exercising their options.

The issue price, the number of shares or options granted and the list of the beneficiaries are decided by the Board of Directors, within the limits laid down by the Annual General Meeting. Information on stock option grants and the general policy for granting stock options implemented by the company are contained in the report on stock options.

Stock options are granted to attract senior executives and employees of the company and of Group entities, reward them, secure their loyalty and give them an interest in the company's development, in the light of their contribution to value creation. More than 1,000 senior executives and employees are beneficiaries under each plan. The beneficiaries are selected and individual allotments are decided by reference to each beneficiary's responsibility and performance, with particular attention being paid to executives with potential. No discount is applied when options are granted.

In accordance with the provisions of the Afep/Medef Code, the general policy for granting stock options is debated within the Remuneration Committee and, on the basis of a proposal by that Committee, approved by the Board of Directors. The grant of options to the company's executive directors (Chairman and CEO, Deputy CEOs) and the exercise of options by those executive directors are subject to performance criteria determined by the Board of Directors.

The total number of stock options that may be granted during the period of this authorisation (thirty-eight months) shall not give the right to subscribe for or acquire a total number of shares representing more than 5% of the share capital of the company on the day of the Board of Directors' decision.

Any bonus shares allotted during the period of this authorisation, pursuant to an authorisation granted by the Annual General Meeting, shall count towards this total number of shares.

The price paid to subscribe for or purchase shares may not be less than the average share price quoted on the market for the twenty trading days preceding the day when the options are granted. In other words, no discount will be authorised. Furthermore, the purchase price of existing shares may not be less than the average purchase price of shares held by the company.

RESOLUTIONS 13 AND 14 – PROTECTING THE COMPANY IN THE EVENT OF A PUBLIC TENDER OR EXCHANGE OFFER FOR THE COMPANY'S SHARES

The following two resolutions are designed to enable the Board of Directors, in the event of a public tender offer for the company's shares that it believes goes against the interests of the company and its shareholders, to take defensive measures, as allowed by law, to frustrate such an offer ("anti-takeover measures").

In the event of a public offer, the Bouygues Board of Directors may use all or part of the measures provided by these two resolutions, without needing any further confirmation from a new general meeting, but on the condition that the rules applicable to the initial bidder in terms of anti-takeover measures, are not equivalent to those applicable at Bouygues. This is the case, in particular, when the initial bidder is an unlisted company or a foreign company, for which the local regulations do not oblige it to have its own anti-takeover measures confirmed by its own general meeting in the event of a public offer. The scope of application of these anti-takeover measures is therefore limited.

In the **thirteenth resolution,** as is the case each year since 2006, the Annual General Meeting is asked to delegate to the Board of Directors the power to issue equity warrants during the period of a public offer the company's shares. The resolution is decided on the straightforward majority of the votes cast, as an exception to the other resolutions in extraordinary session, which require a two-thirds majority in order to be adopted.

These warrants are awarded to all shareholders and enable them to subscribe for company shares at a preferential price. If the warrants are exercised, the number of shares that make up the capital also increases, which increases the cost for the initial bidder.

The issue of warrants (known as "Breton" warrants) during the period of a public offer, is a measure designed to prevent, or at the very least hinder, an attempted public offer. The Board of Directors can, in particular, use Breton warrants as a lever in order to encourage the initial bidder to improve the conditions of its offer.

This delegation will be granted for a period of eighteen months. The nominal value of the capital increase that may result from exercise of the warrants would be capped at one hundred and sixty million euros (€160,000,000), i.e. around 50% of the capital.

In the **fourteenth resolution,** we ask you to authorise the Board of Directors to utilise, during the period of a public offer for the company's shares, the various delegations of power and authorisations granted to the Board of Directors by the Annual General Meeting to increase the share capital, provided that such utilisation is permitted during the period of a public offer by applicable laws and regulations.

This delegation will be granted for a period of eighteen months.

RESOLUTION 15 – AMENDMENT OF THE BY-LAWS TO PERMIT THE APPOINTMENT OF DIRECTORS REPRESENTING EMPLOYEES

The by-laws are a set of rules that govern how the company operates, which the shareholders must approve when a company is incorporated. All amendments to the by-laws must then be voted by the shareholders prior to being implemented.

In the **fifteenth resolution,** we ask you to amend the by-laws to permit the appointment of two directors representing employees. This amendment results from a provision of the Job Security Act of 14 June 2013, which concerns companies that employ at least five thousand permanent staff in the parent company or its direct or indirect subsidiaries, whose registered office is located in France, or at least ten thousand permanent staff in companies that employ at least ten thousand permanent staff in the parent company and its direct or indirect subsidiaries, whose registered office is located in France or abroad. This Act provides that the board of directors must include directors representing employees. The number of these directors must be at least equal to two in companies for which the number of directors exceeds twelve.

We ask you to amend the by-laws to include the formalities for appointing directors representing employees. These directors would be appointed, using one of the methods provided for by law, by the Group Council, a body that brings together around thirty representatives drawn from the four hundred works councils that cover all the Bouygues group's business activities. They would be appointed for a two-year term, renewable once.

In accordance with the law, the planned amendment of the by-laws was submitted to the Group Council for review, following which the Group Council issued a favourable opinion.

If you adopt this resolution, the Group Council will appoint two directors representing employees within six months of the Annual General Meeting.

RESOLUTION 16 – POWERS TO CARRY OUT FORMALITIES

The purpose of the **sixteenth resolution** is to carry out all legal or administrative formalities and to make all filings and publications under and in accordance with applicable law.

8.2.3 Table setting out financial authorisations

8.2.3.1 FINANCIAL AUTHORISATIONS IN FORCE ON THE DATE OF THE COMBINED ANNUAL GENERAL MEETING OF 24 APRIL 2014

The table below summarises the delegations of authority and power conferred on the Board of Directors by the Combined Annual General Meeting, in order to buy back shares, increase or reduce the capital, award stock options or bonus shares.

Only the authorisations to award stock options and trade in company shares were used during the 2013 financial year.

Purpose	Maximum nominal amount	Expiry/ Duration	Use of powers in 2013
SECURITIES ISSUES			
1. Increase share capital with pre-emptive rights for existing shareholders (AGM of 25 April 2013, Resolution 17)	■ Capital increase: €150 million ■ Issue of debt securities: €5 billion	25 June 2015 (26 months)	Authorisation not used
2. Increase share capital by incorporating share premiums, reserves or earnings into capital (AGM of 25 April 2013, Resolution 18)	€4 billion	25 June 2015 (26 months)	Authorisation not used
3. Increase share capital by way of public offering without pre-emptive rights for existing shareholders (AGM of 25 April 2013, Resolution 19)	■ Capital increase: €150 million [a] ■ Issue of debt securities: €5 billion [a]	25 June 2015 (26 months)	Authorisation not used
4. Increase share capital through a private placement (AGM of 25 April 2013, Resolution 20)	■ Capital increase: 20% of the share capital and €150 million [a] ■ Issue of debt securities: €5 billion [a]	25 June 2015 (26 months)	Authorisation not used
5. Set the price for immediate or future public issues of equity securities or issues falling within the scope of Article L. 411-2 of the Monetary and Financial Code, without pre-emptive rights for existing shareholders (AGM of 25 April 2013, Resolution 21)	10% of the share capital [a] in any 12-month period	25 June 2015 (26 months)	Authorisation not used
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 25 April 2013, Resolution 22)	15% of the initial issue [a]	25 June 2015 (26 months)	Authorisation not used
7. Increase share capital as consideration for contributions in kind consisting of a company's equity securities or securities giving access to capital (AGM of 25 April 2013, Resolution 23)	10% of the share capital [a]	25 June 2015 (26 months)	Authorisation not used
8. Increase share capital as consideration for securities tendered to a public exchange offer (AGM of 25 April 2013, Resolution 24)	■ Capital increase: €150 million [a] ■ Issue of debt securities: €5 billion [a]	25 June 2015 (26 months)	Authorisation not used
9. Issue shares following the issue by a Bouygues subsidiary of securities giving access to shares in Bouygues (AGM of 25 April 2013, Resolution 25)	■ Capital increase: nominal amount of €150 million [a]	25 June 2015 (26 months)	Authorisation not used
10. Issue securities giving the right to the allotment of debt securities (AGM of 25 April 2013, Resolution 26)	€5 billion	25 June 2015 (26 months)	Authorisation not used
11. Issue equity warrants during the period of a public offer (AGM of 25 April 2013, Resolution 29)	■ Capital increase: €350 million ■ The number of warrants is capped at the number of existing shares	25 October 2014 (18 months)	Authorisation not used
12. Increase share capital during the period of a public offer (AGM of 25 April 2013, Resolution 30)	Ceilings fixed in the relevant authorisations	25 October 2014 (18 months)	Authorisation not used

Purpose	Maximum nominal amount	Expiry/ Duration	Use of powers in 2013
ISSUES CARRIED OUT FOR THE BENEFIT OF EMPLOYEES AND CORPORATE OFFICERS OF THE COMPANY OR RELATED COMPANIES			
13. Capital increase for the benefit of employees or corporate officers who are members of a company savings scheme (AGM of 25 April 2013, Resolution 27)	10% of the share capital	25 June 2015 (26 months)	Authorisation not used
14. Allotment of existing or new bonus shares (AGM of 25 April 2013, Resolution 28)	10% of the share capital	25 June 2016 (38 months)	Authorisation not used
15. Grant of stock subscription and/or purchase options (AGM of 21 April 2011, Resolution 22)	5% of the share capital [(b)]	21 June 2014 (38 months)	The Board meeting of 26 February 2013 voted to allot 2,790,000 stock options to 1,037 beneficiaries, effective 28 March 2013.
SHARE BUYBACKS AND REDUCTION IN SHARE CAPITAL			
16. Purchase by the company of its own shares (AGM of 25 April 2013, Resolution 15)	5% of the share capital Total outlay capped at €1 billion	25 October 2014 (18 months)	5,074,906 shares purchased outside the liquidity contract 1,517,574 shares purchased and 1,526,074 sold under the liquidity contract
17. Reduce share capital by cancelling shares (AGM of 25 April 2013, Resolution 16)	10% of the share capital in any 24-month period	25 October 2014 (18 months)	The Board meeting of 26 February 2013 voted to cancel the 5,074,906 shares bought back by the company outside the liquidity contract.

(a) To be applied against the overall ceiling referred to in point 1.
(b) To be deducted from the overall ceiling for bonus share issues.

8.2.3.2 FINANCIAL AUTHORISATIONS SUBMITTED TO THE COMBINED ANNUAL GENERAL MEETING OF 24 APRIL 2014

The table below summarises the delegated financial powers and authorisations that we ask you to renew during the Combined Annual General Meeting of 24 April 2014.

These authorisations are detailed above (see sections 8.2.1 and 8.2.2).

Purpose	Maximum nominal amount	Expiry/Duration
SECURITIES ISSUES		
1. Issue equity warrants during the period of a public offer (Resolution 13)	■ Capital increase: €160 million ■ The number of warrants is capped at the number of existing shares.	24 October 2015 (18 months)
2. Increase share capital during the period of a public offer (Resolution 14)	Ceilings fixed in the relevant authorisations	24 October 2015 (18 months)
ISSUES CARRIED OUT FOR THE BENEFIT OF EMPLOYEES AND CORPORATE OFFICERS OF THE COMPANY OR RELATED COMPANIES		
3. Grant options to acquire new or existing shares (Resolution 12)	5% of the share capital [(a)] (executive directors: 0.1% of the share capital)	24 June 2017 (38 months)
SHARE BUYBACKS AND REDUCTION IN SHARE CAPITAL		
4. Purchase by the company of its own shares (Resolution 10)	5% of the share capital Total outlay capped at €800 million	24 October 2015 (18 months)
5. Reduce share capital by cancelling shares (Resolution 11)	10% of the share capital in any 24-month period	24 October 2015 (18 months)

(a) To be deducted from the overall ceiling for bonus share issues, or 10% of the share capital.

8.3 Auditors' reports

8.3.1 Auditors' special report on regulated agreements and commitments

(AGM called to approve the financial statements for the year ended 31 December 2013)

To the shareholders,

In our capacity as auditors of your company, we present below our report on regulated agreements and commitments.

We are required to report to shareholders, based on the information provided, about the main terms and conditions of the agreements and commitments that have been disclosed to us or which were brought to light as a result of our assignment, without commenting on their relevance or substance and without determining whether other such agreements or commitments exist. It is the responsibility of the shareholders to determine whether these agreements and commitments are appropriate and should be approved, in accordance with the terms of Article R. 225-31 of the Commercial Code.

We are also required to report to you the information set out in Article R. 225-31 of the Commercial Code regarding operations carried out during the year under agreements and commitments approved by Annual General Meetings in previous years.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC. Those procedures involved ensuring that the information disclosed to us was consistent with the source documents from which it was taken.

AGREEMENTS AND COMMITMENTS SUBMITTED TO THE ANNUAL GENERAL MEETING THAT WILL APPROVE THE 2013 FINANCIAL STATEMENTS

Agreements and commitments authorised during the year

Pursuant to Article L. 225-40 of the Commercial Code, we have been informed of the following agreements and commitments, which were granted prior approval by the Board of Directors.

A. SHARED SERVICE AGREEMENTS

At its 13 November 2013 meeting, the Board of Directors authorised, for a period of one year starting 1 January 2014, the renewal of shared service agreements between Bouygues Construction, Bouygues Immobilier, Colas, TF1 and Bouygues Telecom, under which Bouygues provides principally management, HR, IT and financial services to its various sub-groups.

Interest of these agreements for Bouygues

Shared service agreements are standard in groups of companies. Their purpose is to enable subsidiaries to benefit from services and assistance provided by the parent company, and to allocate the corresponding expenses between the various user companies.

Financial conditions associated with these agreements

The principle behind these agreements is based on the rules for sharing and invoicing the expense of shared services, including special services, and the defrayal of a remaining share, within the limit of a percentage of sales.

The renewal of this authorisation had no financial impact on the 2013 financial statements. It will take effect in 2014.

Directors concerned:

- **BOUYGUES CONSTRUCTION,** Olivier Bouygues (director) and Yves Gabriel (Chairman and CEO, director),
- **BOUYGUES IMMOBILIER,** François Bertière (Chairman and CEO, director) and Hervé Le Bouc (director),
- **COLAS,** Hervé Le Bouc (Chairman and CEO, director), François Bertière, Olivier Bouygues and Colette Lewiner (directors),
- **TF1,** Nonce Paolini (Chairman and CEO, director), Martin Bouygues and Olivier Bouygues (directors),
- **BOUYGUES TELECOM,** Olivier Bouygues and Nonce Paolini (directors).

B. SERVICE AGREEMENTS BETWEEN BOUYGUES AND SCDM

At its 13 November 2013 meeting, the Board of Directors authorised the renewal of the agreement between Bouygues and SCDM for a period of one year starting 1 January 2014, which covers the services described below.

SCDM, a company owned by Martin Bouygues and Olivier Bouygues, contributes to initiatives in favour of the Bouygues group on an ongoing basis. SCDM may also supply Bouygues with services other than those provided as part of its permanent duties.

For its part, Bouygues provides SCDM with specific services, primarily management, HR, IT, legal and financial services.

Interest of the agreement for Bouygues

This agreement enables Bouygues to benefit from the services of Martin and Olivier Bouygues, who are paid exclusively by SCDM, and of members of the small group that supports Martin and Olivier Bouygues in their deliberations and activities on behalf of the Group, mainly by conducting research and analysis into strategic developments and the growth of the Bouygues group, as well as various specific services for the benefit of the Group.

This agreement also enables Bouygues to be remunerated by SCDM in respect of various specific services.

Financial conditions attached to the agreement

Under the terms of this agreement, SCDM invoices Bouygues up to €8 million a year for costs actually incurred in relation to:

- salaries, mainly for Martin Bouygues and Olivier Bouygues who are paid exclusively by SCDM;
- research and analysis relating to strategic developments and the expansion of the Bouygues group;
- miscellaneous services.

The special services SCDM provides to Bouygues are invoiced at arm's length rates.

Bouygues also invoices its services to SCDM at arm's length rates.

The renewal of this agreement had no financial impact on the 2013 financial statements. It will take effect in 2014.

Directors concerned:

- **SCDM,** Martin Bouygues (Chairman) and Olivier Bouygues (CEO).

C. SUPPLEMENTARY RETIREMENT BENEFITS GRANTED TO SENIOR EXECUTIVES

At its 13 November 2013 meeting, the Board of Directors authorised, for a period of one year starting 1 January 2014, the renewal of the defined-benefit supplementary pension scheme for members of the Group Management Committee, which includes Bouygues executive directors and certain salaried directors of Bouygues SA. The additional retirement provision is equivalent to 0.92% of the reference salary per year of service under the scheme. Benefits are capped at eight times the annual social security ceiling. This supplementary pension scheme has been outsourced to an insurance company.

Interest of the agreement for Bouygues

The purpose of this agreement is to enable Bouygues to secure the loyalty of the members of the Group Management Committee.

Financial conditions attached to the agreement

Bouygues pays contributions into the scheme set up by the insurance company and invoices its subsidiaries Bouygues Construction, Bouygues Immobilier, Colas, TF1 and Bouygues Telecom for the amounts that correspond to their portion of the premiums paid to the insurance company.

The renewal of this agreement had no financial impact on the 2013 financial statements. It will take effect in 2014.

Directors concerned:

- **Martin Bouygues** (Chairman and CEO) **and Olivier Bouygues** (Deputy CEO),
- **BOUYGUES CONSTRUCTION,** Olivier Bouygues (director) and Yves Gabriel (Chairman and CEO, director),
- **BOUYGUES IMMOBILIER,** François Bertière (Chairman and CEO, director) and Hervé Le Bouc (director),
- **COLAS,** Hervé Le Bouc (Chairman and CEO, director), François Bertière, Olivier Bouygues and Colette Lewiner (directors),
- **TF1,** Nonce Paolini (Chairman and CEO, director), Martin Bouygues and Olivier Bouygues (directors),
- **BOUYGUES TELECOM,** Olivier Bouygues and Nonce Paolini (directors).

D. SERVICE AGREEMENT BETWEEN BOUYGUES AND BOUYGUES EUROPE

At its 13 November 2013 meeting, the Board of Directors authorised, for a period of one year starting 1 January 2014, the renewal of the agreement between Bouygues and Bouygues Europe, a Belgian company that is wholly owned (directly and indirectly) by Bouygues SA.

Interest of the agreement for Bouygues

This agreement enables Bouygues and its subsidiaries to benefit from Bouygues Europe services in the following areas:

- identifying major topics and issues for the Group's business areas at European and international levels;
- monitoring and tracking European regulations and their impacts for the Group;
- representing and defending the Group's interests;
- promoting Group activities;
- assistance with and advice on specific matters;
- organising seminars to raise awareness of Group senior executives regarding major European and international issues;
- involvement in associations, working groups or think-tanks on topics or subjects that are of interest to the Group.

Financial conditions attached to the agreement

In respect of this agreement, it is provided that Bouygues Europe will invoice Bouygues for a total amount of around €700,000 excl. VAT for 2014.

Director concerned:

- **BOUYGUES EUROPE,** Olivier Bouygues (Chairman of the Board of Directors).

E. AMENDMENT TO THE AIRCRAFT AVAILABILITY AGREEMENT BETWEEN AIRBY AND BOUYGUES

At its 13 November 2013 meeting, the Board of Directors authorised the conclusion of an amendment to the aircraft availability agreement between SNC Airby, a company held indirectly by Bouygues and SCDM, for the use of Group aircraft, which was approved by the Annual General Meeting of 26 April 2012.

Interest of the agreement for Bouygues

Since July 2013, the Group only owns one aircraft, the Global 5000. When this aircraft is unavailable (due to maintenance or use by another user), SNC Airby rents an aircraft on the market that corresponds to the needs of the user company, which SNC Airby then makes available to the user company. The purpose of the proposed amendment is to specify the financial conditions of this availability, so that Bouygues can benefit from Airby services if an aircraft from outside the Group is rented.

Financial conditions attached to the agreement

When SNC Airby provides an aircraft that has been rented on the market, the rental is invoiced to Bouygues at cost plus €1,000 excl. VAT, which remunerates SNC Airby for the charter service provided to Bouygues. Each rental is invoiced separately.

The other conditions of the services agreement are unchanged. In particular, the overall price per flight hour for the Global 5000 is unchanged in 2014, namely €7,000 excl. VAT per flight hour. This price will be revised annually to take into account changes in market prices.

The amendment is concluded for an indefinite period.

In 2013, Airby invoiced Bouygues, for the period subsequent to the conclusion of this amendment, a total amount of €145,017 excl. VAT.

Directors concerned:

- **SCDM,** Martin Bouygues (Chairman) and Olivier Bouygues (CEO).

F. AMENDMENT TO THE TRADEMARK LICENCE AGREEMENT BETWEEN BOUYGUES AND BOUYGUES IMMOBILIER

At its 13 November 2013 meeting, the Board of Directors authorised the conclusion of an amendment to the agreement entered into in January 2011 with Bouygues Immobilier and approved by the Annual General Meeting of 21 April 2011.

The purpose of this amendment, firstly, is to extend the territorial scope of application of the existing trademark licence agreement to Morocco and, secondly, to include the new Bouygues Immobilier Maroc trademark within the scope of this agreement.

Interest of the agreement for Bouygues

This amendment will make it possible to extend the protection and recognition of the Bouygues name in Morocco.

Financial conditions attached to the agreement

This amendment does not change the financial conditions of the licence agreement.

Directors concerned:

- **BOUYGUES IMMOBILIER,** François Bertière (Chairman and CEO) and Hervé Le Bouc (director).

Agreements and commitments authorised since the end of the 2013 financial year

We have been informed of the following agreements and commitments that were authorised since the end of the 2013 financial year by the Board of Directors:

A. ASSISTANCE AGREEMENT WITH BOUYGUES TELECOM

At its 21 January 2014 meeting, the Board of Directors authorised the signature of an assistance agreement with Bouygues Telecom, which allows Bouygues Telecom to benefit from the assistance of Bouygues' e-Lab in designing and rolling out an experimental pilot network that is dedicated to M2M (Machine to Machine) applications and focused on the Internet of Things. The service will be provided during the first half of 2014.

Interest of the agreement for Bouygues

This agreement will enable Bouygues to develop new skills within the e-Lab and to contribute to the roll-out of new technologies, for the benefit of Bouygues Telecom and its customers.

Financial conditions attached to the agreement

In respect of the agreement, Bouygues invoices Bouygues Telecom a flat fee of €197,465.80 excl. VAT.

Directors concerned:

- **Bouygues Telecom,** Olivier Bouygues and Nonce Paolini (directors).

Agreements and commitments approved by Annual General Meetings in previous years

Agreements and commitments under which transactions continued during the year

Pursuant to Article R. 225-30 of the Commercial Code, we were informed that transactions under the following agreements and commitments, which had already been approved by previous Annual General Meetings, continued during the year.

A. SHARED SERVICE AGREEMENTS

The Combined Annual General Meeting of 25 April 2013 approved, for a period of one year starting 1 January 2013, the renewal of shared service agreements between Bouygues and Bouygues Construction, Bouygues Immobilier, Colas, TF1 and Bouygues Telecom, under which Bouygues provides principally management, HR, IT and financial services to its various sub-groups.

Bouygues invoiced the following amounts in respect of this agreement in 2013:

	Amount excl. VAT
Bouygues Construction	€14,032,000
Bouygues Immobilier	€2,744,840
Colas	€16,415,355
TF1	€3,352,480
Bouygues Telecom	€6,509,962

Directors concerned:

- **BOUYGUES CONSTRUCTION,** Olivier Bouygues (director) and Yves Gabriel (Chairman and CEO, director),
- **BOUYGUES IMMOBILIER,** François Bertière (Chairman and CEO, director) and Hervé Le Bouc (director),
- **COLAS,** Hervé Le Bouc (Chairman and CEO, director), François Bertière, Olivier Bouygues and Colette Lewiner (directors),
- **TF1,** Nonce Paolini (Chairman and CEO, director), Patricia Barbizet, Martin Bouygues and Olivier Bouygues (directors),
- **BOUYGUES TELECOM,** Olivier Bouygues and Nonce Paolini (directors).

In accordance with the authorisation of the Board of Directors of 14 November 2012.

B. SERVICE AGREEMENT BETWEEN BOUYGUES AND SCDM

The Combined Annual General Meeting of 25 April 2013 approved, for a period of one year starting 1 January 2013, the service agreement between Bouygues and SCDM.

Under the terms of this agreement, SCDM invoices Bouygues up to €8 million a year for costs incurred in relation to:

- salaries, mainly for Martin Bouygues and Olivier Bouygues who are paid exclusively by SCDM;
- research and analysis relating to strategic developments and the expansion of the Bouygues group;
- miscellaneous services.

SCDM may also supply Bouygues with services other than those provided as part of its permanent duties. These special services are now invoiced at arm's length rates.

Under this agreement, Bouygues may invoice SCDM at arm's length for any special services provided.

In 2013, SCDM invoiced Bouygues €2,723,820 in respect of the agreement, while Bouygues invoiced SCDM €360,888.

Directors concerned:

- **SCDM,** Martin Bouygues (Chairman) and Olivier Bouygues (CEO).

In accordance with the authorisation of the Board of Directors of 14 November 2012.

C. SUPPLEMENTARY RETIREMENT BENEFITS GRANTED TO SENIOR EXECUTIVES

The Combined Annual General Meeting of 25 April 2013 approved, for a period of one year starting 1 January 2013, the renewal of the defined-benefit supplementary pension scheme for members of the Group Management Committee, which includes Bouygues corporate officers and the salaried directors of Bouygues SA.

Contributions paid by Bouygues into the scheme set up by the insurance company totalled €4.5 million excl. VAT in 2013.

Bouygues invoiced the following amounts to subsidiaries:

	Amount excl. VAT
Bouygues Construction	€745,912
Bouygues Immobilier	€744,376
Colas	€744,103
TF1	€601,109
Bouygues Telecom	€594,968

Directors concerned:

- **Martin Bouygues** (Chairman and CEO) **and Olivier Bouygues** (Deputy CEO),
- **BOUYGUES CONSTRUCTION,** Olivier Bouygues (director) and Yves Gabriel (Chairman and CEO, director),
- **BOUYGUES IMMOBILIER,** François Bertière (Chairman and CEO, director) and Hervé Le Bouc (director),
- **COLAS,** Hervé Le Bouc (Chairman and CEO, director), François Bertière, Olivier Bouygues and Colette Lewiner (directors),
- **TF1,** Nonce Paolini (Chairman and CEO, director), Patricia Barbizet, Martin Bouygues and Olivier Bouygues (directors),
- **BOUYGUES TELECOM,** Olivier Bouygues and Nonce Paolini (directors).

In accordance with the authorisation of the Board of Directors of 14 November 2012.

D. SERVICE AGREEMENTS BETWEEN BOUYGUES AND BOUYGUES EUROPE

The Combined Annual General Meeting of 25 April 2013 approved a new service agreement between Bouygues and Bouygues Europe. This agreement came into force on 1 February 2013 and remained in effect until 31 December 2013. It is renewable tacitly each year, for successive periods of one year.

This agreement enables Bouygues and its subsidiaries to benefit from Bouygues Europe services in the following areas:

- identifying major topics and issues for the Group's business areas at European and international levels;
- monitoring and tracking European regulations and their impacts for the Group;
- representing and defending the Group's interests;
- promoting the Group's activities;
- assistance with and advice on specific matters;
- organising seminars to raise awareness of Group senior executives regarding major European and international issues;
- involvement in associations, working groups or think-tanks on topics or subjects that are of interest to the Group.

In 2013, Bouygues Europe invoiced Bouygues a total amount of €665,000 excl. VAT in respect of this agreement, while Bouygues invoiced Bouygues Europe a total amount of €35,013 excl. VAT.

Director concerned:

- **BOUYGUES EUROPE,** Olivier Bouygues (Chairman of the Board of Directors).

In accordance with the authorisation of the Board of Directors of 29 January 2013.

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E. TAX ELECTION AGREEMENT

The Combined Annual General Meeting of 26 April 2012 approved the renewal for five years, i.e. from 1 January 2012 to 31 December 2016, renewable tacitly, of the group tax election agreements with Bouygues Construction, Bouygues Bâtiment Ile-de-France, Bouygues Bâtiment International, Bouygues Travaux Publics, Bouygues Energies & Services (formerly ETDE), Bouygues Immobilier, Colas, Aximum, Colas Midi Méditerranée, Sacer Atlantique, Spac and Screg Est.

Directors concerned:

- **BOUYGUES CONSTRUCTION,** Yves Gabriel (Chairman and CEO, director) and Olivier Bouygues (director),
- **BOUYGUES BÂTIMENT ILE-DE-FRANCE,** Yves Gabriel (standing representative of Bouygues Construction on the board of Bouygues Bâtiment Ile-de-France),
- **BOUYGUES BÂTIMENT INTERNATIONAL,** Yves Gabriel (standing representative of Bouygues Construction on the board of Bouygues Bâtiment International),

- **BOUYGUES TRAVAUX PUBLICS,** Yves Gabriel (standing representative of Bouygues Construction on the board of Bouygues Travaux Publics),
- **BOUYGUES ENERGIES & SERVICES,** Yves Gabriel (director),
- **BOUYGUES IMMOBILIER,** François Bertière (Chairman and CEO, director) and Hervé Le Bouc (director),
- **COLAS,** Hervé Le Bouc (Chairman and CEO, director), François Bertière, Olivier Bouygues and Colette Lewiner (directors),
- **AXIMUM,** Hervé Le Bouc (director),
- **COLAS MIDI MÉDITERRANÉE,** Hervé Le Bouc (director),
- **SACER ATLANTIQUE,** Hervé Le Bouc (standing representative of Spare, on the board of Sacer Atlantique),
- **SPAC,** Hervé Le Bouc (standing representative of IPF on the board of Spac),
- **SCREG EST,** Hervé Le Bouc (standing representative of IPF on the board of Screg Est).

In accordance with the authorisation of the Board of Directors of 6 December 2011.

F. TRADEMARK LICENCE AGREEMENTS

Bouygues has entered into trademark licence agreements with several subsidiaries, which entitle them to use various trademarks, company names and trade names under specific conditions.

- The Combined Annual General Meeting of 26 April 2012 approved the conclusion of a single trademark licence agreement between Bouygues and Bouygues Construction in respect of the following trademarks: "Bouygues Construction", "Bouygues Bâtiment", "Bouygues Travaux Publics", "Bouygues TP" and Ellipse, under the following terms and conditions:

  Bouygues Construction has the right to use in France and a number of foreign countries the "Bouygues Construction", "Bouygues Bâtiment", "Bouygues Travaux Publics" and "Bouygues TP" trademarks, and the Ellipse logo solely for products and services in the field of construction. Bouygues Construction has the right to sub-license these trademarks to its subsidiaries, which themselves are entitled to sub-license them to their own subsidiaries. Bouygues Construction and its subsidiaries also have the temporary right to use the company names and trade names "Bouygues Construction", "Bouygues Bâtiment", "Bouygues Travaux Publics" and "Bouygues TP", as well as the right to use other company names having a "geographical" consonance or ending. Furthermore, Bouygues Construction and its subsidiaries have the right to register domain names that use some or all of the terms "Bouygues Construction", "Bouygues Bâtiment" and "Bouygues Travaux Publics".

  The Combined Annual General Meeting of 25 April 2013 authorised the conclusion of an amendment to the agreement authorising Bouygues Construction to sub-license to its subsidiary ETDE, now Bouygues Energies & Services, the "Bouygues Energies & Services" and "Bouygues E & S" trademarks in France and a certain number of foreign countries.

  As consideration for the rights granted, Bouygues Construction will pay Bouygues fixed royalties of €500,000 per annum excl. VAT.

This agreement came into force on 1 January 2012 for 15 years, i.e. until 31 December 2026.

Directors concerned:

- **BOUYGUES CONSTRUCTION,** Yves Gabriel (Chairman and CEO, director) and Olivier Bouygues (director).

In accordance with the authorisation of the Board of Directors of 6 December 2011 and 29 January 2013.

- The Combined Annual General Meeting of 21 April 2011 approved the conclusion of a trademark licence in respect of the following trademarks: "Bouygues Immobilier", "Bouygues Immobilien", "Bouygues Inmobiliaria" and "Bouygues Imobiliare", under the following terms and conditions:

  Bouygues Immobilier has the exclusive right to use the "Bouygues Immobilier" trademark in France and a number of foreign countries, the exclusive right to use the "Bouygues Immobilien" trademark in Germany and the exclusive right to use the "Bouygues Inmobiliaria" trademark in Spain, "Bouygues Imobiliaria" in Portugal and "Bouygues Imobiliare" in Romania for all its property products and services. Bouygues Immobilier has the right to sub-license these trademarks to its subsidiaries. Bouygues Immobilier and its subsidiaries also have the temporary right to use the company names and trade names "Bouygues Immobilier", "Bouygues Immobilien", "Bouygues Inmobiliaria", "Bouygues Imobiliaria" and "Bouygues Imobiliare". Bouygues Immobilier has the right to register and use semi-figurative trademarks by associating the terms "Bouygues Immobilier", "Bouygues Immobilien", "Bouygues Inmobiliaria", "Bouygues Imobiliaria" and "Bouygues Imobiliare" with its logo. Furthermore, Bouygues Immobilier has the right to register domain names that use some or all of the terms "Bouygues Immobilier", "Bouygues Immobilien", "Bouygues Inmobiliaria", "Bouygues Imobiliaria" and "Bouygues Imobiliare".

  As consideration for the rights granted, Bouygues Immobilier will pay Bouygues fixed royalties of €250,000 per annum excl. VAT.

  This agreement came into force on 3 December 2010 for 15 years, i.e. until 2 December 2025.

Director concerned:

- **BOUYGUES IMMOBILIER,** François Bertière (Chairman and CEO).

In accordance with the authorisation of the Board of Directors of 2 December 2010.

- The Combined Annual General Meeting of 29 April 2010 approved the conclusion of a trademark licence in respect of the following trademarks: "Bouygues Telecom", "Bouygtel" and "Bouygnet", under the following terms and conditions:

  Bouygues Telecom has the exclusive right to use the "Bouygues Telecom" and "Bouygtel" trademarks in France, and "Bouygues Telecom" in a number of foreign countries, as well as the non-exclusive right to use the "Bouygnet" trademark in France and in the European Union, in order to sell its fixed, mobile, internet and television products and services. Bouygues Telecom also has the temporary right to use the company name and trade name "Bouygues Telecom". Bouygues Telecom has the right to register and to use semi-figurative trademarks by associating the terms "Bouygues Telecom" and "Bouygtel" with its logo. Furthermore, Bouygues Telecom has the right to register domain names that use some or all of the terms "Bouygues Telecom", "Bouygtel" and "Bouygnet".

  As consideration for the rights granted, Bouygues Telecom will pay Bouygues fixed royalties of €700,000 per annum excl. VAT.

  This agreement came into force on 9 December 2009 for 15 years, i.e. until 9 December 2024.

Directors concerned:

- **BOUYGUES TELECOM,** Olivier Bouygues and Nonce Paolini (directors).

In accordance with the authorisation of the Board of Directors of 1 December 2009.

- The Combined Annual General Meeting of 25 April 2013 approved the conclusion of a trademark licence agreement between Bouygues and Bouygues Europe, for the exclusive use by Bouygues Europe of the "Bouygues Europe" trademark, company name and trade name and non-exclusive use of the "Ellipse" logo for its business activity.

This agreement was signed for a period of 10 years in return for payment of royalties of €5,000 per annum excl. VAT by Bouygues Europe to Bouygues.

Director concerned:

- **BOUYGUES EUROPE,** Olivier Bouygues (Chairman of the Board of Directors).

In accordance with the authorisation of the Board of Directors of 28 February 2012.

Bouygues invoiced the following amounts in respect of these agreements in 2013:

	Amount excl. VAT
Bouygues Construction	€500,000
Bouygues Immobilier	€250,000
Bouygues Telecom	€700,000
Bouygues Europe	€5,000

G. SUB-LEASE AGREEMENT CONCERNING THE CHALLENGER BUILDING

The Combined Annual General Meeting of 22 April 2000 approved the conclusion of a sub-lease agreement with Bouygues Construction for part of the Challenger building in Saint-Quentin-en-Yvelines (France).

Bouygues Construction invoiced Bouygues €245,327 excl. VAT in respect of this agreement in 2013.

Directors concerned:

- **BOUYGUES CONSTRUCTION,** Yves Gabriel (Chairman and CEO, director) and Olivier Bouygues (director).

In accordance with the authorisation of the Board of Directors of 4 November 1999.

H. AIRCRAFT AVAILABILITY AGREEMENT BETWEEN AIRBY AND BOUYGUES

The Combined Annual General Meeting of 26 April 2012 approved the conclusion of an aircraft availability agreement – including pilots and fees relating to flight services – between Bouygues and Airby (owned 85% by Bouygues and 15% by SCDM).

Airby is to provide aircraft at an overall cost of €7,000 excl. VAT per flight hour.

The price per flight hour is to be revised annually to reflect market prices.

The agreement is concluded for an indefinite period.

Under this agreement, Airby invoiced Bouygues in 2013, for the period prior to the conclusion of the amendment set forth in paragraph E of the first part of this report, for an amount of €64,167 excl. VAT.

Directors concerned:

- **SCDM,** Martin Bouygues (Chairman) and Olivier Bouygues (CEO).

In accordance with the authorisation of the Board of Directors of 15 November 2011.

I. INDIRECT BUYBACK BY BOUYGUES OF SCDM'S INTEREST IN CHALLENGER LUXEMBOURG SA

We remind shareholders that, following the authorisation granted by the Board of Directors at its 15 November 2011 meeting, Challenger Luxembourg SA sold its last Global 5000 aircraft to the French company Airby, a subsidiary owned jointly by Bouygues and SCDM.

As Challenger Luxembourg SA no longer has any business activity, the Combined Annual General Meeting of 25 April 2013 meeting approved the acquisition by Uniservice SA (Challenger Luxembourg SA's main shareholder) and Challenger Réassurance SA, which are both Bouygues subsidiaries, of the remaining 15% interest held by SCDM in Challenger Luxembourg SA.

This agreement will help to streamline the Group's aviation division.

This acquisition was completed on the basis of the net worth of Challenger Luxembourg SA at 31 December 2012, i.e. in consideration for a total price of USD56,000 for 15% of Challenger Luxembourg SA's capital, as follows:

- acquisition by Uniservice SA of 349 shares for USD55,840.
- acquisition by Challenger Réassurance SA of one share for USD160.

Directors concerned:

- **SCDM,** Martin Bouygues (Chairman) and Olivier Bouygues (CEO).

In accordance with the authorisation of the Board of Directors of 29 January 2013.

Agreements and commitments authorised during the year

We were also informed of the following agreements and commitments approved by Annual General Meetings in previous years but under which no transactions took place in 2013.

A. LIABILITY FOR DEFENCE COSTS

The Combined Annual General Meeting of 28 April 2005 approved the principle of assuming any defence costs incurred by Bouygues senior executives or employees in connection with criminal proceedings resulting in discharge or acquittal, where such proceedings are brought against them for acts committed in performance of their duties or for merely holding office as director, Chairman, Chief Executive Officer, Deputy Chief Executive Officer or any equivalent office in a Group company.

No amounts were paid in respect of this agreement in 2013.

Paris-La Défense, 25 February 2014

The Statutory Auditors

ERNST & YOUNG Audit	MAZARS
Jean Bouquot	Guillaume Potel

8.3.2 Auditors' reports to the Extraordinary General Meeting of 24 April 2014

(Eleventh, twelfth and thirteenth resolutions)

To the shareholders,

1. Auditors' report on the reduction of share capital (eleventh resolution)

In our capacity as auditors of Bouygues, and as required under Article L. 225-209 of the Commercial Code in the event of a capital reduction by cancelling shares repurchased by the issuer, we present below our report on our assessment of the reasons for the proposed capital reduction and the terms and conditions thereof.

The Board of Directors is asking shareholders to grant it full powers, for an eighteen-month period as from the date of this meeting, to cancel, up to a limit of 10% of the capital over any twenty-four month period, the shares purchased pursuant to an authorisation given to the company to buy back its own shares within the scope of the article mentioned above.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC. Those procedures involved assessing whether or not the reasons for and terms and conditions of the proposed capital reduction, which respects the equal rights of all shareholders, are appropriate.

We have no matters to report concerning the reasons for and terms and conditions of the proposed capital reduction.

2. Auditors' report on the authorisation to grant options to acquire new or existing shares (twelfth resolution)

In our capacity as auditors of Bouygues and as required under Articles L. 225-177 and R. 225-144 of the Commercial Code, we present below our report on the planned authorisation to grant options to acquire new or existing shares to salaried employees and corporate officers of the company and/or of companies or economic interest groupings that are related to it within the meaning of Article L. 225-180 of the Commercial Code, which shareholders are asked to approve.

The total number of stock options that may be granted under this authorisation shall not give the right to subscribe for or acquire a total number of shares representing more than 5% of the share capital of the company on the day of the Board of Directors' decision, with the stipulation that bonus shares allotted under the twenty-eighth resolution of the Combined Annual General Meeting of 25 April 2013, shall count towards this total number of shares. The total number of stock options that may be granted under this authorisation shall not give the right to executive directors of the company to subscribe for or acquire a total number of shares representing more than 0.1% of the share capital of the company on the day of the Board of Directors' decision, with the stipulation that the bonus shares allotted to the executive directors of the company under the twenty-eighth resolution of the Combined Annual General Meeting of 25 April 2013, shall count towards this total number of shares.

Based on its report, the Board of Directors is asking shareholders to grant it the authority, for a period of thirty-eight months as from the date of this meeting, to grant options to acquire existing or new shares.

The Board is responsible for drawing up a report on the reasons for these option grants, and on the proposed terms and conditions for setting the price for said options. Our responsibility is to express an opinion on the proposed terms and conditions for setting the subscription or purchase price.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC. Those procedures involved assessing whether the proposed terms and conditions for setting the price of the share subscription or purchase as set out in the Board of Directors' report comply with applicable law and regulations.

We have no matters to report regarding the proposed terms and conditions for setting the subscription or purchase price.

3. Auditors' report on the issue of equity warrants free of charge during the period of a public offer for the company's shares (thirteenth resolution)

In our capacity as auditors of Bouygues and as required under Article L. 228-92 of the Commercial Code, we present below our report on the proposed issue of equity warrants free of charge in the event of a public offer for the company's shares, which shareholders are asked to approve.

Based on its report, the Board of Directors is asking shareholders to grant it the power, for a period of eighteen months as from the date of this meeting, and pursuant to Article L. 233-32 II of the Commercial Code, to:

- resolve to issue equity warrants giving the holders preferential subscription rights to one or more shares in the company pursuant to Article L. 233-32 II of the Commercial Code, and to allot such warrants free of charge to all eligible shareholders prior to the expiry of the offer period;
- set the terms and conditions of exercise and any other characteristics of the equity warrants.

The maximum nominal amount of any capital increase that may result from the exercise of the equity warrants may not exceed €160,000,000, and the maximum number of warrants issued may not exceed the number of shares making up the capital on the warrant issue date.

The Board of Directors is responsible for preparing a report in accordance with Articles R. 225-113 *et seq.* of the Commercial Code. Our responsibility is to express an opinion on the fairness of the financial information taken from the financial statements and other specific information concerning the issue provided in this report.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC. Those procedures involved assessing the information provided in the Board of Directors' report on this transaction.

We have no matters to report concerning the information provided in the Board of Directors' report on the proposed issue of equity warrants in the event of a public offer for the company's shares.

We will draw up a supplementary report if the Board of Directors decides to use this delegation in accordance with Article R. 225-116 of the Commercial Code, with a view to approval by an Annual General Meeting, as provided for in Article L. 233-32 III of the Commercial Code.

Paris-La Défense, 7 March 2014

The Statutory Auditors

ERNST & YOUNG Audit	**MAZARS**
Jean Bouquot	Guillaume Potel

8.4 Draft resolutions

8.4.1 Ordinary General Meeting

First resolution

(Approval of the parent company financial statements and transactions for the year ended 31 December 2013)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, having acquainted itself with the Board of Directors' reports, the Report by the Chairman and the auditors' reports, hereby approves the parent company financial statements for the year ended 31 December 2013, as presented, showing a net loss of €117,940,044.23.

It also approves the transactions recorded in the financial statements and/or disclosed in these reports.

Second resolution

(Approval of the consolidated financial statements and transactions for the year ended 31 December 2013)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, having acquainted itself with the Board of Directors' reports, the report by the Chairman and the auditors' reports, hereby approves the consolidated financial statements for the year ended 31 December 2013, as presented, showing a net loss attributable to the Group of €757 million.

It also approves the transactions recorded in the financial statements and/or disclosed in these reports.

Third resolution

(Appropriation of earnings, setting of dividend)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, notes that as net loss amounts to €117,940,044.23 and retained earnings to €2,246,347,993.01, distributable earnings total €2,128,407,948.78.

On the Board of Directors' recommendation, the Annual General Meeting hereby resolves to:

- distribute a dividend of €1.60 per share, making a total of €510,823,993.60;
- carry over the remainder in the amount of €1,617,583,955.18 to retained earnings.

Accordingly, the dividend for the year ended 31 December 2013 is hereby set at €1.60 per share carrying dividend rights.

The ex-date for the Euronext Paris market will be 29 April 2014. The dividend will be paid in cash on 5 May 2014 and the record date (i.e. the cut-off date for positions qualifying for payment) will be the evening of 2 May 2014.

This entire dividend payout will be eligible for the 40% tax relief mentioned in paragraph 2 of Article 158-3 of the General Tax Code.

If the company holds some of its own shares at the dividend payment date, the dividends not paid on these shares shall be allocated to retained earnings.

In accordance with law, the Annual General Meeting notes that the following dividends were paid for financial years 2010, 2011 and 2012:

	2010	2011	2012
Number of shares	365,862,523	314,869,079	319,157,468
Dividend per share	€1.60	€1.60	€1.60
Total dividend (a) (b)	€570,328,377.60	€503,726,526.40	€510,523,948.80

(a) The amounts shown represent dividends actually paid, taking account of the fact that shares held by the company itself do not qualify for dividends.
(b) Amounts eligible for 40% tax relief in accordance with paragraph 2 of Article 158-3 of the General Tax Code.

Fourth resolution

(Approval of regulated agreements and commitments)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings and having acquainted itself with the auditors' report on regulated agreements and commitments and in accordance with the provisions of Articles L. 225-38 *et seq.* of the Commercial Code, hereby approves the regulated agreements and commitments set out in this report that have not yet been approved by the Annual General Meeting.

Fifth resolution

(Renewal of the term of office of Hervé Le Bouc as a director)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of Hervé Le Bouc as a director for three years. This term shall expire after the Annual General Meeting called to approve the financial statements for 2016.

Sixth resolution

(Renewal of the term of office of Helman le Pas de Sécheval as a director)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of Helman le Pas de Sécheval as a director for three years. This term shall expire after the Annual General Meeting called to approve the financial statements for 2016.

Seventh resolution

(Renewal of the term of office of Nonce Paolini as a director)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of Nonce Paolini as a director for three years. This term shall expire after the Annual General Meeting called to approve the financial statements for 2016.

Eighth resolution

(Favourable opinion on the remuneration components owed or awarded to Martin Bouygues in respect of the year ended 31 December 2013)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings and having acquainted itself with the remuneration components owed or awarded in respect of the year ended 31 December 2013 to Martin Bouygues, Chairman and Chief Executive Officer, which are presented in the report on the resolutions, expresses a favourable opinion on these remuneration components.

Ninth resolution

(Favourable opinion on the remuneration components owed or awarded to Olivier Bouygues in respect of the year ended 31 December 2013)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings and having acquainted itself with the remuneration components owed or awarded in respect of the year ended 31 December 2013 to Olivier Bouygues, Deputy Chief Executive Officer, which are presented in the report on the resolutions, expresses a favourable opinion on these remuneration components.

Tenth resolution

(Authorisation to the Board of Directors with a view to permitting the company to trade in its own shares)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, and having acquainted itself with the Board of Directors' report including its description of the share buy-back programme, and in accordance with the provisions of Articles L. 225-209 *et seq.* of the Commercial Code:

1. hereby authorises the Board of Directors to buy back, under the conditions set out below, shares representing up to 5% of the company's share capital at the date on which the authorisation is used, in compliance with the prevailing legal and regulatory conditions at that date, particularly the conditions laid down by Articles L. 225-209 *et seq.* of the Commercial Code, by Commission Regulation (EC) No. 2273/2003 of 22 December 2003, and by the AMF (Autorité des Marchés Financiers) General Regulation;
2. resolves that the purpose of this authorisation is to enable the company to:
   - cancel shares under the conditions provided for by law, subject to authorisation by the extraordinary general meeting;
   - ensure the liquidity of and organise trading in the company's shares, through an investment services provider acting under the terms of a liquidity contract that complies with a code of conduct recognised by the AMF;
   - retain shares and, where applicable, deliver them subsequently as a medium of payment or exchange in an acquisition, merger, spin-off or asset contribution, in accordance with the market practices recognised by the AMF and with applicable regulations;
   - retain shares and, where applicable, deliver them subsequently upon exercise of rights attached to securities that grant the right to the allotment of company shares via redemption, conversion, exchange, presentation of a warrant or otherwise;
   - allot or sell shares to employees or corporate officers of the company or related companies under the terms and conditions laid down by law, in particular as part of profit-sharing schemes, stock option plans, company savings schemes and inter-company savings schemes or through an allotment of bonus shares;
   - implement any market practice accepted by the AMF and generally to carry out any other transaction in compliance with prevailing regulations;
3. resolves that the acquisition, sale, transfer or exchange of these shares may be carried out, on one or more occasions, in compliance with rules issued by the market authorities, on all markets, off-market or over-the-counter, in particular on Multilateral Trading Facilities (MTF) or via a systematic internaliser, in any manner, notably through the acquisition or sale of blocks of shares, using derivative financial instruments and at any time, especially during a public tender or exchange offer for the company's shares. All of part of the programme may be carried out through block trades. Shares acquired may be sold under the conditions laid down by the AMF in its Position of 19 November 2009 regarding the introduction of a new regime governing the buy-back of a company's own shares;
4. resolves that the minimum purchase price be set at €50 (fifty euros) per share, subject to any adjustments in connection with share capital transactions. If share capital is increased by incorporating premiums, earnings, reserves or bonus shares into capital, or in the event of a stock split or reverse stock split, the price indicated above shall be adjusted by a multiplication factor equal to the ratio of the number of shares making up the share capital before the transaction to the number of shares after the transaction;
5. sets at €800,000,000 (eight hundred million euros) the maximum amount of funds that can be used for the share buy-back programme;
6. notes that, in accordance with law, the total shares held at any given date may not exceed 10% of the share capital outstanding at that date;

7. gives full powers to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, to implement this authorisation, place all stock market orders, conclude all agreements, in particular with a view to the registration of purchases and sales of shares, completing all declarations and formalities with the AMF and any other body, and in general taking all necessary measures to execute the decisions taken within the scope of this authorisation;
8. resolves that the Board of Directors shall inform the Annual General Meeting of the transactions carried out, in accordance with applicable regulations;
9. grants this authorisation for eighteen months from the date of this meeting and notes that it cancels and supersedes the unused portion of any previous authorisation given for the same purpose.

8.4.2 Extraordinary General Meeting

Eleventh resolution

(Authorisation to the Board of Directors to reduce share capital by cancelling treasury shares held by the company)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with the provisions of Article L. 225-209 of the Commercial Code:

1. authorises the Board of Directors to cancel, at its own initiative, on one or more occasions, some or all of the shares that the company holds or may hold as a result of utilising the various share buy-back authorisations given by the Annual General Meeting to the Board of Directors, up to a limit of 10% in any twenty-four month period of the total number of shares making up the company's capital at the date of the transaction;
2. authorises the Board of Directors to charge the difference between the purchase value of the cancelled shares and their par value to all available premium and reserve funds;
3. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, full powers to carry out the capital reduction(s) resulting from cancellations of shares authorised by this resolution, to have the relevant entries made in the financial statements, to amend the by-laws accordingly, and generally to attend to all necessary formalities;
4. grants this authorisation for eighteen months from the date of this meeting and notes that it cancels and supersedes the unused portion of any previous authorisation given for the same purpose.

Twelfth resolution

(Authorisation given to the Board of Directors to grant options to acquire new or existing shares)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with the provisions of Articles L. 225-177 to L. 225-186-1 of the Commercial Code:

1. authorises the Board of Directors to grant on one or more occasions to persons it shall designate among the salaried employees and the corporate officers of the company and/or companies and/or groupings that are directly or indirectly related to it within the meaning of Article L. 225-180 of the Commercial Code, stock options giving the beneficiaries the right, at their discretion, either to subscribe for new shares in the company to be issued through a capital increase or to buy existing shares in the company coming from buy-backs carried out by the company;
2. resolves that the total number of stock options that may be granted under this authorisation shall not give the right to subscribe for or acquire a total number of shares representing at the allotment date and taking into account stock options already granted under this authorisation more than 5% of the share capital of the company on the day of the Board of Directors' decision, with the stipulation that, where applicable, throughout the period of this authorisation, the bonus shares allotted under the twenty-eighth resolution of the Combined Annual General Meeting of 25 April 2013 or any subsequent authorisation for the same purpose, shall count towards this total number of shares;
3. resolves in particular that the total number of stock options granted to executive directors of the company under this authorisation shall not give the right to subscribe for or acquire a total number of shares representing at the allotment date and taking into account stock options already granted under this authorisation more than 0.1% of the share capital of the company on the day of the Board of Directors' decision, with the stipulation that the bonus shares allotted to the executive directors of the company under the twenty-eighth resolution of the Combined Annual General Meeting of 25 April 2013 or any subsequent authorisation for the same purpose, shall count towards this total number of shares;
4. resolves that if share subscription options are granted, the price that the beneficiaries shall pay to subscribe for shares shall be determined on the day the options are granted by the Board of Directors and that the price shall not be less than the average share price quoted on the Eurolist of Euronext Paris – or on any other market that would replace it – for the twenty trading days preceding the day when the share subscription options are granted;
5. resolves that if share purchase options are granted, the price that the beneficiaries shall pay to purchase shares shall be determined by the Board of Directors on the day the options are granted and that it shall not be less than the average share price quoted on the Eurolist of Euronext Paris – or on any other market that would replace it – for the twenty trading days preceding the day when the share subscription options are granted or the average purchase price of shares that shall be held by the company in accordance with Articles L. 225-208 and L. 225-209 of the Commercial Code;

6. resolves that the exercise period for the stock options granted, as determined by the Board of Directors, shall not exceed seven years and six months, as from their allotment date, unless a subsequent Annual General Meeting should decide to set a longer exercise period;
7. notes that pursuant to Article L. 225-178 of the Commercial Code, this authorisation expressly entails, for the benefit of the beneficiaries of stock options, the waiver by shareholders of the pre-emptive rights to the ordinary shares in the company that are issued as the stock options are exercised;
8. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, full powers to determine the other terms and conditions for allotting and exercising stock options, and in particular to:
   - determine the terms and conditions for granting and exercising the stock options and for drawing up the list of the beneficiaries of the options;
   - determine, if need be, the length of service, performance and other criteria that beneficiaries must fulfil to receive stock options;
   - in particular, in the case of stock options granted to executive directors of the company, determine, if need be, the performance criteria that the beneficiaries must fulfil, and provide that the stock options may not be exercised before the executive directors cease their functions or determine the quantity of registered shares that must be kept until they so cease;
   - determine the exercise period(s) and extensions of the period(s), if any, and to draw up the clauses prohibiting the immediate resale of all or part of the shares;
   - set the date of first entitlement, which may be retroactive, of new shares coming from the exercise of stock options;
   - decide the conditions under which the price and the number of shares to be subscribed for or purchased must be adjusted, notably in the cases provided for by applicable laws and regulations;
   - provide for the right to temporarily suspend the exercise of stock options in the event of corporate finance transactions or transactions on shares;
   - limit, restrict or prohibit the exercise of stock options during certain periods or as from certain events, with such action being applied to all or part of the stock options and concerning all or part of the beneficiaries;
   - conclude all agreements, take all steps, and carry out or have carried out all acts and formalities to finalise the capital increase(s) carried out under this authorisation; amend the by-laws accordingly, and generally take all necessary measures;
   - if deemed advisable, charge the expenses of the capital increases against the premium applicable to each increase and take from such amount the sums required to bring the legal reserve fund to one-tenth of the new capital following each increase;
9. grants this authorisation for a maximum period of thirty-eight months as from the date of this meeting, and notes that it cancels and supersedes the unused portion of any previous authorisation given for the same purpose.

Thirteenth resolution

(Delegation of powers to the Board of Directors to issue equity warrants during the period of a public offer for the company's shares)

The Annual General Meeting, in extraordinary session but having satisfied the quorum and majority requirements for ordinary general meetings, in accordance with Articles L. 233-32 II and L. 233-33 of the Commercial Code, and having acquainted itself with the Board of Directors' report and the auditors' special report:

1. delegates to the Board of Directors the power, in compliance with applicable law and regulations, to issue warrants on one or more occasions, during the period of a public offer for the company's shares, giving rights to subscribe on preferential terms for one or more shares in the company, and to allot such warrants free of charge to all shareholders who hold shares in the company prior to expiry of the offer period. These warrants shall lapse automatically as soon as the offer or any other competing offer has failed, lapsed or been withdrawn.
2. resolves that the maximum nominal amount of any capital increase that may result from the exercise of such equity warrants may not exceed €160,000,000 (one hundred and sixty million euros), and that the maximum number of equity warrants that may be issued shall not exceed the number of shares forming the capital at the time the warrants are issued;
3. resolves that the Board of Directors shall have full powers, with the power to sub-delegate under and in accordance with applicable law, to determine the conditions of exercise of the equity warrants, which must relate to the terms of the offer or any other competing offer, and the other characteristics of the warrants, such as the exercise price or the terms for determining the exercise price, and more generally the characteristics and terms of any issue decided on the basis of this authorisation;
4. notes that this delegation entails the waiver by shareholders of their pre-emptive rights to ordinary shares in the company to which any warrants issued pursuant to this delegation may give entitlement;
5. grants this delegation for a period of eighteen months as from the date of this meeting, and notes that it cancels and supersedes the unused portion of any previous delegation given for the same purpose.

Fourteenth resolution

(Authorisation to the Board of Directors to use, during the period of a public tender offer for the company's shares, all the authorisations and delegations to increase the share capital)

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 in accordance with Article L. 233-33 of the Commercial Code:

1. expressly authorises the Board of Directors to utilise during the period of a public offer for the company's shares, and in compliance with applicable laws and regulations in force at such time, the various

delegations of authority, delegations of power and authorisations granted to the Board of Directors, by the seventeenth to twenty-fifth resolutions and by the twenty-eighth resolution submitted to the Combined Annual General Meeting of 25 April 2013, as well as, on condition of its approval, by the twelfth resolution submitted to this meeting in order to increase the share capital according to the conditions and limits specified by the said delegations and authorisations;

2. grants this authorisation for a period of eighteen months as from the date of this meeting, and notes that it cancels and supersedes the unused portion of any previous authorisation given for the same purpose.

Fifteenth resolution

(Amendment of Article 13 of the by-laws to permit the appointment of directors representing employees)

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 in accordance with Article L. 225-27-1 of the Commercial Code, resolves to amend Article 13 of the by-laws in order to determine the formalities for the appointment of directors representing employees:

Existing version:

"Article 13: Composition of the Board

13.1. *The company shall be managed by a Board of Directors having three to eighteen members, without prejudice to the exception provided by law in the event of a merger, appointed by the shareholders' meeting, and up to two members representing employee-shareholders elected by the shareholders' meeting on the proposal of the Supervisory Boards of the mutual funds created in the context of the Bouygues group employee savings schemes which invest principally in the company's shares.*

The Supervisory Boards of the mutual funds shall elect, by simple majority vote in each mutual fund, two candidates from amongst the employee members of a Supervisory Board of one of the mutual funds, provided that only the two candidates which, by virtue of the number of shares in the company held by the mutual fund appointing them, represent in total the largest amount of capital in the company, shall be subject to the vote of the shareholders' meeting.

13.2. *The term of office of directors shall be three years, ending on conclusion of the ordinary general meeting held in the year in which their term of office expires. However, it is provided that the term of office of the director elected from among the employee members of a supervisory board of one of the mutual funds shall expire automatically in the event of termination of his employment contract (other than in the case of an intra-Group transfer) or in the event that the company that employs him leaves the Bouygues group. The Board of Directors shall take all steps to replace the director whose term of office has thus expired.*

Directors may be reappointed.

13.3. *Directors chosen from among the shareholders may be dismissed by the shareholders' meeting at any time.*

Directors appointed from the members of the Supervisory Boards of mutual funds representing the employees may be dismissed only for misconduct in the exercise of their duties, by court order.

13.4. *Each director must own at least ten shares.*

13.5. *Legal entities that are directors are required to appoint a standing representative under the conditions provided by law.*

13.6. *The Board of Directors shall elect a Chairman from its members. The Chairman must be a natural person or else the appointment is void. The Board of Directors shall determine his remuneration.*

The Chairman organises and directs the work of the Board of Directors and reports thereon to the shareholders' meeting. He ensures that the company's decision-taking bodies operate smoothly, and in particular that the directors are in a position to carry out their duties.

The Chairman is appointed for a period that may not exceed his term of office as director and may be reappointed. The Board of Directors may dismiss him at any time. If the Chairman dies or is temporarily indisposed, the Board of Directors may appoint another director to act as Chairman.

The age limit for serving as Chairman is seventy.

The term of office of a Chairman reaching the age of sixty-five is subject to confirmation by the Board at its next meeting for a maximum of one year. It may subsequently be renewed for successive one-year periods until the age of seventy, at which time the person in question is automatically deemed to have resigned".

Amended version:

"Article 13: Composition of the Board

13.1. *The company shall be managed by a Board of Directors with between three and eighteen members, in addition to those directors specified in Article 13.3, without prejudice to the exception provided for by law in the event of a merger, who shall be appointed by the Annual General Meeting. It shall also have up to two members representing employee shareholders. These members shall be elected by the Annual General Meeting on the recommendation of the Supervisory Boards of the employee share ownership funds set up as part of the savings schemes run by the Bouygues group that primarily invest in company shares.*

The Supervisory Boards of the employee share ownership funds shall elect, on a simple majority, within each employee share ownership fund, two candidates from the employee members of a Supervisory Board of one of the employee share ownership funds; only the candidacies of the two persons who, on the basis of the number of company shares held by each employee share ownership fund that designated them, represent, in total, the highest capitalisation in terms of company shares, shall be put to the Annual General Meeting.

13.2. *The term of office of directors, other than those specified in Article 13.3 shall be three years. The term of office can be renewed. The functions of a director will terminate at the end of the ordinary general meeting held in the year the three-year term expires. However, it is provided that the functions of a director elected* *from the employees sitting on the Supervisory Board of one of the employee share ownership funds will automatically end early if the director's employment contract terminates (excluding the case of an intra-Group transfer) or if the company for which the director works leaves the Bouygues group. The Board of Directors will then take all necessary steps to replace the director whose term of office has expired.*

13.3. *In accordance with Article L. 225-27-1 of the Commercial Code, the Board of Directors shall also have one or two directors representing employees.*

These directors shall be appointed by the Group Management Committee that is governed by Articles L. 2331-1 et seq. of the Labour Code, in accordance with the following rule:

- *where the number of members of the Board of Directors appointed by the Annual General Meeting, excluding directors representing employee shareholders, is less than or equal to twelve, the Group Management Committee shall appoint one director representing employees;*
- *where the number of members of the Board of Directors appointed by the Annual General Meeting, excluding directors representing employee shareholders, is more than twelve, the Group Management Committee shall appoint two directors representing employees.*

The terms of office of these directors shall take effect on the date of their appointment. They shall end upon expiration of a period of two years as from said date. They may be renewed once.

If the number of members of the Board of Directors appointed by the Annual General Meeting becomes equal to or less than twelve, the terms of office of the two directors representing employees shall continue until they expire.

The functions of a director representing employees will automatically end early if the director's employment contract terminates (excluding the case of an intra-Group transfer) or if the company for which the director works leaves the Bouygues group.

13.4. *Directors can be removed from office at any time by the Ordinary General Meeting.*

As an exception to the above and pursuant to Article L. 225-32 of the Commercial Code, directors representing employees can only be removed from office for misconduct during their term of office, following an interim decision by the president of the District Court, at the request of the majority of the members of the Board of Directors.

13.5. *Each director, with the exception of directors representing employees, must hold at least ten shares in the company.*

13.6. *Legal persons who are directors are required to appoint a standing representative, in compliance with legal conditions.*

13.7. *The Board shall elect one of its individual members as Chairman who, on penalty of the invalidity of the appointment, must be an individual. The Board shall determine the Chairman's remuneration.*

The Chairman organises and directs the Board's work on which he reports at the Annual General Meeting. He ensures the smooth running of the company's management bodies and ensures, in particular, that the directors are able to fulfil their duties.

The Chairman shall be appointed for a term that cannot exceed the period of his term of office as a director. The Chairman may be re-elected. The Board of Directors can remove the Chairman from office at any time. If the Chairman is temporarily indisposed or dies, the Board of Directors may appoint a director to perform the duties of Chairman.

The maximum age limit of 70 is stipulated for the function of Chairman.

When the Chairman reaches 65, his term of office shall be is submitted to the Board of Directors at its next meeting for confirmation for a period of one year. The Board of Directors may then renew the term annually for one-year periods up to the age of 70, at which time the Chairman steps down automatically".

Sixteenth resolution

(Powers to carry out formalities)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, gives full powers to the holder of an original, a copy of or excerpt from the minutes of this meeting to carry out all necessary filings, publications and formalities.

Concordance

Historical financial information for 2011 and 2012

Pursuant to Article 28 of Commission Regulation EC No. 809-2004 of 29 April 2004, the following information is included by reference in this Registration Document:

- interim financial information and the consolidated financial statements for the year ended 31 December 2011 and the auditors' reports relating thereto, presented respectively on pages 14 to 17, 216 to 268 and 288 of the 2011 Registration Document filed with the Autorité des Marchés Financiers on 12 April 2012 under No. D. 12-0334;
- interim financial information and the consolidated financial statements for the year ended 31 December 2012 and the auditors' reports relating thereto, presented respectively on pages 17 to 21, 220 to 286 and 287 of the 2012 Registration Document filed with the Autorité des Marchés Financiers on 11 April 2013 under No. D. 13-0336.

These documents are available in the Finance/Shareholders section of the Bouygues website at www.bouygues.com.

Full-year financial review

The 2013 full-year financial review, prepared pursuant to Article L. 451-1-2-I of the Monetary and Financial Code and Article 222-3 of the AMF General Regulation, comprises the following sections of the Registration Document:

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Parent company financial statements	274-288
Consolidated financial statements	208-271
Board of Directors' management report	5-119, 123-158, 181-205, 293-301
Statement by the person responsible for the abovementioned documents	322
Auditors' report on the parent company financial statements	289-290
Auditors' report on the consolidated financial statements	272-273

Board of Directors' management report

The management report for 2013 prepared pursuant to Article L. 225-100 of the Commercial Code is included in this Registration Document. It was approved by the Board of Directors at its meeting on 25 February 2014. It contains the following information (unless otherwise stated, the numbers in brackets refer to the relevant articles of the Commercial Code):

	Pages of the Registration Document
Review of the business, results and financial position of the company, its affiliates and companies under its control during the year (L. 225-100, L. 225-100-2, L. 232-1, L. 233-6, L. 233-26, R. 225-102)	6-7, 11-14, 16-24, 27-69, 141-148, 205
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Research and development activities (L. 232-1-II, L. 233-26)	12-13, 38-41, 45, 53, 55, 58-62
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Environmental information (L. 225-102-1, R. 225-105, R. 225-105-1)	72, 90-109
Social information (L. 225-102-1, R. 225-105, R. 225-105-1)	72, 109-119

Human resources, environmental and social information

The human resources, environmental and social information contained in the management report pursuant to Articles L. 225-102-1 and R. 225-105-1 of the Commercial Code are included in chapter 3 of this Registration Document on the following pages:

	Pages of the Registration Document
3. Social information	
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■ Impact of the company's business activity on local residents	111
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Business ethics	
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Report by the Chairman on corporate governance, internal control and risk management

The Report by the Chairman on corporate governance, internal control and risk management, prepared pursuant to Article L. 225-37 of the Commercial Code, may be found on pages 159-179 of this Registration Document.

Statement by the person responsible for the Registration Document

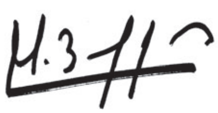
I hereby declare that, to the best of my knowledge, the information in this Registration Document is correct and that all reasonable measures have been taken to that end. There are no omissions likely to alter the scope of this information.

I hereby declare that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial positions and results of the company and all the undertakings included in the consolidation taken as a whole; and that the management report on pages 5 to 119, 123 to 158, 181 to 205 and 293 to 301 includes a fair review of the development and performance of the business, the results and the financial position of the company and all the undertakings in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

I have received a completion letter from the statutory auditors stating that they have verified the information concerning the financial situation and the financial statements set forth in this Registration Document, which they have read in full.

The consolidated financial statements for the years ended 31 December 2011, 31 December 2012 and 31 December 2013, included by reference or provided in this Registration Document, have been subject to a report by the statutory auditors which is included by reference on page 318 or provided on pages 272-273 of this Registration Document and does not contain observations.

Paris, 18 March 2014



Martin Bouygues,

Chairman and Chief Executive Officer

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ON THE WEB

- The 2013 Registration Document and the 2013 *In Brief* can be accessed and downloaded from www.bouygues.com under Finance/Shareholders (Publications).
- The interactive Registration Document has a powerful search engine.

To access it directly, scan the code opposite using a smartphone or a digital tablet equipped with the relevant application.

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