

2017 Registration Document

including the annual financial report



ALLEN

ENGINEERING AND TECHNOLOGY CONSULTING

2017 Registration Document

including the annual financial report



"This document and the accompanying financial report constitute the ALTEN registration document for 2017. It was filed with the French Financial Markets Authority (Autorité des Marchés Financiers, or AMF) on 27 April 2018, in accordance with Article 212-13 of the AMF General Regulation. It may only be used in support of a financial transaction if accompanied by a securities note authorised by the AMF.

Pursuant to Article 28 of Regulation (EC) No. 809/2004, the following information is incorporated by reference in this Registration Document:

- The separate and consolidated financial statements at 31 December 2016, and Statutory Auditors' reports, found on pages 209 to 259 of Registration Document No. D.17-0463, filed with the AMF on 28 April 2017.
- The separate and consolidated financial statements at 31 December 2015, and Statutory Auditors' reports, found on pages 195 to 247 of Registration Document No. n° D.16-0395 filed with the AMF on 25 April 2016 ;

This document was prepared by the issuer and the signatories are responsible for its contents.

Copies of this Registration Document are available for free at the issuer's head office (40 avenue André Morizet, 92100 Boulogne-Billancourt), as well as on the issuer's website (www.alten.com) and on the AMF website (www.amf-france.org).

Registration **Document**

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Interview with Simon Azoulay



What were the highlights of 2017 for ALTEN?

ALTEN reinforced its position as a key player in the Engineering and Technology Consulting sector, with 28,000 employees at end 2017, including 24,700 engineers, revenue of €1.975 billion (up 13%) and an operating profit on activity of nearly 10%.

The Group's organic growth accelerated throughout 2017, in France and internationally, particularly in the last quarter. On a mature and competitive market, France newly experienced a sustained growth (+10.1%). Internationally, growth continued to be strong at +15.6%, half of which from acquisitions.

All geographical areas (except UK) were up and international business now accounts for nearly 54% of the Group's revenue.

The operating margin on activity, penalised by a negative calendar effect, remained satisfactory. It rose in the second half to 10.2% of revenue.

In 2017, ALTEN made six international acquisitions, two in Germany and Switzerland and four in the United States. A number of acquisitions initiated in 2017 should be finalised in the first half of 2018.

A number of internal projects (CRM, HR follow-up and skills development, project and technical delivery management) were successfully completed, optimising the company's organisation and processes. We also structured our nearshore and offshore delivery centres in Morocco, India and Romania. These centres have around 2,000 high-level engineers working on European and North-American projects.

What are the main strategic focuses for your new 2018-2020 three-year plan?

In the first instance, we remain committed to the top-end positioning of our engineers, who have been at the very core of the ALTEN Group since its creation. The high added value of our projects enables us to recruit the best candidates and the quality of our HR follow-up gives the highest performers the chance to increase their responsibility in the technical field, in terms of expertise or management, or even to get involved in company development within business management or support functions.

On a geographical level, we are deploying our organisation

in all the countries where we operate with the aim of expanding our positions in Eastern Europe, North America and Asia, through organic growth and acquisitions, to achieve over 2,000 engineers per geographical area. In Germany, our top European country in terms of potential for outsourcing R&D, we will continue with the successful Workpackage transformation, achieve a critical mass of 4,000 engineers and restore the operating margin ($\geq 10\%$).

Lastly, we will consolidate ALTEN's leadership of our customers' transformation programmes in the fields of digital transformation, Big data, Industry 4.0, etc. Our historic positioning in outsourced R&D, Telecoms and IT enables us to cover the entire embedded systems value chain – Connectivity – Cloud – Data processing – Man-Machine Interface. We are capitalising on this major competitive advantage to seize upon the strong growth in this market.

In conclusion?

I am optimistic about the deployment of our three-year plan across all geographical areas. We have all the assets that are key to achieve our objectives, especially an HR policy that is unique in the market, all the technical expertise required to respond to our customers' challenges, a mature Technical Department with its Workpackage offering, a network of well-structured and high-performance offshore and nearshore delivery centres and, lastly, a sound financial structure enabling us to successfully implement our acquisitions policy.

This plan will enable us to maintain an operating profit on activity of around 10% despite wage pressures, and to conduct over 60% of our business outside France by end 2019 with over 28,000 engineers.

Board of Directors

COMPOSITION OF THE BOARD OF DIRECTORS

Article 16 of the Company's Articles of Association provides that the Board of Directors is composed of no fewer than three (3) and no more than eighteen (18) members.

At 31 December 2017, the Board of Directors was composed of ten members:

- **Simon AZOULAY**, who also serves as Chairman and Chief Executive Officer;
- **Gérald ATTIA**, who also serves as Deputy Chief Executive Officer;
- **Emily AZOULAY** ;
- **Anaëlle AZOULAY** ;
- **Jane SEROUSSI** ;
- **Marc EISENBERG**, independent director;
- **Evelyne FELDMAN**, independent director;
- **Philippe TRIBAUDEAU**, independent director;
- **Aliette MARDYKS**, independent director;
- **Marwane METIOUI**, director representing employees.

Simon AZOULAY, a French national, was born on 29 May 1956 in Rabat (Morocco). He is a graduate of Supélec. At 31 December 2017, he held in his own name and via SGTI, which he wholly controls, 15.07% of the Company's capital.

Gérald ATTIA, a French national, was born on 6 April 1962 in Livry-Gargan (93) and holds an MBA from Hartford. At 31 December 2017, he held in his own name and via GMA, which he controls, 0.78% of the Company's capital.

Emily AZOULAY, a French national, was born on 20 July 1948 in Rabat (Morocco). At 31 December 2017, she held 0.01% of the Company's capital.

Anaëlle AZOULAY, a French national, was born on 31 October 1990 in Paris, and was appointed by ALTEN's Combined Ordinary and Extraordinary General Meeting of 18 June 2014. At 31 December 2017, she held no Company shares.

Jane SEROUSSI, a French national, was born on 5 February 1966 in Paris, and was appointed by ALTEN's Combined Ordinary and Extraordinary General Meeting of 18 June 2014. At 31 December 2017, she held no Company shares.

Marc EISENBERG, a French national, was born on 9 April 1955 in Paris, and was appointed by ALTEN's Combined Ordinary and Extraordinary General Meeting of 18 June 2014. At 31 December 2017, he held no Company shares.

Evelyne FELDMAN, a French national, was born on 19 May 1957 in Paris, and was appointed by ALTEN's Combined Ordinary and Extraordinary General Meeting of 24 May 2016. At 31 December 2017, she held no Company shares.

Philippe TRIBAUDEAU, a French national, was born in Chaumont (France) on 29 May 1961. He was appointed by ALTEN's Combined Ordinary and Extraordinary General Meeting of 24 May 2016. At 31 December 2017, he held no Company shares.

Aliette MARDYKS, a French national, was born on 8 February 1956 in Tangier, and was appointed by ALTEN's Combined Ordinary and Extraordinary General Meeting of 22 June 2017. At 31 December 2017, she held no Company shares.

Marwane METIOUI, a French national, was born on 28 June 1975, in Tangier, and was appointed by ALTEN's Works Council on 21 December 2017. His appointment was duly acknowledged by the Board of Directors on 26 January 2018. At 31 December 2017, he held no Company shares.

Executive Committee

The Executive Committee meets at least once a month. It is made up of the Chairman and Chief Executive Officer and Deputy Chief Executive Officers. It analyses the sales and financial performance, defines the development strategy, sets targets, and implements operational measures.



Simon AZOULAY,
Chairman and Chief Executive Officer.



Gérald ATTIA,
Deputy Chief Executive Officer,
Responsible for Sales, Structured
Projects and International
area 2.



Bruno BENOLIEL,
Deputy Chief Executive Officer,
Responsible for Finance,
Legal and Information Systems.



Pierre MARCEL,
Deputy Chief Executive Officer,
Responsible for ALTEN France
and Solutions subsidiaries.



Olivier GRANGER,
Chief Operating Officer,
Responsible for International
area 1.



Pierre BONHOMME,
Executive Vice President, ALTEN
Technology France, UK and
Northern Germany.



Stéphane OUGIER,
Executive Vice President
ALTEN Technology France
and Solutions subsidiaries.

The Group Management Board

The Group Management Board compound of the COMEX, the main International Managers and Managers of Support functions, comprises 15 people among whom 4 are women

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ALTEN, the technology partner of choice

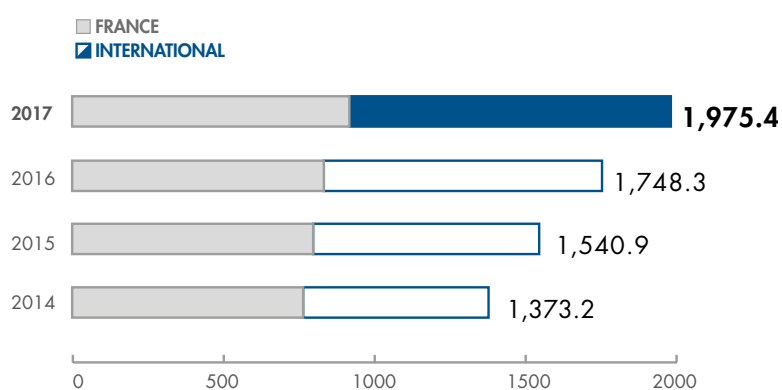
ALTEN supports the development strategy of its customers in the fields of innovation, R&D and technological information systems.

Its 24,700 highly qualified engineers carry out studies and conception projects for the Technical and Information Systems Divisions of major customers in the industrial, telecommunications and Service sectors. At a time of increasing globalisation, ALTEN is integrated into the R&D strategy of its customers, supporting their performance and accompanying them as they into new markets.

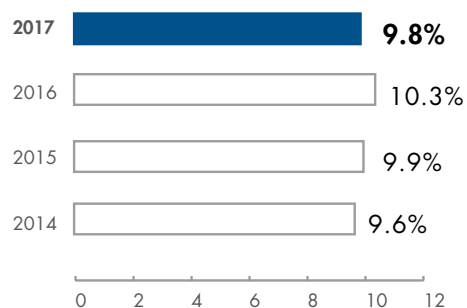
With a presence in more than 20 countries, covering every stage of the development cycle, and service levels ranging from technology consulting to outsourced projects, ALTEN is fully recognized as the technology partner of choice for big and international industrial , Service & Finance companies.

Key figures 2017

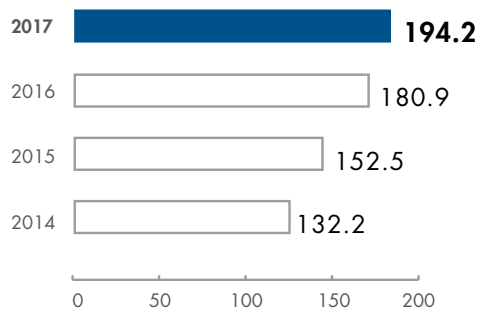
REVENUE (€ million)



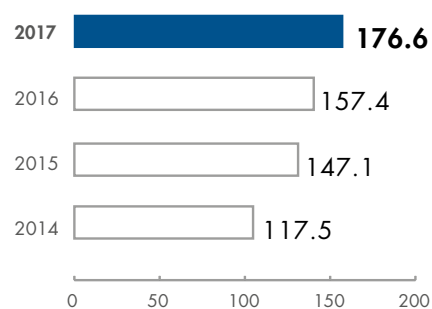
OPERATING PROFIT ON ACTIVITY (% of revenue)



OPERATING PROFIT ON ACTIVITY (€ million)



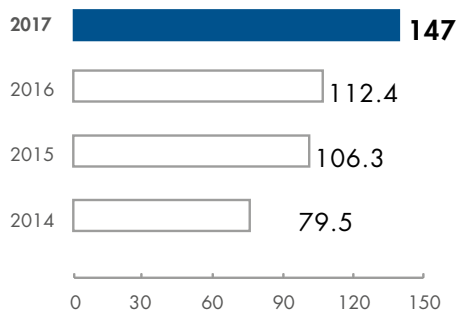
OPERATING PROFIT (€ million)



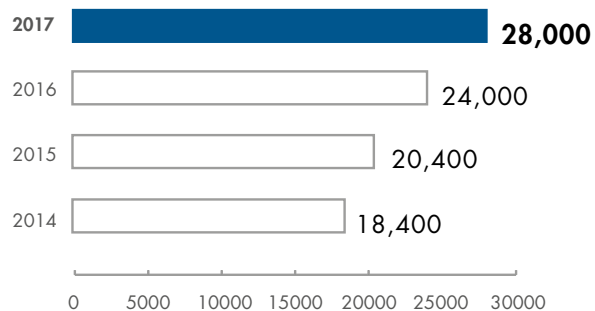
1975.4 M€

OF REVENUE IN 2017

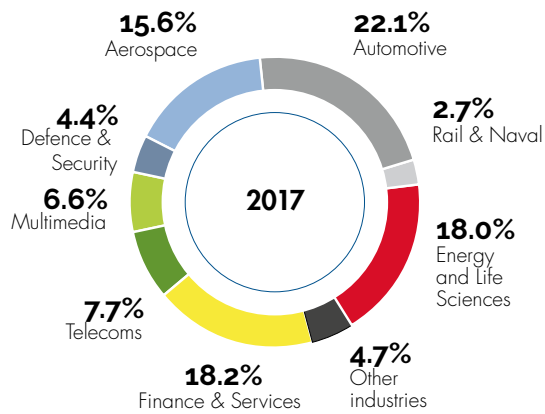
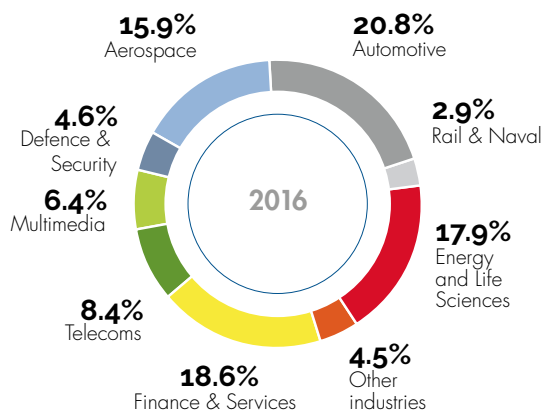
NET INCOME, GROUP SHARE
(€ million)



HEADCOUNT
(at Year End)

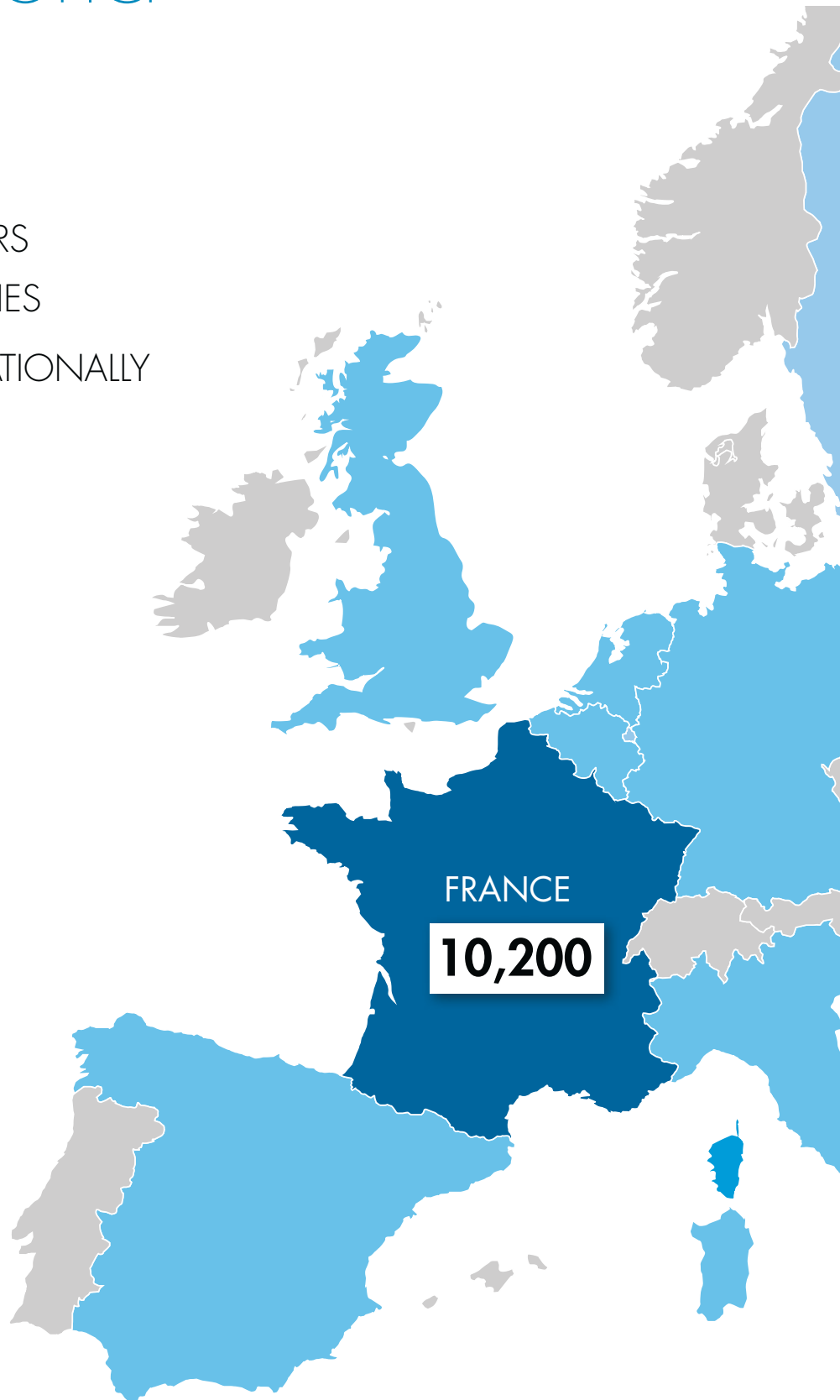


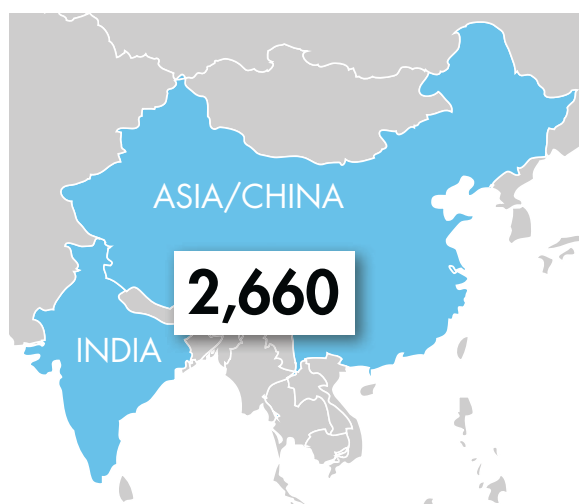
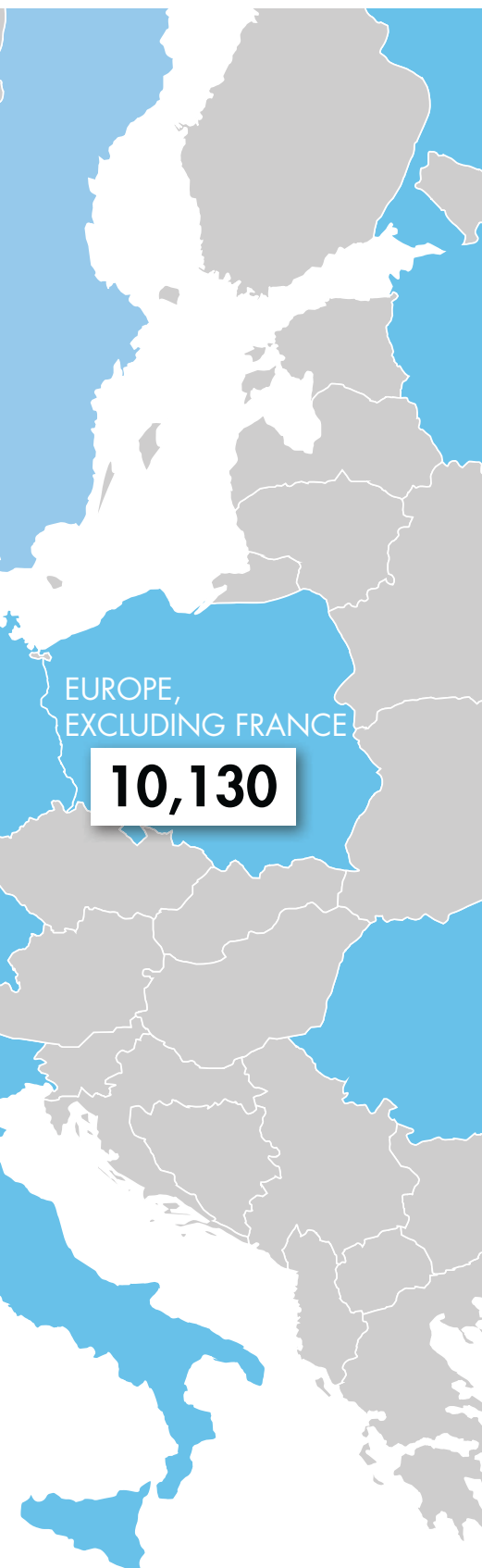
BREAKDOWN OF REVENUE BY BUSINESS SECTOR
(% of revenue)



ALTEN
in the world

24,700 ENGINEERS
OVER **20** COUNTRIES
58.7% INTERNATIONALLY





The benefits of development

Size and structure

Revenue of €1.97 billion in 2017, 24,700 engineers in more than 20 countries, 53.7% of revenue outside France.

Capacity to make acquisitions (six in 2017, including two in Europe and four in the United States) and to invest in comprehensive project infrastructure.

ISO 9001, ISO 9100, ISO 27001, CEFRI, MASE, CMMI LOGOS.

A key global player in the Engineering and Technology Consulting sector.

Culture of profitable growth, solid financial position.

Effective oversight processes throughout the entire Company, both for quality and security.

Positioning



Level	Position	Gross margin
Level 4	IP / Investments / high « Capex » / Risk Sharing	Random & long term
Level 3	Workpackages (globalisation, work units or fixed-price projects)	Services of value-added engineers 25% to 35%
Level 2	Technological Consulting & Time & Material	
Level 1	Interim & Staffing	≈ 15%

Multiple contractual basis and a project management organisation to enhance our customers' competitiveness

Technological consulting, workpackages, Project Management for Operations (PMO), etc.

A Technical Division that includes Project Managers and experts, processes assessed at CMMi level 3, effective nearshore and offshore capacities with 2,000 engineers in Morocco, Romania and India.

Systematic project feedback in order to ensure continuous improvement.

A diversified offer.

Project-led organisation.

Knowledge capitalisation in each business sector.

Premium, high value-added technology positioning.

An extensive expertise in all fields of engineering.

A complete coverage of key market sectors.

Balanced mix of sectors.

High-level recruitment drive.

Structured development paths, from recruitment to career management.

Substantial investments in training and skills development.

Sustainable Development: part of the Group's DNA.

The engineer culture

Headcount composed of 88% engineers, working upstream of each phase of the product cycle (consulting and specifications, studies and design, manufacturing engineering, customer support).

Embedded and Real-Time Systems, Software, PLM and digital mock-up, Data Science, Security Systems, Networks, Telecoms, Electronics, Mechanical design and calculation of critical parts etc...

Customer presence

Tier 1 supplier with all major customers in the Automotive, Rail, Aerospace, Defence, Nuclear & Renewable Energy, Fossil Energy, Health and Life Sciences, Telecoms, Banking, Finance and Insurance sectors.

Cushioning of downturns, no dependence on any particular business sector.

Unique know-how in the HRM of engineers

Recruitment plan for 3,800 engineers in France in 2017, over 7,500 worldwide, partnerships with the best schools of engineering and universities, exclusively in France.

Internal promotions are privileged in the Expertise and Management fields for engineers, sales managers and staff in support functions.

Responsibility and ethics

ALLEN earned the "Top employer 2017" label for a seventh consecutive year for its internal values and the Group's projects promoting the development of human capital.

ALLEN ranked Gold EcoVadis supplier for its responsible practices and ISO 14001 rating for its management of environmental performance.

1 ALTEN, technology partner

- 18** Changes in global R&D and market trends in R&D outsourcing
- 20** ALTEN's positioning
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- 23** A technology partner

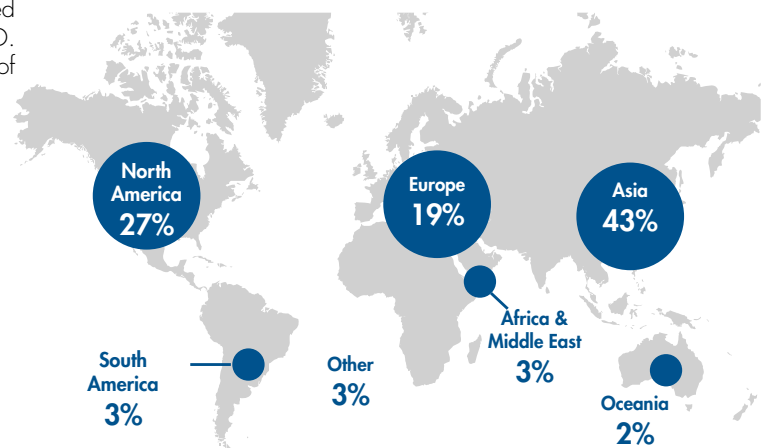
Changes in global R&D and market trends in R&D outsourcing

The volume of a country's R&D investment is correlated with its GDP and its public and private investment in R&D. Private enterprise accounts for approximately two-thirds of investment worldwide.

Approximately \$ 2 070 billion of R&D expenses around the world in 2017

(contribution of the private sector: \$1400 billion)

(Source: Battelle/Global Fund Forecast 2017)



Eurostat projections show that the majority of countries will significantly step up expenditure on R&D (as a % of GDP) in the next five years. Overall for EU-28, the share of GDP devoted to R&D will go from 2.03% in 2015 to 3% in 2020 (for both the private and public sectors).

The ETC (Engineering and Technology Consulting) market

on which ALTEN operates includes all consulting services, technical support, fixed-price projects and outsourced platforms in the field of Engineering and Technology Consulting, Information Systems and Technological Networks.

It may be defined as the portion of technology R&D that has been outsourced by industrial companies. There is not a one-to-one relationship with R&D spending but it is closely correlated.

Overall R&D investment.

- Public-sector R&D investment (state-owned laboratories, universities, etc.).
- ≡ Private R&D investment.
- Private-sector R&D investment in non-technology R&D (medicines, vaccines, etc.).
- ≡ Investissements de R&D privés technologiques
- ⊗ Private technological R&D investment.
- ≡ Marché de l'ICT

In general, outsourcing allows a manufacturer to:

- control internal R&D costs, since the size of internal teams can be aligned with the recurring level of project activity;
- manage sudden changes in headcount requirements during peak workloads;
- benefit from ALTEN's technological skills and expertise as a preferred innovation strategy partner;

- concentrate on product strategy, or on design and implementation of the associated specifications and project management, with ALTEN identifying and recruiting the necessary engineers;
- improve productivity using project management methodologies developed by ALTEN.

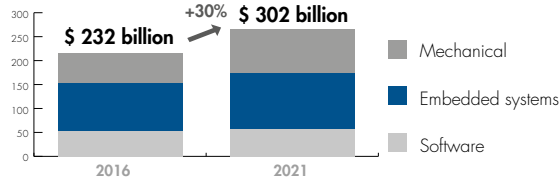
The outsourcing rate varies per country.

In France, which is one of the more structured countries in terms of R&D sub-contracting, it is estimated at 30%. This rate nevertheless conceals some significant differences that are dependent on the business sector, between 40% and 50% in the automotive and aeronautics sectors versus 20% in the nuclear and oil/gas sectors. In Germany, where R&D investments are twice the size of those in France, it amounts to 15%. The underlying trend in outsourcing is therefore upward, including in France, both from a general standpoint or due to the effect of specific business sectors. On a like-for-like basis of R&D investments, the ETC market will automatically continue to grow worldwide over the coming years.

According to consulting firm Zinnov, the ETC market was valued at \$232 billion in 2016, i.e. an outsourcing rate of approximately 20% worldwide. Forecasts for 2020 confirm Eurostat trends and indicate that ALTEN is positioned in an active market with annual growth rates between 5 and 6%. Technavio analysts estimate an 8% annual growth rate for this segment, over the 2017-2021 period.

Growth in the global ETC market

(in \$ billion)
source Zinnov



In France, according to the consultancy firm Pierre Audoin Conseil (PAC), the expected change of the market accessible to ALTEN can be summed up in the table below:

(€ million)	2016	2017	17/16	2018	18/17	2019	19/18	2020	20/19	2021	21/20	2022	22/21
Aerospace and Defence	1,822	1,898	4.2%	1,981	4.4%	2,070	4.5%	2,168	4.7%	2,277	5.0%	2,401	5.4%
Land Transport	1,201	1,264	5.2%	1,329	5.1%	1,399	5.3%	1,481	5.9%	1,573	6.2%	1,689	7.4%
Telecoms and Multimedia	494	505	2.2%	517	2.4%	529	2.3%	541	2.3%	553	2.2%	566	2.4%
Energy and Life Sciences	1,586	1,647	3.8%	1,710	3.8%	1,770	3.5%	1,826	3.2%	1,877	2.8%	1,926	2.6%
Other	1,472	1,536	4.3%	1,610	4.8%	1,685	4.7%	1,762	4.6%	1,841	4.5%	1,924	4.5%
Total Technology Consulting <small>(scope: ALTEN core business)</small>	6,575	6,850	4.2%	7,147	4.3%	7,453	4.3%	7,778	4.4%	8,121	4.4%	8,506	4.7%

ALTEN overview and sector trends

Automotive

High level of investment in manufacturers and equipment suppliers in the fields of propulsion, connected & autonomous vehicles, emissions, electric vehicles.

Changes in the value chain, advent of new operators, economic pressures: the sector is evolving rapidly.

2018 trends: continued growth.

Rail & Naval

«Grand Paris» projects in France and fast-growing export market. Opportunities for an Alstom/Siemens merger.

Submarine & large vessels market growing (Naval Group-STX).

2018 trends: continued growth.

Aerospace

Digital transformation (Customer service/Big data/virtual reality/Industry 4.0, etc.), increased productivity and transformation of manufacturing base, predictive maintenance, clean, fuel-efficient engines, new development programmes (Falcon/FX/A320 Neo Plus, etc.): the market is changing, consolidating and remains buoyant.

Launcher (Ariane 6) and satellite communications business growing steadily.

2018 market trends: strong growth.

Defence & Security

Resumption of government investment.

Numerous Cybersecurity-related projects.

Favourable outlook for the next few years.

2018 market trends: strong growth.

Energy

Oil & Gas business appeared to be stabilising at end 2017. The upstream market (geoscience, seismic surveys, boreholes etc.) is likely to grow again with the price per barrel now over US\$60.

No new major nuclear projects: the sector is in the midst of reorganisation (Advanced & Areva) Stability in Safety and Maintenance in Operational Condition (MCO) business at nuclear power stations.

2018 market trends: stable.

Life Sciences

Pharmaceutical and medical equipment market up sharply.

2018 market trends: strong growth.

Telecommunications and multimedia

Resumption of investment in network infrastructure in line with the deployment of high-speed broadband and fibre networks.

2018 market trends: slight growth in business.

BFI/Services/Public sector

Cybersecurity, digital transformation, regulatory projects, IS transition to Cloud, etc. are the main industry challenges.

2018 trends: continued growth.

ALTEN'S positioning

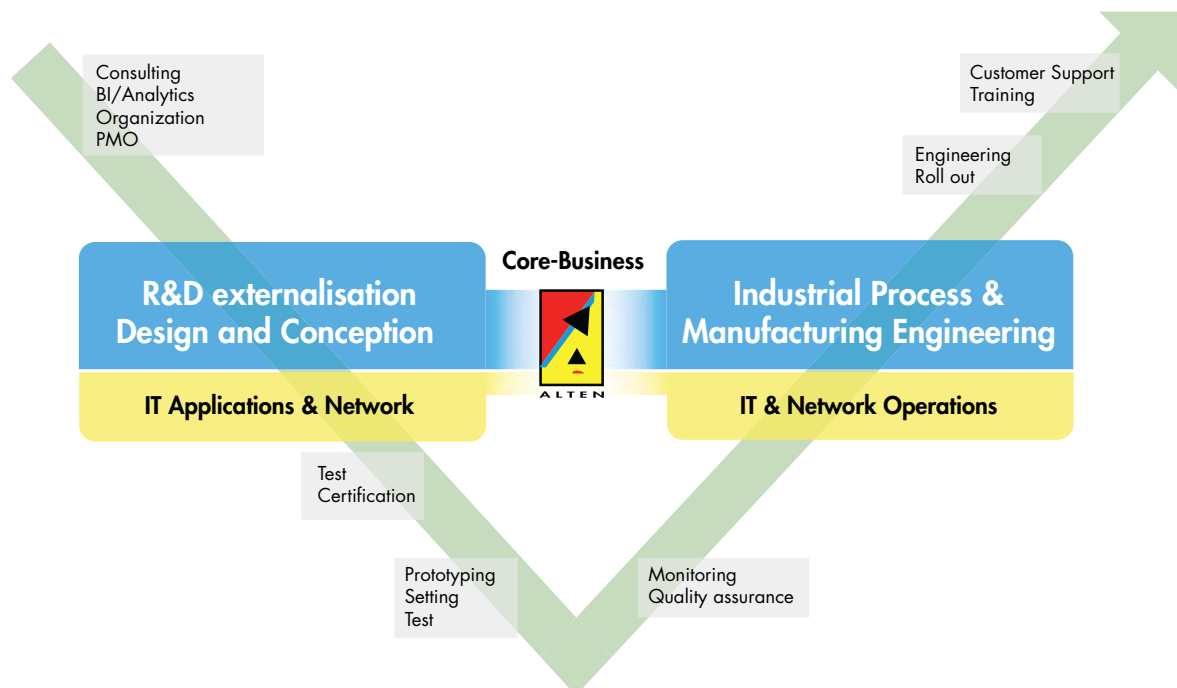
The ALTEN Group's strategic positioning is based on:

1. Three business lines:

- **Engineering and Technology Consulting (ETC):** study and design of technological products;
- **Telecoms and Multimedia networks:** product design (network terminals and equipment). Architecture, deployment and operation of networks;
- **Technological Information Systems:** information systems architecture, software development, third-party application acceptance, support and operations.

2. Engineer-level services over the whole development cycle:

- **ALTEN's Core business offering:** consulting, pre-feasibility studies and design;
- **the "Solutions" offering,** delivered by specialist, horizontal and transnational companies, meets specific client needs (e.g. PMO/programme management, customer support, technical training, etc.) and may complement ALTEN's services as part of a comprehensive approach.



ALTEN has remained true to this premium positioning since its inception. It participates in all high-value technological projects on behalf of the Technical and Information Systems Divisions of major industrial, telecoms and services customers.

Range of services



Level	Position		Gross margin
Level 4	IP / Investments / high « Capex » / Risk Sharing		Random & long term
Level 3	Workpackages (globalisation, work units or fixed-price projects)	Services of value-added engineers	25% to 35%
Level 2	Technological Consulting & Time & Material		
Level 1	Interim & Staffing		≈ 15%

Consulting services

“Consulting” means going on-site to carry out a project on a client’s premises with a commitment of resources. Billing is on a time-spent basis and the project is supervised by an ALTEN manager.

All projects entrusted to ALTEN are carried out by highly qualified engineers.

ALTEN’s expertise	Project owner support
Practical expertise	During upstream stages of specifications that demand a good understanding of the client’s organisation, needs and industry, leading to formal drafting of specifications.
Technical expertise	Added capacity in the study and design phases, or technological support in high value-added niches.
Support expertise	Support to help manage the different components of a project (planning, quality, cost control, supplier management, etc.) or to assist the client with change management, for example by providing training.

Workpackage management

The growth in workpackage management is related to the listing policies of the major industrial companies, which aim to streamline sub-contractor services and transfer broader scopes as well as project management responsibilities to the selected service providers. These providers must be able to orchestrate the completion of projects through established oversight processes.

Workpackages include several levels of responsibility and risk-sharing, and may be carried out at the client's premises or may be partially or completely outsourced to an ALTEN facility. They are managed by ALTEN's Technical Division, which establishes a structured and multidisciplinary team (PMO, technical support and project engineers) that is adequate for the levels of engagement defined with the

client. They provide logistical resources to the client (facilities, professional software, secure communication channels, and more). Depending on the client's needs, ALTEN can put in place specific organisational structures for transnational projects, with extra coordination across several teams in different countries, or call in one of the near shore/offshore structures (Romania, India, Morocco) for some project steps.

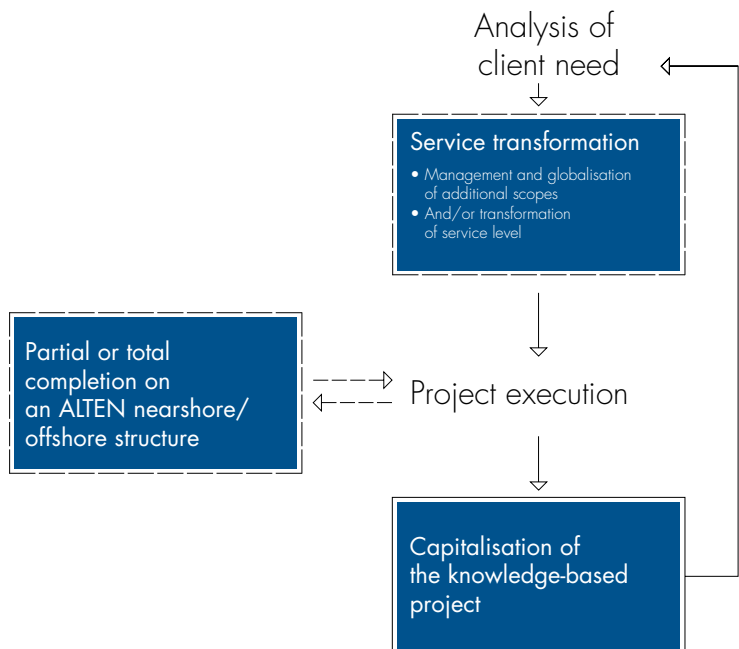
They are a true obstacle for the competition, since the processes, methodology, tools, justifications and structures required for the completion of projects require significant investments and involve a learning curve that calls for several years of implementation.

ALTEN, French leader in the delivery of workpackages

ALTEN is currently the uncontested leader in the delivery of workpackages, both in numbers and by size of the projects undertaken, which represented 60% of business activities in 2017, and through the quality of the ALTEN delivery. Its project management methodologies are assessed at Capability Maturity Model & Integration (CMMI) level 3. This worldwide standard established by the Software Engineering Institute makes it possible to understand, assess and improve engineering companies' systems for completing projects through a continuous improvement approach.

Workpackages, an integrated client/supplier relationship

The expansion of workpackage services has major implications for ALTEN but also for clients. Beyond the project feedback that is systematically sought, the search for productivity may lead to a change in the service and/or may bring the participation of ALTEN nearshore or offshore structures for all or a portion of the project. These transformations lead to a revision of the processes and interfaces for both ALTEN and the client, and are therefore implemented as part of an integrated supplier approach.



The talent of ALTEN's teams at the service of the success of its projects

A highly selective recruitment process:

1 candidate is recruited over 15 interviewed.

Tools and processes unique on the market for identifying the skills required for the successful completion of projects, both in-house and externally.

Skills and performance assessment systems to detect, develop and nurture those with the greatest potential.

Training programmes to anticipate future technology or project management needs.

A unique Offshore Delivery capacity to serve our clients' competitiveness

Today, ALTEN carries out nearly 60% of its projects in France in "structured project" mode. Part of these projects is outsourced in its Delivery centres. In its approach to improve the competitiveness of its clients, ALTEN involves its nearshore/offshore centres in all or part of a project when they can optimise the Skills/Quality/Cost equation.

These centres have top-level engineers and are well placed to meet the offset challenges of our clients. ALTEN has offshore/nearshore structures in Romania, Morocco and India.

The organisation model consists in handing over project management and interface to the front-office team, which is located close to the client in the principal's country, with another part of the implementation team in an ALTEN offshore centre (back-office). The client therefore works with the local ALTEN team, which will then transfer part of the activities to be conducted to its offshore centre. This enables ALTEN to provide its clients with teams that are fully conversant with the client's requirements, culture and language. The offshore/nearshore portion can thus vary between 20% and 90% depending on the projects concerned. Skills are ramped up through the incubation

of part of the offshore teams in the home country of the service and may be completed by the temporary sending of employees to the offshore/nearshore centre. The global organisation of the Structured Projects Department (DDPS) guarantees the quality control and project implementation processes that must be the same regardless of the country where the activity is implemented.

Thanks to this approach, ALTEN's workpackage offering is very competitive, all the while guaranteeing a high performance level achieved with the application of ALTEN standard processes.

ALTEN employs 2,000 people in its offshore centres.

26	Automotive
28	Rail
30	Aerospace
32	Defence and Security
34	Energy and Environmental Management
36	Life and Health Sciences
38	Telecommunications and Multimedia
40	Banking/Finance/Insurance

2 Our customers

The automotive sector is benefiting from an extremely dynamic cycle. On the one hand, rapid progress in artificial intelligence and widespread access to the cloud are accelerating the development of autonomous vehicles and new mobility services. On the other hand, improvements in lithium batteries and changes in legislation are encouraging automotive manufacturers to progress the development of clean vehicles as fast as possible in a highly competitive market.

The development of electrified vehicles

According to a study carried out by KPMG, electric vehicles were automotive managers' main focus in 2017. Against the backdrop of a generalised reduction in CO₂ emissions, manufacturers are investing heavily in the electrification of power trains.

This is being put into practice in the «hybrid 48V» technology, which makes it possible to optimise the use of fuel by combining a traditional engine with an electric engine. This technology reduces fuel consumption by around 20% and has been adopted on a massive scale by Bosch, Delphi, Continental and Valeo. Combustion engines are much more efficient than in the past and it is now difficult to envisage an ongoing reduction in CO₂ emissions without incorporating energy recovery devices and using carbon-free energy.

But that is not enough. Zero-emission cars (ZEV) have become a priority on a global scale. China is looking into halting the sale of petrol vehicles for good and the government is imposing quotas on manufacturers requiring them to sell a minimum of 10% rechargeable electric or hybrid cars from 2019. In the United States, California and nine other States are also committed to a similar ZEV finance programme.

In Europe, Renault has announced the launch of eight electric models by 2022, BMW is going to electrify 25 models in its range by 2025, Volvo has decided to manufacture only electric and hybrid vehicles from 2019, and Volkswagen aims to become global champion in electric cars with plans to invest €34 billion between now and 2022.

Nevertheless, gaps in recharging infrastructures are currently slowing down the mass deployment of electric vehicles. In response to this need, BMW, Daimler, Ford, Audi and Porsche have come together in a joint project to create a network of rapid charging terminals throughout Europe.

At the same time, in 2017, Audi, Air Liquide, BMW, Daimler, Engie, Hyundai, Total, Toyota and other companies formed the Hydrogen Council to promote hydrogen fuel cells, which currently power over 1,000 existing vehicles.

Autonomous vehicles

The global race to design autonomous vehicles has accelerated sharply. Progress in advanced driver-assist systems (ADAS) and artificial intelligence have enabled some manufacturers to get close to level 4 autonomy (fully autonomous driving). Naya and Waymo (Google subsidiary) have already showcased their autonomous models. Other manufacturers are announcing major investment and significant and promising partnerships in this field (Renault with Transdev, PSA with nuTonomy, BMW with Fiat, Mobileye, Intel and Delphi).

In terms of governments, France is preparing a roadmap so that autonomous cars can start to be tested on the roads in 2018, whilst London has announced plans to permit the arrival of the first driverless cars on British roads by 2021. In the United States, California is planning to implement regulations allowing autonomous vehicles to drive on the roads from 2018.

Mobility services and digitisation of the automotive sector

Widespread access to smartphones is ramping up the development of mobility services such as car-pooling (Blablacar), car-sharing (Autolib), cycle-sharing (Vélib and alternative operators) and scooters with the arrival of Cityscoot. Some manufacturers are also positioning themselves on these markets: PSA has become a mobility services suppliers through its «Free2Move» app, which allows users to locate car-sharing vehicles available in the vicinity. Some market operators are putting their money on autonomous and connected vehicles: Uber announced an order for 24,000 autonomous vehicles from Volvo, and Naya showcased its «Autonom Cab» vehicle, which can be ordered via an app and can carry up to six passengers at a time.



Functional areas covered by ALTEN

Electrical and electronic systems

Telematics, infotainment, Security, advanced driver-assist systems (ADAS), connected vehicles, autonomous vehicles

Powertrain environment

Engine and gearbox

Management and oversight of QCDP projects

Vehicle electrification

Hybrid and electric

Manufacturing and Supply-chain

Chassis and suspension



ALTEN in Detroit: the capital of the US automotive industry

Alexandre Director of ALTEN Technology Inc

The Detroit region is densely populated by major players in the automotive industry, from manufacturers to equipment suppliers. The United States is the second largest automotive market in the world with over 17 million vehicles sold in 2017, and numerous European equipment suppliers have set up their R&D activities in the region to enable them to coordinate better with their customers and adapt their products to specific local requirements.

ALTEN launched its business in Detroit in 2014. We currently have a workforce of over 200 top-end engineers supporting our customers' projects in highly innovative fields:

1. development of advanced driver-assist systems (ADAS) and autonomous vehicles. It is a market that incorporates not only «historical» players but also new entrants in the wake of GAFA, who are seeking to position themselves on this extremely buoyant market, in the fields of artificial intelligence, machine learning, computer vision, complex algorithms and embedded systems;
2. electrified powertrains: Driven by Tesla and Environmental Protection Agency (EPA) regulations, manufacturers are playing an active role in providing widespread access to hybrid, hybrid rechargeable and 100% electric technologies;
3. infotainment – Connectivity: with the introduction of new technologies (gesture recognition, touch screen with haptic feedback, etc.), new possibilities are opening up for manufacturers to improve information displays and HMI ergonomics.

In order to meet the high demand for R&D projects, ALTEN relies on its organisation and know-how in terms of top-end engineering and technical delivery skills:

- an excellent capacity to recruit talent in the United States as well as to mobilise expertise from France and Europe: this combination of expertise and know-how means that we are acknowledged by our customers as an added-value technological partner;
- a commitment to the “workpackage” method (cost, quality, deadline), which demonstrates the maturity of our organisation on the other side of the Atlantic.

In order to remain competitive, the rail sector continues to innovate whilst reorganising its priorities in terms of network modernisation. Digitisation, connectivity and traction systems innovation are the main industrial challenges.

Connectivity and passenger experience

To improve the passenger experience and respond to the increasing demand for connectivity in trains and stations, manufacturers and operators have rolled out Wifi or 3G/4G networks. The SNCF expects that TER trains will have full Wifi coverage by 2020. Ile-de-France Mobilité has taken the decision to replace tickets and the Pass Navigo with mobile apps from 2019. Furthermore, Marketing services are increasingly using Big Data tools to respond to new challenges in relation to personalising customer services. The SNCF is joining forces with the BlaBlaCar car pooling site, the RATP and Transdev to create a data warehouse that will centralise mobility data. This will enable passengers to benefit from customised journeys and seamlessly connected transport.

Digitisation of systems

The use of digital tools is one of the rail sector's major challenges. Automated data collection or virtualisation of systems enable rail operation to be optimised. Operators can benefit from knowing the state of the networks in real time and can react more quickly to contingencies. Furthermore, the Internet of Things and Big Data are increasing the availability of rolling stock and infrastructure through predictive maintenance.

Digitisation of railway signalling also means that railways will flow better. The development of safety systems such as the ERTMS will enable driverless trains to be introduced: their installation on the newly extended RER E will reduce the minimum time between each train from 180 to 108 seconds, making it possible to increase from 16 to 22 trains an hour. In the Netherlands, the rail operator, ProRail, has announced initial tests on these trains in 2018. The SNCF expects to see the first semi-automatic TGV in 2023. On a

global level, the first autonomous train test was a success: the train operated by the Australian company, Rio Tinto, travelled 100 kilometres with no-one on board.

New traction systems

With over half of regional railways in Europe still not electrified, rail manufacturers are developing new ways of powering trains to reduce CO₂ emissions. The first regional train in the world to be powered by a hydrogen fuel cell (Alstom's Coradia iLint) was successfully tested in Germany. The first trains of this generation are likely to be in operation in Germany from 2021. This vision of «hydrogen fuel cell regions» is encouraging an increasing number of operators to launch the development of technologies using this source of energy: Engie, Air Liquide, EDF and also numerous SMEs.

The revolutionary «Hyperloop» project has made significant progress. This system, which consists of capsules travelling through low-pressure tubes, should be able to carry passengers at speeds of 1,220 km/h. Several projects are being conducted around the world: Hyperloop One has completed the second phase of its series of tests. Its magnetically levitated capsules are propelled at 310km/h through almost 500 metres of depressurised tunnels. Its main competitor, Hyperloop Transportation Technologies, recently decided to build a research centre in Toulouse. The first tests are due to take place in 2018.

At the same time, electric trains continue to be more energy-efficient: the TGV 2020, which is under development, aims to reduce energy consumption by 25% due to permanent magnet motors, lighter structures and an energy recovery system with more efficient braking.



Functional areas covered by ALTEN

Rolling stock

Signalling

Infrastructures

Passenger services



ALTEN is at the heart of rail sector transformation

Marylin (Manager ALTEN France)

The rail sector is right in the midst of transformation on three levels, including, firstly, the sustainability of European know-how in the light of increasingly aggressive Chinese and American competition. In response, our customers formed alliances such as GE-ALSTOM and SNCF-RFF in 2014, Ansaldo-Hitachi in 2016, and SIEMENS-ALSTOM in September 2017.

The second level concerns the industrialisation of development methods and processes, such as the deployment of flexible methods in product development cycles, the reduction of engineering costs and the deployment of building information modelling (BIM) methodology. Lastly, the third major activity, digitisation, through signalling-dedicated cybersecurity, Big Data and the use of IoT for predictive maintenance. Paris is a real nerve centre for French rail sector transformation.

The historic rail network is built around Paris, and numerous projects such as the modernisation of historic networks, the Grand Paris Express (introduction of four new automatic metro lines around Paris and the extension of two existing lines) as well as the provision of all

the transport infrastructure (metro, tramway, e-Bus etc.) needed for the 2024 Olympic Games, are ramping up the presence of the rail industry players within the region: RATP, SNCF, ALSTOM Transport, SIEMENS Mobility, COLAS Rail, INEO Systrans, etc.

Aerospace

15.6%
OF 2017 REVENUE

IATA is anticipating 4.3 billion passengers in 2018, up 6% on 2017. Global revenue from the aviation industry is expected to reach €824 billion in 2018, up 9.4% on 2017. Against this backdrop, the challenges faced by the aeronautics sector are numerous: to successfully ramp up production, reduce fuel consumption, implement digital transformation to improve the customer experience, etc. The space market is in complete upheaval, buoyed by the mass of data generated by connected objects.

Ramp-up of production and consolidation of industrial companies

The steady rise in aircraft manufacturers' production rates is putting pressure on the aeronautics industry. This is driving not only equipment suppliers, but also aircraft manufacturers, to come together to share costs, including research and development costs. Airbus has joined up with Bombardier in the C-Series programme, and Boeing is getting together with Embraer to form a civil and military aviation partnership. In 2017, mergers and acquisitions tipped over the \$51 billion mark, more than double the figure for the previous year and up sharply (+73 %) on the last peak in 2007. Safran's takeover of Zodiac and Rockwell's takeover by United Technologies are an indication of the consolidation occurring amongst equipment suppliers. As a result of this consolidation, they are now speaking to airline companies directly, rather than staying in sync with aircraft manufacturers' programme cycles.

Revolution in air mobility

The emergence of artificial intelligence technologies and widespread access to autonomous flight with drones has caused a revolution in air mobility. Airbus is leading two electric, self-piloted, flying vehicle projects: Vahana and CityAirbus, whilst Boeing is putting its money on Near Earth Autonomy and Aurora Flight Sciences, two companies that design artificial intelligence technologies for autonomous flight. These operations are an indication of aircraft manufacturers' desire to create new growth drivers on new markets.

Preparation for aircraft electrification

The development of Lithium batteries and fuel cells is opening up new possibilities for the reduction of in-flight fuel consumption. The E-Fan X project brings together Airbus, Siemens and Rolls Royce around a new hybrid electric/internal combustion engine aircraft whilst, at the same time, EasyJet is developing an aircraft with an electric engine. Lastly, Safran Power Units expects to fit fuel cells in aircraft for the first time to enable fully autonomous taxiing.

Increased connectivity

The in-flight connectivity market is growing at a rate of 20% a year. According to a study conducted by Sky High Economics, this market is likely to reach \$130 billion by 2035. Airline companies today rely on in-flight entertainment as an additional source of revenue and the on-board multimedia entertainment market is marked by its domination by Panasonic. With connectivity, however, other operators are getting in on this attractive market: satellite telecommunications operators are offering in-flight Internet access and Wifi and GAFAs are investing in the provision of new services.

The space market is right in the midst of transformation

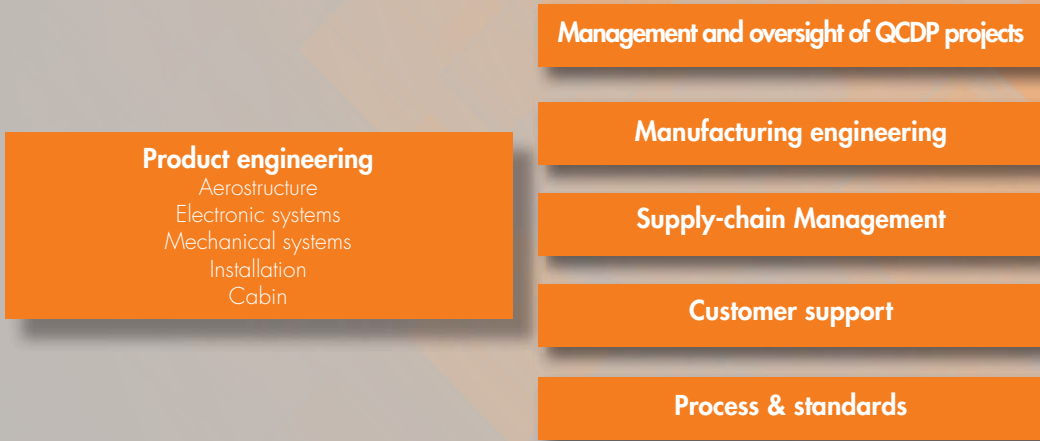
The global commercial satellite launcher market is in a state of upheaval. With 18 launches in 2017, SpaceX is now the world leader in space missions and this pace is likely to increase in 2018 to 25 to 30 missions. Despite the greater reliability of Arianespace, the gap is widening: the European operator only managed 11 launches last year.

The situation is also changing with the ramping up of the Asian space industries. India will soon be capable of launching satellites weighing up to four metric tons. Mitsubishi Heavy Industries was selected to launch the first Inmarsat-6 fleet satellite. Lastly, China is expecting to have 35 launches in 2018 and has signed a satellite launch contract with Brazil for 2019.

Space operators are aiming to drastically reduce the cost of going into space. Satellite production rates have increased ten-fold. Airbus, which traditionally produces between 10 and 15 satellites a year, has set itself the target of producing several hundred satellites over the same period for the OneWeb satellite constellation, which is aiming to distribute low-cost broadband to the entire planet. The Industry 4.0 revolution is also making it possible to achieve economies of scale. Lockheed Martin has invested 350 million in the construction of its factory of the future near Denver.



Functional areas covered by ALTEN



ALTEN: a major player in ramping up production in aeronautics sector companies

Stéphane (ALTEN, Technical Director)

For the ALTEN Group, 2017 was marked by strong growth in industrial ramp-up projects, the development of production tools and the optimisation of the supply chain in the aeronautics sector.

With a presence at Airbus and other aeronautics equipment suppliers (Safran, Stelia Aerospace, Zodiac Aerospace, Rolls Royce etc.), ALTEN, capitalising on its 3,000 specialist industrial process engineers, is considered by its customers to be a major partner.

We are particularly appreciated for our comprehensive geographical coverage, near production sites (Germany, Spain, France, UK and all over the world), and our multi-specialist footprint across the whole cycle (from design to operations).

ALTEN is in a position to provide a multidisciplinary solution in response to its customers' complex issues.

In addition, ALTEN has also acquired expertise in Industry 4.0 disruptive technology: the use of virtual factories to simulate means of production and optimise production workstations and assembly lines and 3D printing as a high-performance alternative to manufacturing even complex parts. ALTEN has also deployed innovative data processing solutions and tools to reduce development and preparation cycles and to facilitate the integration of new connected technologies to enhance industrial performance.

Defence and Security

4.4%

OF 2017 REVENUE

The defence industry performed well in 2017 with numerous export and plant renewal/modernisation contracts. In terms of domestic security, investment was stimulated by the terrorist threat and cyber attacks.

Defence: a fast-expanding industry

According to Deloitte, expenditure in the defence sector was up 3.2% in 2017. This growth was driven by new US policy and geopolitical tensions in Eastern Europe, the Middle-East and Asia.

As a result, numerous contracts were signed. Qatar ordered 12 additional Rafale aircraft from France and issued a letter of intent for 490 nexter armoured vehicles, whilst Belgium also signed a contract for 477 armoured vehicles under the Scorpion programme.

European support for common defence

The purpose of the PESCO agreement, signed by 23 Member States, is to make economies of scale and stand up to global competition by creating European cooperation in Defence. The signatories are committed to increasing their military spending to 2% of their national budgets by 2025. This will increase the European military budget to €350-400 billion from the current €190 billion. This European cooperation in Defence has, in particular, been driven by the Franco-German plan to develop a new combat aircraft as well as by the merger between the French Naval Group, and the Italian Fincantieri shipyard. Dassault is working with German, Italian and Spanish partners on the launch of a surveillance drone programme in 2020.

Digital transformation in the Defence industry

To improve production capabilities and reduce equipment operating costs, the defence industry is investing in digital. For example, Naval Group has created a real-time software workbench that brings together over 1,000 engineers. Predictive maintenance tools and 360 degree day/night vision functionality using augmented reality have been developed to design the vessels of the future.

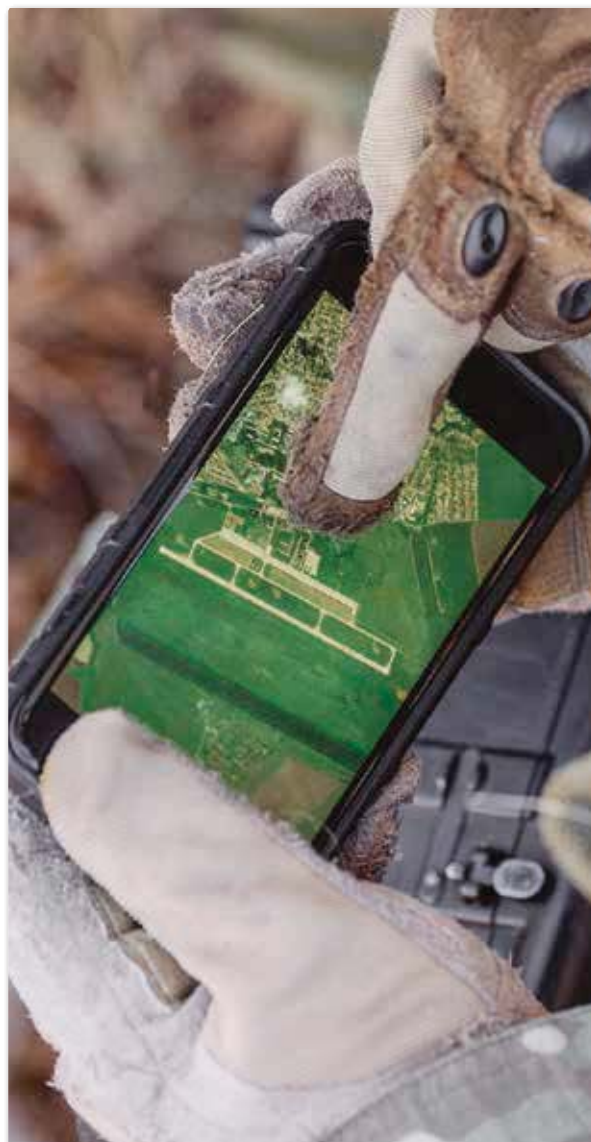
Cybersecurity is expanding fast

Against the backdrop of the digital transformation of companies and States, the multiplication of mass cyber attacks like WannaCry and the surrounding media hype, as well as increasingly stringent regulations, are boosting the cybersecurity market. Cybersecurity has become a strategic priority, as highlighted by Orange in its «Essentials 2020» plan. Industrial sector companies are cooperating with one another to implement new data protection processes, which are deployed, en masse, with the rise of Big Data and connected objects. Airbus and Alstom have, for example, set up a partnership to develop new transport systems vulnerability analysis services, and a new generation of

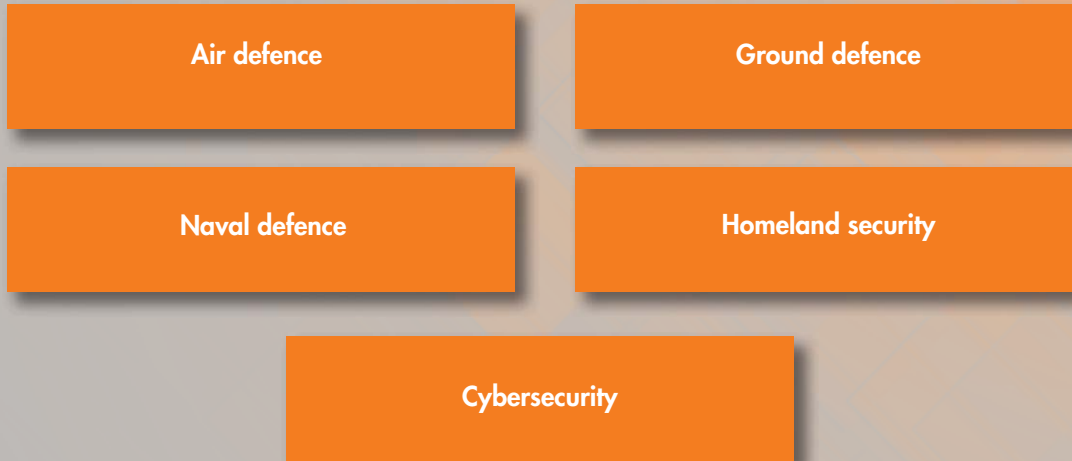
operational security systems tailored to the industrial sector, whilst Thales has launched its acquisition of Gemalto to form a data management and protection giant.

Deployment of Biometrics systems

Airports are at high risk of terrorist attacks. To increase safety, lots of airports are testing facial recognition systems. Zurich airport is experimenting with Automated Border Control (ABC) systems supplied by Gemalto, which compare biometric passport data, in real time, with passengers' physical attributes. For its part, the ADP Group is expecting to operate 87 PARAFE automatic control devices by spring 2018 at Roissy and Orly airports. It is even looking into the possibility of extending facial recognition to screening for persons identified as dangerous.



Functional areas covered by ALTEN



ALTEN has a solid grounding in the new challenges faced by the Defence & Security sector.

Cédric (ALTEN, Development manager)

As a result of its positioning as a multi-skilled operator and its local roots in many different countries, the ALTEN Group has confirmed its position as a major partner of French and European industry champions: Airbus D&S, Leonardo, MBDA, Naval Group, Renault Trucks Defense, SAAB, Safran, Thales, Idemia, etc.

In France, Alten is supporting key players in the various export contracts signed over the last few years:

- the Rafale is exported to Egypt, India and Qatar;
- australian submarines with the Shortfin Barracuda;
- caracal helicopters in Kuwait.

In addition to platforms, these export programmes include the development or adaptation of large numbers of in-flight equipment in which the ALTEN Group is involved.

At the same time, ALTEN, due to its local roots, is continuing to grow its business with other European customers both private (Leonardo in Italy, formerly Finmeccanica, SAAB in Sweden, Airbus D&S in Spain) and public (Swiss Defence Department, British MoD).

Lastly, in the fields of cybersecurity and biometrics, ALTEN is a major engineering supplier for Idemia, the new world leader in augmented identity, resulting from the merger of Safran Identity & Security and Oberthur Card Systems.

As with the Idemia or Thales projects, the need for digitisation and connectivity of defence and security systems is rising rapidly. The ALTEN Group uses its multi-sector and multi-business positioning to lend its Defence & Security customers its digital, IT and Big Data experience in Telecoms, Multimedia and Finance.

This combination currently enables the ALTEN Group to support its customers in all their innovation projects around the world.

Energy and Environmental Management

Energy, Sciences
of Life & Industry

16.1%

OF 2017 REVENUE

The energy sector is currently on the brink of a revolution. Massive development and a big reduction in the cost of renewable energies, a greater shift towards services, as well as the emergence of shale gas, are completely transforming the industrial landscape.

Nuclear

According to the World Nuclear Industry Status Report, nuclear energy as a percentage of global electricity production has remained unchanged over the last few years but the number of reactors being built is down. China is the world leader when it comes to setting up these new installations, accounting for more than half of all new plants.

A large proportion of the challenges to be faced by the nuclear industry in years to come will involve engineering: dismantling of ageing nuclear plants, and their renewal. Nuclear industry companies aim to have a 25% share of the global energy mix by 2050 (compared with 10.5% today), and are innovating to launch new generation power plants. EDF and Areva are developing the EPR NM (a new model of the European Pressurised Reactor), TechnicAtome is hoping to re-launch its plans for small modular reactors (SMR) and Terrapower is working with China (CNCC) to commercialise TVWR (travelling wave reactor) technologies.

Renewable energies

In 2016, \$240 billion was invested in renewables, compared with \$10 billion in nuclear. This expenditure was very high in China, which invested the most with 17% of the world total, and in India, which saw its solar capacity increase eight-fold and has set itself a target of 100GW by 2022. Traditional players are constantly investing to add green energy to their energy mix. Total, for example, acquired Greenflex and Eren Re and is now positioning itself in renewables across the entire production chain.

In terms of technologies, wind and solar power are becoming more widespread due to massive cost reductions, whilst tidal energy is still under development. Offshore wind farms look particularly promising with the next generation of larger wind turbines producing 10 to 12 MWh compared with the current 8 MWh. Solar power is very attractive and EDF is planning to install an additional 30GW of capacity in France by 2035. The photovoltaic sector is suffering from competition from Chinese industry: European, US and Indian operators are looking to increase their production capacity to remain competitive.

Oil & Gas

The boom in shale oil across the Atlantic represents a revolution for the Oil & Gas market. By 2025, the United States alone will account for 80% of the global production of crude oil, estimates the International Energy Agency. Shale currently accounts for 5% of global production and this will rise to 9% by 2025.

The oil giants are also investing in less polluting projects. The Oil and Gas Climate Initiative fund, combining ten global companies, invested in Solidia Technologies for the production of cleaner cement and in natural gas projects aiming for near-zero methane emissions.

Environmental management

This sector, which combines water management, recycling and waste management activities, will have to manage its transition: recycling companies will have to adapt to the Chinese ban on importing 24 types of waste, paper and plastics in particular. The French recycling industry will have to go upmarket if it wants to continue to export to the leading global consumer.

The water management industry is still buoyant. Following its acquisition of GE Water & Process Technologies, Suez is extending its water treatment and digital skills services, a fast-growing sector estimated to be worth €95 billion.



Functional areas covered by ALTEN

Electricity

Electricity production - Nuclear

Electricity production - Renewable energy

Transportation and distribution of electricity



Oil & Gas

Production plant - Design

Production plant - Operations and launch

Transport



ALTEN: one example of our involvement in the Hinkley Point EPR project

Thomas (ALTEN France, Manager)

TechnicAtome, formerly Areva TA, is renowned for its complex «customised» systems development expertise in the nuclear defence and civilian nuclear power industries.

This is why TechnicAtome was selected by Areva NP for an engineering contract to include the manufacture of command control security systems for installation on the two EPR reactors currently under construction on the Hinkley Point site in the UK. This contract, worth tens of millions of euro, is due to run until 2023.

The British nuclear safety authority wishes to retain analogue cable control. These electrical control cabinets are designed to guarantee safety in the event of failure of the main digital control command system.

The project presents a real technical challenge in an all-digital age as there are very few analogue control command systems on the market, the majority being digital, controlled by computers.

Being listed in the framework agreement as an approved supplier by TechnicAtome, ALTEN won a service contract to assist this customer with system, architecture and component studies.

Its strong recruitment capability and its proficiency in managing workpackages, set ALTEN apart from its competitors. We set up a team of several experienced engineers within an extremely short timeframe. The customer is currently very satisfied with the quality of ALTEN's technological response.

Life and Health Sciences

Energy, Sciences
of Life & Industry

6.6%

OF 2017 REVENUE

An ageing population and the emergence of new markets is driving growth in healthcare. According to a study by Quintiles IMS, global sales of medicines, driven by the United States by value and by emerging countries by volume, are likely to rise by an average of 4% to 7% a year between now and 2020. What's more, digital is becoming inevitable in life sciences. Robotisation is increasing whilst Big Data and Internet of Things tools are major growth factors.

Pharmaceutical industry: strong rise in biotechnologies

The big pharmaceutical laboratories are launching numerous investments and partnerships to establish themselves in Boston, the global biotechnology nerve centre. Boosted by excellent academic research, the city is the home of numerous start-ups at the cutting edge of innovation. Berg, specialising in artificial intelligence for therapeutic purposes has, for example, signed partnerships with Sanofi to improve the performance of future flu vaccines and with AstraZeneca to research treatments for neurological disorders. These biotechnology industry players are also concentrated around Cambridge and Oxford in the United Kingdom, as well as in «Health Valley» in Switzerland, which saw ADC Therapeutics raise 200 million Swiss francs for a cancer treatment.

On a scientific level, biotechnologies are revolutionising healthcare. The promises made for genomics are about to come true: Gensight Biologics raised €22.5 million for the first French gene therapy. Immuno-oncology is revolutionising cancer treatment. The most promising areas of research being liquid biopsies, precision medicine and the use of genetic data. Erytech raised €130 million to fight against rare forms of cancer and orphan diseases by «encapsulating» therapeutic substances in red blood cells.

The digitisation of healthcare

Healthcare is an industry that is in the midst of digital transformation. Currently estimated to be worth between €2 and €3 billion a year, the e-health market will reach €15 to

23 billion by 2025 in France. Big data sets make it possible to treat illnesses with completely new approaches.

Patient care will, therefore, be very different. For example, hospital medical records may be digitised, as is the case with Telecoms Santé, which raised €8 million. Prevention will be vastly improved with widespread access to health data. Medeo is selling Kligo, an app collecting health-related connected objects' data. This data may, for example, be used to screen for skin cancer or pathologies via gene testing. The breakthrough of E-health is symbolised by the dedicated laboratory opened by Sanofi in December 2017: 39bis.

Digital technologies are also transforming the way in which care is dispensed. One of the first surgical interventions using a mixed-reality collaborative platform was performed in Bobigny whilst, in the United States, the first connected drug was released. Connected drugs make it possible to check that stringent treatment regimes have been followed. In early 2018, Roche and GE Healthcare formed an alliance to develop shared software to aid clinical decision-making.

The production capabilities of the pharma giants are also evolving as they are digitised. Data monitoring and analysis in real time will enable processes to be controlled automatically. This will not only save time but, above all, will increase reliability. That will open the way to predictive maintenance of production equipment. The first Sanofi (Geel in Belgium) Industry 4.0 plant will be operational from 2018.

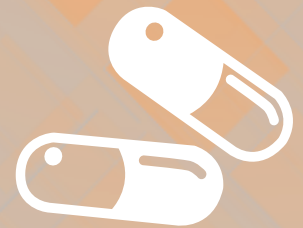


Functional areas covered by ALTEN

Pharmaceutical

Medical diagnosis

E-health



ALTEN Belgium is at the heart of the R&D Life Sciences ecosystem

Thibaut (Manager ALTEN Belgium)

Today, Belgium is responsible for one-sixth of all European Union medicine exports and is ranked 2nd in Europe for the number of clinical trials per inhabitant.

Firstly, as a result of the way in which the chemical industry developed historically in Belgium, the country has an excellent academic record in pharmaceuticals, with both high-level teaching and research activities, which are concentrated in universities such as ULB and UCL. Belgium also introduced tax breaks for R&D, such as the patent income deduction and R&D tax credits.

This environment led numerous operators to set up in Belgium: Baxter, GSK, Johnson & Johnson, Novartis, Pfizer, Shire, UCB, etc. and other operators have strengthened this medical innovation ecosystem, which is the only one of its kind in Europe: numerous specialist SMEs and startups, particularly in the field of biotechnology.

Against this backdrop, ALTEN Belgium is particularly well set up in the pharmaceutical sector.

Due to its positioning, ALTEN is currently referenced as a «Tier 1 supplier» with numerous major pharmaceutical companies in Belgium, and our group is positioned across several distinct services, primarily: R&D, Manufacturing, GXP Compliance, Engineering, Qualification/Validation and IT services.

ALTEN also has a stake in the industry's innovative technological challenges:

- validation of automated/computerised production systems: pharmaceutical industry companies are increasingly implementing these types of systems to reduce human intervention and increase the reliability of the production process. In response, we have trained IT engineers in pharmaceutical production issues;
- biotech/Pharma start-ups: ALTEN has supported the development of numerous start-ups, such as Mithra, Bepharbel and Biocartis, whose growth can be extremely rapid once the product comes on the market.

The strength of our group in Belgium lies in offering our customers a single point of contact whilst presenting them with a positioning that covers all segments of the pharmaceutical and biotechnology sectors. Furthermore, we have developed a technical division specialising in the pharmaceutical industry, which has recourse to several technical experts to structure our offerings and coach our teams. These factors set us apart from our competitors. ALTEN Belgium is also appreciated by our customers for its autonomous productivity management.

Telecommunications and Multimedia

14.3%
OF 2017 REVENUE

The Telecommunications and Multimedia industries are undergoing profound changes. Investment in infrastructure (IoT) and in new networks (Sigfox, 5G, etc.) are creating radical business model changes in the Telecoms industry. In 2018, the semiconductors market, which experienced an extraordinary year in 2017 with growth of over 20%, will continued to grow by around 7%.

Networks and infrastructure

Users are increasingly converting to mobile Internet, which requires a network with a strong, uninterrupted signal. To meet this need, operators are investing massively in 4G to cover dead zones. According to Idate, 4G LTE will have over 1.3 billion subscribers in 2017, and will generate over €400 billion in revenue worldwide.

The network also has to support new high-speed uses in terms of data volume. The emergence of the 5G network should respond to both overload and speed issues. The volume of data that will be carried on the networks is likely to be 10,000 times higher, with a latency of less than 1 milliseconds, compared with 50 milliseconds today. The first global 5G test was during the Seoul Olympic Games in 2018. One of the first usable networks will be the «Bari-Matera» in Italy from 2018. With 5G, Telecoms will also take on a new B2B business model.

At the same time, alternative networks will respond to the explosion in the use of the Internet of Things (IoT) and the delay in deploying 5G. According to IHS Markit, the number of connections to public radio Low-Power Wide-Area Networks (LPWAN), built on NB-IoT, LoRaWAN, LTE-M and Sigfox-type technologies, will pass the billion mark in 2021 and will record average annual growth of 206% between now and then. The use of these networks is being developed in a number of sectors: Industry 4.0, logistics, smart city and agriculture, as well as smart home and household electrical appliances.

How companies and private individuals use digital technology

Modernisation of the network and infrastructures is opening up the possibility of new uses for both individuals and businesses.

For example, the Tokyo 2020 Olympic Games will, in particular, revolutionise the experience of supporters, who will be able to monitor athletes' performances. Traffic in major cities will be analysed directly, and optimised, as a result of on-board connectivity systems. Conversational commerce using chatbot tools is in full swing at Air France and Voyages-SNCF.com. Traditional large Telecoms operators are diversifying by offering entertainment content or even banking services.

Lastly, the fourth industrial revolution is under way and companies are gradually going digital: virtual reality technologies to boost production capacities, predictive maintenance, 3D printing, new robotics and interconnection of machines. Companies are faced with many challenges: improving industrial operations, better managing time-to-market and their supply chain. According to IDC, global expenditure on IoT solutions is likely to reach \$772.5 billion in 2018, a hike of 14.6% that

should continue on an annual basis until 2021, by which time IoT investment will exceed \$1,100 billion.

An industry on a quest for diversification

The Telecoms industry is currently characterised by its high concentration of stakeholders and the convergence of services, which is now a household reality. These two trends mean that the services on offer are relatively standard. Operators are, therefore, faced with the major challenge of setting themselves apart from their competitors, through both the quality of service offered to customers and the construction of differentiation factors, particularly in terms of content.

Means of accessing content are multiplying and, according to the CSA, there are now five or six screens in every home. Operators are seizing on this opportunity by refocusing on producing content and by diversifying. Although all major operators offer access to TV content and to other on-line services such as Netflix or Canal+ on all their customers' screens, often simultaneously, they are all attempting to diversify to other sectors and to set themselves apart from their competitors.

In early 2019, Orange is going to launch a new on-line bank, focused on the digital customer experience, whilst Bouygues is specialising in a «quintuple play» service that proposes to optimise households' energy management in addition to providing standard services, via its start-up, Ijenko.

Electronics

In 2017, the global semiconductor market passed the \$400 billion mark for the first time. According to WVSTS, in 2018, growth will be driven, as it was in 2017, by sales of memory chips (+9.3%). From 2019, memory manufacturers' increased production capacities will lead to market saturation. The massive use of microchips in autonomous car technology, artificial intelligence and even the Internet of Things, is then likely to be the main driver of growth in the semiconductor market.



Functional areas covered by ALTEN

Project management

Network architecture, terminals and equipment

Infrastructure
Operations Security

IT operator



ALTEN and Orange: a historic relationship, a customer right in the midst of its transformation

Gregory (ALTEN France, Head of department)

What is ALTEN's current position at Orange?

ALTEN is a major partner, approved by the Orange Group for global IT and network/telecoms service contracts. We currently have over 400 engineers working at Orange worldwide.

What are the strategic challenges faced by the Orange Group?

Firstly, in the field of technology, Telecoms operators are going to have to roll out the FTTH (fibre optic) network as fast as possible, prepare for an increase in mobile network speeds (heavy demand due to video streaming), take part in 5G network and IoT trials and develop an increasing number of services to meet customers' needs.

On a business level, with the end of roaming charges in Europe and the mass arrival of low-cost services, Telecoms business is generating less income and the European market will doubtless be concentrated on just a few operators. Against this backdrop, the Orange Group wants to become a key player on the international market, beyond Africa and the Middle East. To do so, it is primarily counting on innovations and new services to set itself apart from its competitors.

How is ALTEN supporting the Orange group strategy?

ALTEN has been an Orange supplier since 1992. We have recognised expertise in the Telecoms field and we also cover IS, which makes us quite a unique operator in this ecosystem. Our customer also appreciates our ability to manage Workpackage projects.

ALTEN is working on some extremely challenging technology projects, such as deploying mobile network access equipment, designing service platform architecture and coordinating the suppliers of these new services.

In terms of international development, some of our engineers are deployed at our customer's offices in various European countries (Spain, Benelux, Poland, etc.) as well as in China.

ALTEN is entirely in step with Orange group strategy, both in terms of digitisation and improved connectivity, and in the diversification of its business. Accordingly, ALTEN supported Orange in the development of certain IS applications for the new Orange Bank entity, a digital bank that aims to win 2 million customers between now and 2020.

Banking/Finance/ Insurance

18.2%

OF 2017 REVENUE

The boom in online banking and Fintech companies is changing the traditional business plan favoured by banking institutions, which are accelerating their digital transformation and the use of new technologies like Blockchain. At the same time, the rise in cyber attacks is obliging companies to increasingly invest in protecting their data. Regulatory institutions need to introduce laws to protect both customers and companies.

The «Blockchain» revolution

Blockchains' decentralised records technology, combined with its security and transparency, means that it increasingly looks to be a potential competitor of the banking institutions. These institutions are trying to turn this threat into an opportunity.

In 2018, the international funds transfer network, Swift, which brings together 11,000 banks across the world and processes 25 million transfers per day worth billions of dollars, has just reached a milestone in terms of blockchain testing. According to a report from Santander bank, the use of blockchain could save banks between \$15 and \$20 billion between now and 2022, «by reducing infrastructure costs associated with international payments, trading and compliance».

There have been a number of trials: using Fund Link, BNP Paribas Asset Management successfully processed its first fund subscription transaction using blockchain technology. JPMorgan, in partnership with Royal Bank of Canada and Australia and New Zealand Banking Group, is launching a new blockchain-based payment processing network.

Insurers also have an interest in blockchain - «smart contracts» will, for example, enable customers to obtain automatic and instantaneous compensation: Axa is launching an intelligent contract that releases a payment as soon as delay occurs and without the need for proof. This platform, named Fizzy, is also based on blockchain technology, enabling it to guarantee the sanctity of the contracts in question.

Big Data for the digital transformation of banks and insurance companies

Demand from customers to receive personalised services and to perform actions on their smartphones whilst benefiting from low rates and speedy transactions, is forcing the banking sector to innovate. Technologies like Big Data and machine learning algorithms are enabling banks to conduct their business more efficiently: for example, Société Générale is using these tools to pick up customers who are on the point of leaving the bank, to improve risk assessments for loan applications and even to optimise the location of their branches.

Fintech companies are also continuing to strengthen their position on the market. Currently their customers can make payments, contract loans and compare rates, all without having to move an inch. The French Fintechm, Bankin', a bank account aggregator, enables information about different accounts to be concentrated in a single application and, as a result, makes it easier for users to view their expenditure and savings. The company passed the 2 million user mark in 2017.

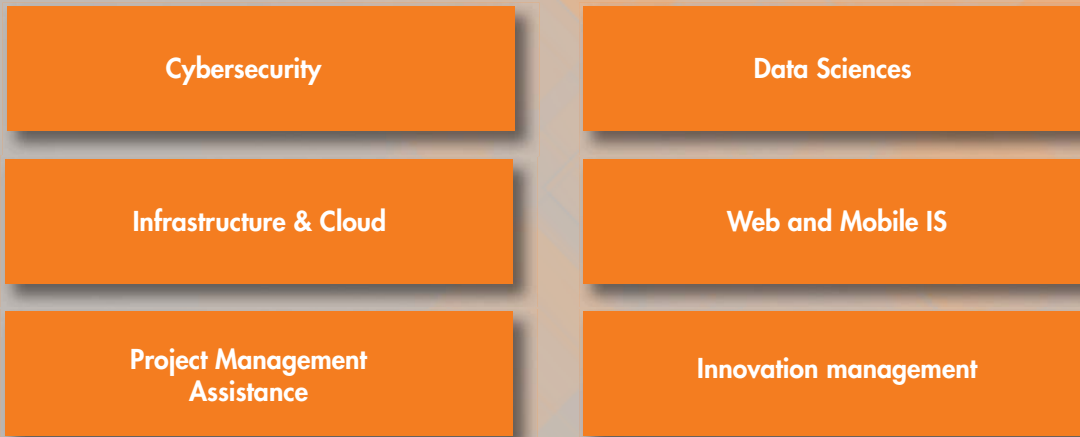
Data protection in the light of cyber threats

Cyber risk is increasing year on year as the economy is being digitised Cybersecurity is a major challenge for banking institutions, with over 8% of IT budgets being invested in safeguarding against these attacks. «Deep learning» technologies, in particular, are capable of correlating billions of pieces of data and detecting attacks in real time. Darktrace provides its customers with protection of their data and their infrastructures through their automatic learning technology, which can identify emerging and potentially dangerous attacks.

In addition, three major regulations will come into force in 2018 and will influence the way that companies operate. The payment services directive (DSP2) will focus on strong authentication and third-party access to accounts. The Network and Information Security (NIS) directive will require companies to increase their cybersecurity. Lastly, according to the European personal data protection regulation (GDPR), European citizens will have to clearly and explicitly consent to any collection of their personal data. Companies will have to be able to delete all data that is no longer needed for the purposes for which it was gathered.



Functional areas covered by ALTEN



ALTEN's role in the development of Canadian banking systems

Romain (ALTEN Canada, Manager)

The Canadian banking sector is in a major growth phase and employs several hundred thousand people. The World Economic Forum has ranked the Canadian banking system as being one of the best in the world as a result of sound performances for several years running.

The first Canadian bank was set up in Montreal in 1817, where there are now over 50 banks of different types. In addition to numerous local (Banque Nationale, Caisse Desjardins, etc.) and federal (RBC, CIBC, PSP Investments, etc.) financial institutions, several French (BNP Paribas, Société Générale) and US (Morgan Stanley) banks have opened branches there.

The region is in a strategic position: its cosmopolitan culture and its English and French bilingualism enable banks to pool resources to distribute financial services in the US and in Europe. In addition, the Quebec region has a very advantageous tax system for corporate R&D activities. As a result, a real digital technology ecosystem has gradually taken root in Montreal. One illustration of this dynamism is that Google has just announced the creation of its first Canadian «Data centre».

Having set up in Canada five years ago to support historic French customers, ALTEN Canada is now becoming a key player in the IT divisions of the Canadian banking and finance industry.

ALTEN Canada has been able to focus on two areas of growth: organic growth, due to the success of its historic customers, and several acquisitions in Montreal and Toronto to extend its customer network.

Today, with over 300 consultants, we have a presence and are approved suppliers across all categories of financial institution (local, federal and foreign) in Canada.

ALTEN Canada sets itself apart from its competitors due to its international positioning: this is a major asset when it comes to recruiting IT engineers. In addition to the employer brand aspect for local applicants, the ALTEN Group also set up an international recruitment unit based in Paris to encourage mobility amongst European engineers, given that locally available workforces are not sufficient to satisfy the demands of our customers.

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87	IV. A responsible partner

3 Operational excellence and **Sustainable Development**

Letter from the Chairman and Chief Executive Officer

Simon Azoulay



“Our international development and our leading position in the Engineering and Technology Consulting market give us a responsibility to all our stakeholders, be they employees, staff representative bodies, customers, shareholders, suppliers or partners.

In order to meet stakeholders’ requirements, anticipate their needs and build lasting and trusting relationships with them, in recent years our Group has made sustainable development central to its growth strategy. ALTEN sees this approach as central to its commitment in favour of people and sustainable innovation.

Initiated in 2010 with the signing of the United Nations Global Compact, our commitment has been unceasingly expanded and strengthened since then. The internationalisation of our markets, swift change in technology and the growing demands of society in terms of responsibility have prompted us to take action.

Our corporate culture is shaped by core values shared by all of our employees, namely the development of human capital, engineering culture and the quest for profitable and sustainable growth. In 2017, we consolidated our Corporate Sustainable Development benchmark which received the EcoVadis Gold recognition level with 74/100 and achieved the Global Compact Advanced level. Over and above our carbonate removal methods for our clients, we are also making progress in-house to reduce our environmental footprint. This approach has been assessed by the CDP, where it scored B. I would like us to continue with this momentum and thus maintain these recognition levels. To meet the expectations of our stakeholders and the challenges of our business sector, we draw on our Sustainable Development strategy which is built around three pillars:

A career-accelerating employer, by promoting talent, skills development, career and mobility management, security and the personal development of our employees.

A stimulator of innovation, through the support given to our customers, employees and students in developing sustainable innovative solutions.

A responsible partner, uncompromising on fundamental issues related to information security, business ethics or respect for the environment.

In 2018, we will continue to rise to new challenges. As Chairman and Chief Executive Officer of ALTEN, I affirm my commitment to continuing the implementation of this approach in the Group’s various host countries, by creating a network of CSR contacts, in order to capitalise on individual initiatives, and to share our common values.

More than ever, we want to drive forward our Sustainable Development approach, measure our progress, submit to assessments and ensure we take a critical look at ourselves, to continually improve our practices in complete transparency.

I am confident that ALTEN’s employees will take an active part in this process.”

Simon Azoulay,
Chairman and Chief Executive Officer

Our values

ALTEN combines human values, a culture of excellence and expertise in assisting the performance of its clients. Our corporate culture is based on key values shared by all our employees.



Engineering culture

Engineering is the cornerstone of the Group. Technical teams cultivate this same feeling of belonging to a technological environment based on creativity, innovation and troubleshooting.

ALTEN is a key employer of engineers in France and Europe, and works on a daily basis to support and promote the engineering profession and furthers the study of science among young people and women.

ALTEN is an innovative company that conducts its own research and development with the aim of balancing the economic, environmental and social dimensions within technology projects.



Profitable and sustainable growth

The quality of its management, staff and rigour are the cornerstones of ALTEN's results and robustness.

ALTEN is a financially sound company that year after year meets its objectives in terms of profitable growth. Since its inception, it has remained true to its commitments in the areas of education and design, and to its support for the engineering profession.

ALTEN makes acquisitions, and invests continuously in comprehensive project infrastructure and R&D projects that advance the development of new skills for future projects.

ALTEN has for 30 years been involved in all key projects in terms of technological challenges by collaborating on the R&D strategy of its clients to support their performance and provide assistance for their local, national and international projects.



Human capital development

ALTEN is committed to reconciling performance and sustainable development.

The women and men who make up the Group are the driving force of its business. ALTEN aims to promote diversity and employability, and to develop talents by encouraging professional development, while providing access to training and involving employees in the Group's Sustainable Development approach.

Cultivating talents, enabling individual development, developing expertise and providing a springboard for the future are among the core commitments.

ALTEN offers everyone an environment and pathway tailored to the cultivation of skills, projects and, ultimately, the Company.

Origins of our commitment

The ALTEN Group's Sustainable Development approach dates back to 2010, when we signed the United Nations Global Compact. Since then, a great deal of progress has been made in terms of our infrastructure, operational processes, management of human resources and support of social projects. The Group's Sustainable Development approach has grown, and been clarified and strengthened with the following key steps:



In 2017, ALTEN was able to reinforce its commitment in favour of sustainable development. The Group has effectively consolidated the basics and requirements of its policy, all the while engaging new projects: maintenance of its non-financial performance indices; deployment of the scope certified by ISO 27001; creation of ALTEN Solidaire and its skills-transfer programme.

2011

- Publication of the first Sustainable Development Report
- Distribution of the Sustainable Development Charter
- Distribution of the first Code of Ethics
- Mapping of the Group's stakeholders

2012

- Distribution of the Responsible Purchasing Charter
- First awarded Top Employer® label
- Winner of the National Grand Prix in Engineering
- Second Bilan Carbone® carbon footprint

2013

- Launch of the "Elles d'ALTEN" network
- ISO 14001 certification
- Achievement of "Gold" status in the EcoVadis assessment

2014

- Simon Azoulay's chairmanship of the "Elles Bougent" association
- Advanced Differentiation Level from Global Compact
- Third Bilan Carbone® carbon footprint

2015

- Integration of subsidiaries into the Group CSR approach
- Improvement in the EcoVadis assessment
- 100 B score with CDP (highest index)

2016

- ISO 27001 certification
- 74/100 rating by EcoVadis
- Improvement in rating by CDP

Key events of 2017

Digital Innovation Day

For its second edition in 2017, the Group organised an event for those serious about digital innovation: the ALTEN Digital Innovation Day. For one evening, applicants had the chance to take part in varied conferences, run by entrepreneurs, ALTEN engineers and R&D managers. A recruitment area gave candidates and Business managers the opportunity to meet one another during a speed-recruiting session (CF page 61).



Simon Azoulay, sponsor of the Centrale Supélec class of 2017

Chairman and CEO Simon Azoulay, himself a former student of Centrale Supélec, sponsored the class of 2017. He supported this intake throughout the year and on 1 December 2017, attended their graduation ceremony.

CDP Rating



In recent years, investors and stakeholders have given increasing importance and respect to non-financial rating agencies. These agencies assess and rank companies based on their CSR programmes and governance.

The CDP is an international organisation consisting of over 827 investors, representing \$100 trillion in capital. Its aim is to assess the impact of large corporations on climate change.

The analysis is based on an annual questionnaire sent to corporations to collect information on both their integration of climate change (strategy, risks and opportunities, etc.) and their greenhouse gas emissions.

In 2017, for its sixth year of participation in the assessment, ALTEN obtained a B score. Only 24% of the companies that replied in 2017 obtained this rating.

The average rating achieved by the 5,845 companies that answered the survey in 2017 was "C".

This assessment is a veritable recognition of ALTEN's approach and will encourage it to continue to involve all stakeholders reducing CO₂ emissions.

ALTEN Awards winners

In 2017, for the second year running, the ALTEN AWARDS recognised the men and women who make the Group proud.

Open to all engineering consultants, the competition is designed to highlight their professional backgrounds and successes. The winners received their trophies in Paris in the presence of Simon Azoulay, Chairman and Chief Executive Officer of the Group.

There were eight categories:



- ALTEN Award for a Project Manager of a Structured Project;
- ALTEN Award for Innovation;
- ALTEN Award for Contribution to Corporate Development;
- ALTEN Award for Mobility;
- ALTEN Award for Most Promising Start;
- ALTEN Award for Site Manager of the Year;
- ALTEN Award for a Digital Project;
- ALTEN Special Award by the Jury.

ISO 27001 certification

The ISO 27001 standard sets out the requirements relating to information security management systems. ALTEN initiated this approach in 2012 with the hiring of an Information System Security Officer (ISSO), and, every year since then, it has ensured that its practices are adopted by all the interested parties. The recognition obtained in 2016 recognises ALTEN's mastery of IS (Information Security) issues. In 2017, the ISO 27001 certified scope was extended, with Germany joining Spain, India and France in obtaining certification in 2017.

ALTEN Campus

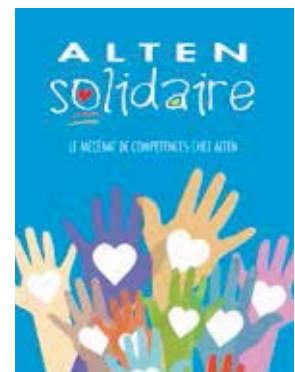
Created in 2017, ALTEN Campus brings together all those actions intended to encourage exchanges between ALTEN teams and students. An online platform for calls for projects and student challenges was launched in late 2017. It lets associative projects or individual find the support, financing and visibility needed to achieve their goals. This scheme formalises ALTEN's historic commitment in favour of student projects.



ALTEN Solidaire

Already committed to philanthropy initiatives in recent years, 2017 was another milestone in ALTEN's associative and humanitarian involvement, with the creation of ALTEN Solidaire.

The skills transfer programme was born of ALTEN's desire to go even further in its solidarity initiatives. This system allows Group employees to get involved by making their professional and human skills available to associations or foundations working for humanitarian, social, ecological, educational, cultural, family or health initiatives.



The International Paris Air Show, Le Bourget

In June 2017, ALTEN was present at the International Exhibition of Aeronautics and Space (SIAE) in Le Bourget. Stands, aerial demonstrations and jury discussions were all prominent events during the week, dedicated to aeronautics and space. In partnership with the Elles Bougent association, an ALTEN partner, female staff took part in an event day designed to help 200 female high school and university students discover, and to promote, the professions on offer in this sector. ALTEN also welcomed French and foreign students as well as members of the Junior-Enterprises association to showcase the Group's major aeronautical and space projects and diverse career opportunities.



Recognition

The ALTEN Group's Sustainable Development approach regularly obtains certifications, labels and ratings, demonstrating the Group's commitment and non-financial performance.



Top Employer® : for the seventh year running, ALTEN received the Top Employer® France label, awarded by the CRF Institute. This label recognises and rewards ALTEN's Human Resources best practices and the human investments made by the Group to become an employer of reference. ALTEN Spain, ALTEN Italy and ALTEN GMBH were also certified in 2017.



Notation Ecovadis : in 2017, the ALTEN Group voluntarily assessed the responsibility of its practices, for the ninth year running, using the EcoVadis platform. The Group's Sustainable Development approach received a score of 74/100, allowing it to maintain its "Gold" level and ranking it among the top 1% of the companies rated by EcoVadis.



Certifications du système de management : international standards are strategic tools and guidelines: incorporating the requirements of these standards into the company management system ensures their optimum effectiveness. ALTEN and its international subsidiaries are mostly ISO 9001 and EN 9100 certified (aeronautics sector) for their quality management system, and ISO 14001 certified for their environmental performance management.

For the second year, ALTEN renewed its ISO 27001 certification (information security management), thus validating the information security process initiated in 2012. Note: ALTEN India, ALTEN Spain and ALTEN GMBH in Germany are also certified.



Health & Safety Certifications: ALTEN has had MASE (manual for the improvement of company safety) certification since 2008 and CEFRI (certification for working in radioactive sites) certification since 2007, bearing witness to the efforts made and successes achieved thanks to ALTEN's Health & Safety management system. These certifications demonstrate a will to adopt a continuous improvement approach in the health, safety and environment (HSE) fields. Note also: ALTEN Spain is OHSAS 18001 certified.



Global Compact: a signatory of the United Nations Global Compact since 2010, the Group yet again demonstrated in 2017 the success of its sustainability commitments and initiatives by the renewal of its Communication on Progress (COP) at the Advanced Level.



CDP : in 2017, for its sixth year of participation in the assessment, the Group once again obtained a score of B.



Trendence : in 2017, ALTEN maintained its ranking in the Top 100 of the Trendence classification of the favourite employers of engineering school students.



Universum : ALTEN is also present in the 2017 rankings of the most attractive employers according to students from the leading engineering and business schools.



Gaia : in 2017, for the third year running, ALTEN took part in the Gaia Rating project. With its score of 81/100, ALTEN ranked 31st out of the 230 companies assessed. Its efforts in terms of environmental and social impact as well as its governance helped ALTEN to climb 10 places in the chart compared to 2016.

Key figures

(Scope: French legal entites)

11,747 employees,
including 27% women, 98% on permanent
contracts and 88% engineering consultants



5,864 new hires,
including 5,513 recruited
on permanent contracts

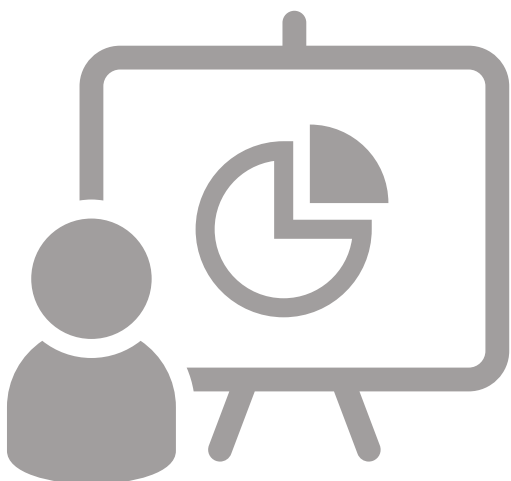
36% of sites
certified ISO 14001

26 preferred partner relationships with target schools

108 g CO₂/km average emissions
for the fleet of company cars

74 / 100
EcoVadis non-financial rating score

88% of annual appraisals held



CSR

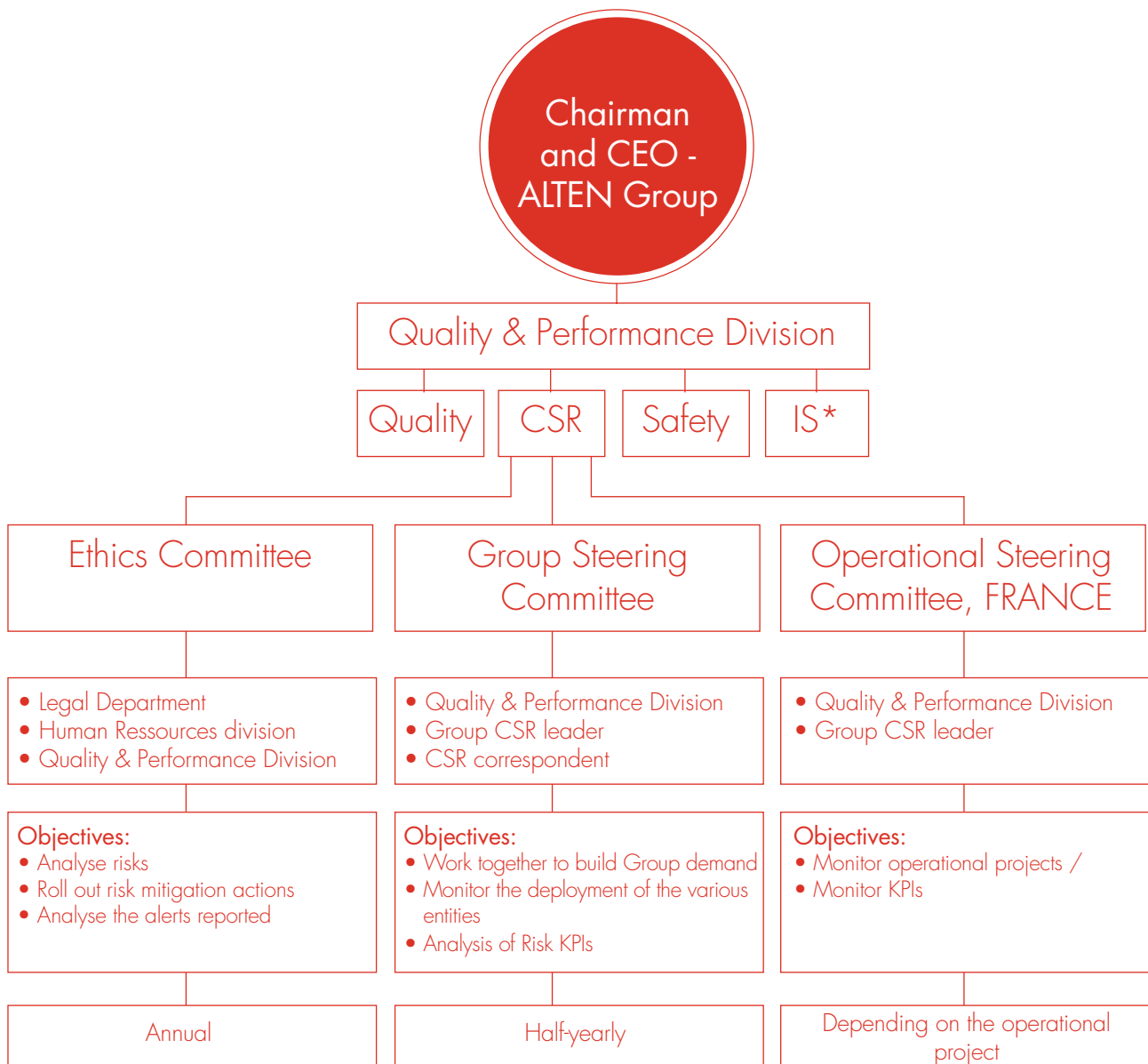
Governance and Strategy

1.1 CSR Management

Since 1 January 2016, the division in charge of CSR, the “Quality and Performance Department”, reports directly to the Group General Management. This new reporting structure has given an added boost to the control of CSR challenges and risks across all the Group’s global locations.

CSR governance was also strengthened in 2017, thus enabling the Group to support the deployment of the approach in all the Group companies and the setting up of operational KPIs for managing CSR projects.

To reinforce the CSR approach, the Group also worked on specifying the link between the analysis of its materiality, CSR goals and the achievement of these results.



*Information Security

The duties of the Group's CSR Department are as follows:

- Determine, run and update the Group's CSR strategy
- Assist subsidiaries with the local adaptation of the materiality and conduct of CSR projects
- Manage the CSR correspondent network
- Promote the creation of added value in the business divisions enabled by the CSR approach (GreenIT, responsible purchasing, environmental management, etc.)
- Respond to non-financial assessments

- Ensure the efficiency of the stakeholder listening process
- Carry out CSR intelligence

The CSR strategy

Eloi de Bressieux

Quality & Performance Manager

Today, ALTEN's stakes have more than ever gone beyond France. Given the sharp growth on the international market, the reaching of critical size in some countries, non-financial assessment requirements that require full consolidation, it was advisable to reinforce CSR governance.

In 2017, we extended planning the deployment of the CSR strategy to the entire Group scope. The aim is to ensure that each country adopted the Group's approach.

The linkage with business lines was obtained through a network of correspondents in the operational and functional divisions, with the constant will to encourage the adoption of CSR values by the largest number of employees.

In 2017, the Group also wanted to give itself the means of defining ambitious but realistic global goals. For example,

we launched our carbon footprint indicator, including many countries, to cover over 80% of revenues in the CSR scope.

Although we are aware of the road that we still have to travel, our approach recognised as Advanced by Global Compact, at Gold level by EcoVadis with a score of 74/100, and with our B assessment obtained from CDP, makes ALTEN a leader in Engineering and Technology Consulting, and a benchmark player in CSR.

1.2 CHALLENGES AND STRATEGY

A Sustainable Development strategy is only relevant and effective if it respects the core values of the Group, and is consistent with the challenges and expectations of its stakeholders.

In this sense, the materiality matrix makes it possible to refine the analysis and to guarantee the validity of results. The Group's materiality matrix complies with the principle of materiality defined by the guidelines of the Global Reporting Initiative (GRI). Created in 2015, it is regularly updated with company approaches and the results obtained during the previous year.

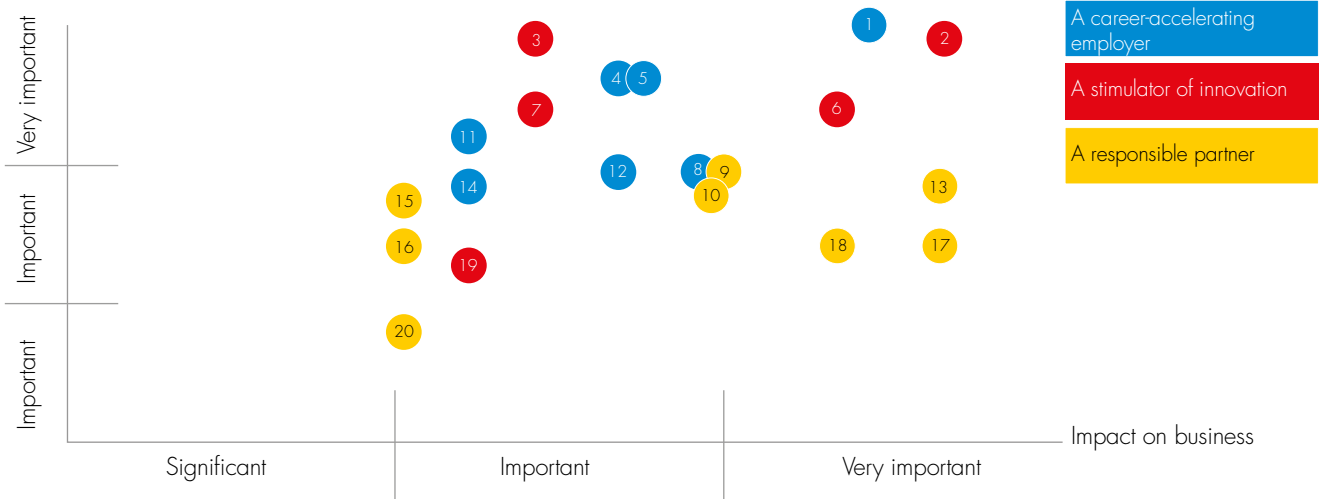
Challenges are considered "material" for an entity if they can affect the company's short-term performance, determine its capacity to achieve its strategic objectives or match best practice in its sector, alter the behaviour of stakeholders, or

shape change in the Group (new standards, new trends, etc.). Based primarily on industry analysis and meeting key stakeholders, this analysis is set forth using the following matrix. (CF p 56 - 57)

This work has also made it possible to refocus the Group's sustainable growth strategy around three main priorities specific to the ALTEN Group:

- a career-accelerating employer;
- a stimulator of innovation;
- a responsible partner.

Importance for stakeholders



A career-accelerating employer

- 1 Attract and retain talent
- 4 Promote talents and offer sustainable career paths
- 5 Promote diversity and equal opportunity
- 8 Make safety in the workplace a priority
- 11 See to the well-being of employees in the workplace
- 12 Develop the skills of every person, and reinforce their employability
- 14 Develop social dialogue

A stimulator of innovation

- 2 Develop innovative and sustainable solutions for our customers and society
- 3 Promote professions which are engineering-related
- 6 Promote the development of technical competencies through R&D
- 7 Promote the sharing of knowledge among stakeholders
- 19 Support talented engineers

A responsible partner

- 9 Place ethics at the heart of our activities
- 10 Be involved in long-term relationships with our partners
- 13 Maximise customer satisfaction
- 15 Support strong and meaningful societal initiatives
- 16 Have dialogues with stakeholders
- 17 Develop worldwide and in France
- 18 Ensure the security of information systems
- 20 Minimise the environmental impact of our facilities

1.3 MAPPING OF STAKEHOLDERS

As a leading Engineering and Technology Consulting company, ALTEN is committed to meeting its stakeholders' expectations and anticipating their requirements whilst ensuring that its activities reconcile performance with Sustainable Development.

The Group's stakeholders are in its social or economic sphere, its value chain, non-trading company (Société Civile) or the regions in which it is established.

Level 1

Staff, consultants, or in-house employees,
ALTEN's true ambassadors

Customers,
Vectors of our search for innovation

Students and young graduates,
Future employees with a high added value

Schools and universities,
Partners to nurture careers

Level 2

Associations promoting scientific occupations,
Revealing tomorrow's potential

Shareholders,
Supporting our development

The media,
Vectors of the ALTEN brand image

Suppliers and subcontractors,
Partners in our success

Staff representatives,
Ensuring social dialogue

Rating agencies,
Witnesses to ALTEN's performance in non-financial areas

Level 3

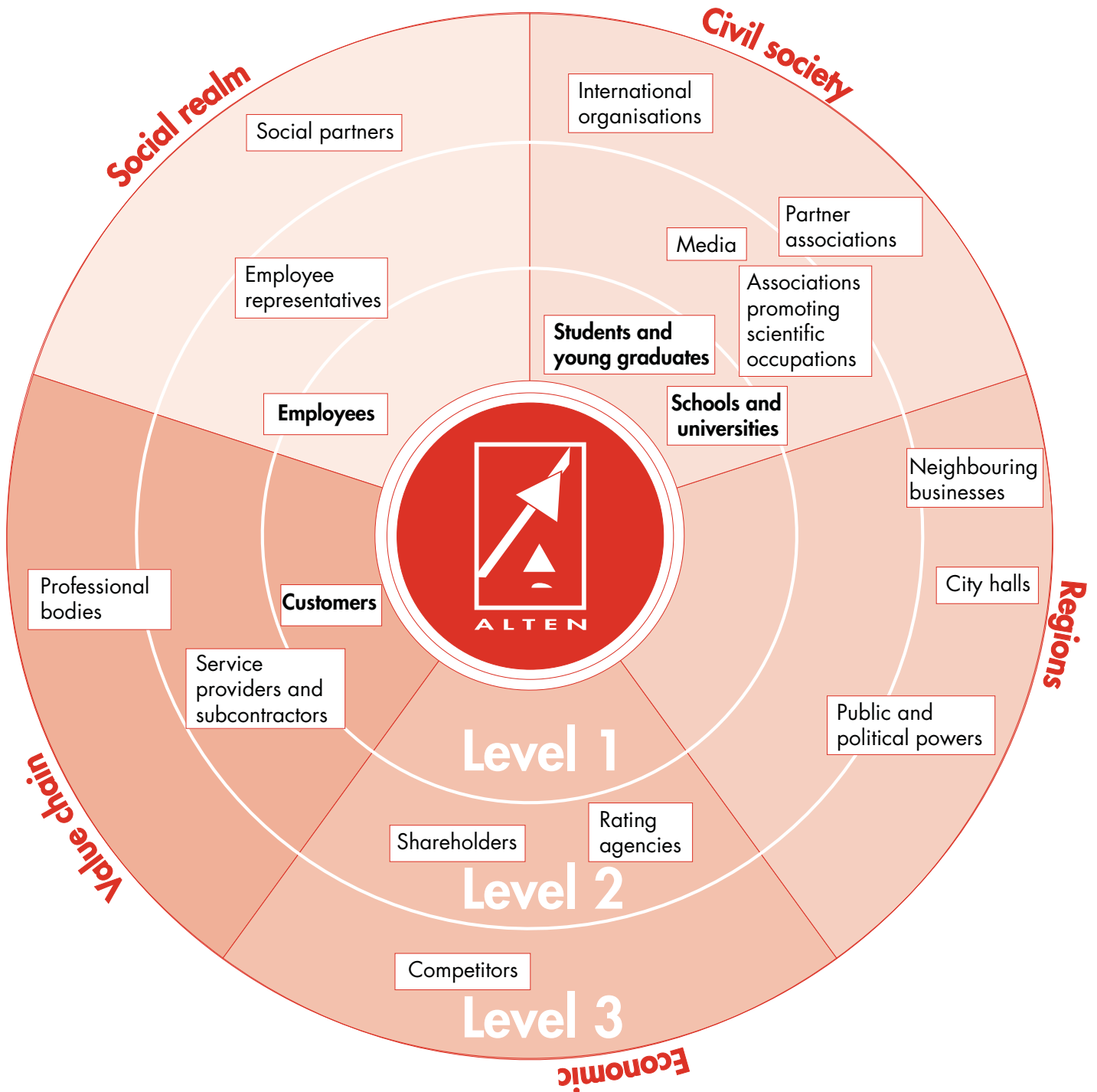
Professional bodies,
Defenders of the sector's interests

Public and political powers, city halls, neighbouring businesses,
Generators of a sustainable local dynamic

International organisations,
Guides towards a more responsible approach

Companies in the sector,
Competitors that encourage others to excel

Partner associations
People upholding ALTEN's commitment



1.4 MATERIALITY MATRIX, THE PRIORITISATION OF ISSUES

	CHALLENGES	ASSOCIATED COMMITMENTS	PURPOSE		RESULTS
1	To attract and retain talent	In France, the ALTEN Group provides HR assistance that enables the best talents to emerge and flourish thanks to career management processes and the strengthening of in-house training. Respect for diversity and combatting discrimination are principles integrated into the Group's operations and the Sustainable Development Charter.	<ul style="list-style-type: none"> - Keep the Top Employer status or equivalent, in France and in the Group's international entities - Increase the number of hires in 2017 - Intensify use of social networks to recruit the best talents - Forge closer partnerships with prominent schools and universities around the world, to encourage bridges between student life and the world of work 	+	<ul style="list-style-type: none"> - Top Employer France, Spain, Italy, Germany - 7694 recruitments in 2016 compared to 10,020 in 2017 - Increase of 38,000 subscribers on professional social network - ALTEN Ranked 7 at the LinkedIn Top Companies Ranking for the most attractive employers in France - In France, partnerships with 26 targeted school and universities in 2017 - In International scope, 130 partnerships with school and universities
2	Develop innovative and sustainable solutions to serve our customers and society	ALTEN participates actively alongside its customers and within its R&D division to carry out projects related to CSR issues: energy efficiency in buildings, dependency of persons with reduced mobility, connected mobility, etc.	<ul style="list-style-type: none"> - Intensification of the pooling of Innovation and CSR best practices among entities - Accentuate the orientation of R&D projects towards programmes that respond to the major issues in civil society: put the skills of ALTEN's employees to work to serve the general interest - Participation in national R&D programmes, in France and throughout the world 	+	<ul style="list-style-type: none"> - Implementation of a CSR correspondents network in international scope - See 3.4 Innovative, sustainable and shared expertise - See 3.3 R&D, a strategic activity
3	Promote professions which are engineering-related	The ALTEN Group undertakes to promote engineering professions, particularly with students and young women, by developing preferred partnerships.	<ul style="list-style-type: none"> - Ensure that 75% of Group entities worldwide have partnered with at least one association to promote engineering professions - Reinforce partnerships with student and non-student associations that participate in promoting engineering professions 	+	<ul style="list-style-type: none"> - 88% of Group entities worldwide have partnered with at least one association to promote engineering professions - Partnership with CNJE, see « Confédération Nationale des Junior-Entreprises » part - Partnership with « Elles Bougent », see « Elles Bougent » part
4	Promote talents and offer sustainable career paths	The ALTEN Group puts HR support into place, which makes it possible for the best talents to reveal themselves and to blossom, thanks to a process of career management and geographical and functional mobility	<ul style="list-style-type: none"> - Development of management indicators in internal mobility and the mapping of skills - Pooling of best practices among international entities regarding career management and compensation - Keeping the rate of employees benefiting from annual assessment interviews in France at over 90% 	<div style="display: flex; flex-direction: column; align-items: center;"> <div style="background-color: #28a745; width: 15px; height: 15px; margin-bottom: 2px;"></div> <div style="background-color: #ffc107; width: 15px; height: 15px; margin-bottom: 2px;"></div> <div style="background-color: #ffc107; width: 15px; height: 15px;"></div> </div>	<ul style="list-style-type: none"> - In France, 237 employees got an internal mobility between entities - Germany deployed the French model - In France, 88% of employees got an annual review
5	Promote diversity and equal opportunity	Respect for diversity and combatting discrimination are principles integrated into the Group's operations and its Sustainable Development strategy.	<ul style="list-style-type: none"> - Reinforce shared values and the development of each person through training, notably in the areas of ethics and diversity - Promote access to employment for disabled workers, and insertion into the workplace in general (dedicated job fairs, etc.) - Retain and promote ALTEN Group women engineers 	+	<ul style="list-style-type: none"> - Increase of 23% of employees trained compared to 2016 - Strengthening of internal organization regarding disabled workers; identification of suppliers who hire disable workers - updating and re-edition of a women engineers book, see 2.3 Diversity lies at the core of the group's HR policy
6	Promote the development of technical knowledge through R&D	Thanks to its in-house R&D programmes, the Group is developing and reinforcing its experience and its expertise.	<ul style="list-style-type: none"> - Accentuate the orientation of R&D projects towards programmes that respond to the major issues in civil society: put the skills of ALTEN's employees to work to serve the general interest - Participation in national research and development programmes, in France and throughout the world 	+	<ul style="list-style-type: none"> - See 3.4 Innovative, sustainable and shared expertise - See 3.3 R&D, a strategic activity
7	Promote the sharing of knowledge among our stakeholders	ALTEN shares its expertise and transfers knowledge and technology with its partners.	<ul style="list-style-type: none"> - Dissemination of the principles of the Responsible Purchasing Charter to all of the subsidiaries - Add to the projects of the Group's R&D division to help address social issues in a spirit of shared knowledge - Continue to facilitate conferences or events for employees, customers or candidates 	+	<ul style="list-style-type: none"> - See 4.3 Responsible purchasing - See 3.4 Innovative, sustainable and shared expertise - See 3.3 R&D, a strategic activity - Technical conferences : Talen'Camp (see page 65)
8	Make safety in the workplace a priority	The Group is rolling out a comprehensive health and safety programme concerning its employees, with regard to the requirements of our customers, regulations and high standards set internally.	<ul style="list-style-type: none"> - Development of risk training courses (human risk, computer-related, environmental, ethical, and other risks) for every new employee in France, including for sales staff - Deployment of the reference document ALTEN CARE through the Group 	+	<ul style="list-style-type: none"> - Welcome Pack (Safety of data, professional risks, CSR...) - 3652 employees trained in 2017 to Safety, Security an Environment e-learnings - Updating the e-learning about professional risks
9	Place ethics at the core of our activities	ALTEN's development relies on the fundamental principles of integrity and transparency, implemented by its managers and employees.	<ul style="list-style-type: none"> - Have the Ethics Committee meet at least twice a year - Comply with regulation - Train 100% of managers in ethics 	<div style="display: flex; flex-direction: column; align-items: center;"> <div style="background-color: #ffc107; width: 15px; height: 15px; margin-bottom: 2px;"></div> <div style="background-color: #28a745; width: 15px; height: 15px; margin-bottom: 2px;"></div> <div style="background-color: #28a745; width: 15px; height: 15px;"></div> </div>	<ul style="list-style-type: none"> - One meeting in 2017 - At the Group level, deployment of the vigilance plan - Compliance with law Sapin 2 - Compliance with law n°2017-399 related to personal data protection - Ethics Charter expanded to the whole of employees
10	Be involved in long-term relationships with our partners	By creating the Responsible Purchasing Charter and adopting social, societal and environmental criteria in the Group's purchasing, ALTEN has created equitable, win-win relationships with its suppliers.	<ul style="list-style-type: none"> - Reinforcement of the Responsible Purchasing policy in all subsidiaries by the creation of CSR risk mapping, by purchasing category - Integrate the sheltered sector further in the purchasing process 	<div style="display: flex; flex-direction: column; align-items: center;"> <div style="background-color: #ffc107; width: 15px; height: 15px; margin-bottom: 2px;"></div> <div style="background-color: #28a745; width: 15px; height: 15px; margin-bottom: 2px;"></div> <div style="background-color: #28a745; width: 15px; height: 15px;"></div> </div>	<ul style="list-style-type: none"> - See 4.3 Responsible purchasing - Identification of suppliers who hire disable workers, see « Engineering careers are compatible with disability » part & 4.3 Responsible purchasing

	CHALLENGES	ASSOCIATED COMMITMENTS	PURPOSE	RESULTS
11	See to the well-being of employees in the workplace	ALTEN is committed to ensuring a high quality of life in the workplace, and recognising the value of all of its employees.	<ul style="list-style-type: none"> - To make internal sponsoring initiatives a regular feature, through the «Nos salariés ont du talent» («Our employees have talents») programme - Synergy with employee representative bodies, to improve management of the balance between personal life/work life 	<ul style="list-style-type: none"> - 15 projects were sponsored in 2017, see 2.5 Quality of life in the workplace - The «CHSCT» has 18 meetings in 2017 in France
12	Develop the skills of every person, and reinforce their employability	ALTEN adapts the skills of its employees to the needs of the market, and supports them in their occupational projects by intensifying in-house training.	<ul style="list-style-type: none"> - Reinforce shared values and the development of each person through training, notably in the areas of ethics and diversity 	<ul style="list-style-type: none"> - Increase of 12% of employees trained compared to 2016 - In France, 88% of employees got an annual review
13	Maximise customer satisfaction	ALTEN is committed to the multidisciplinary nature of the skills of its engineers, its upscale, high value-added technological positioning, and diverse product offers as the means to providing customer satisfaction.	<ul style="list-style-type: none"> - Increase the rate of compliance with customer requirements - Maintain certifications of safety, quality, and sustainable development 	<ul style="list-style-type: none"> - Measurement of client satisfaction (candidates, consultants and business client) is include in Group process - Certifications: MASE, ISO 27 001, ISO 9 001, ISO 9 100, ISO 14 001, level Advance in Global Compact, Ecovadis : 74/100 and CDP : B
14	Develop social dialogue	ALTEN pursues a policy of dialogue with its social partners in order to ensure work-related agreements and protection for employees.	<ul style="list-style-type: none"> - To continue covering 100% of employees by a collective agreement 	<ul style="list-style-type: none"> - Coverage of 100%
15	To support strong and meaningful societal initiatives	In France and elsewhere, ALTEN supports the societal initiatives of its employees, students, or society, in line with the Group's values.	<ul style="list-style-type: none"> - Accentuate the orientation of R&D projects towards programmes that respond to the major issues in civil society: put the skills of ALTEN's employees to work to serve the general interest - Participation in national R&D programmes, in France and throughout the world 	<ul style="list-style-type: none"> - See 3.4 Innovative, sustainable and shared expertise - See 3.3 R&D, a strategic activity - Partnership with 10 associations (see 4.5 part)
16	Have dialogues with stakeholders	ALTEN is committed to its stakeholders, to respond to their expectations and to anticipate their requirements.	<ul style="list-style-type: none"> - Reinforce partnerships with stakeholders - Make the network of CSR correspondents a vector of synergy and performance among ALTEN entities around the world 	<ul style="list-style-type: none"> - Identification and recognition of international CSR referents
17	To develop internationally and to maintain growth in France	The ALTEN Group, as a world leader and benchmark technological partner of the biggest companies, is strongly committed to its development worldwide.	<ul style="list-style-type: none"> - Reinforcement of the steps for ISO 27001 certification - Deployment of the reference document ALTEN SECURE through the Group 	<ul style="list-style-type: none"> - Increase of 20% of international recruitment compared to 2016 - Conduct code adoption in different countries
18	Ensure the security of information systems	Customer satisfaction and risk management are major priorities for the ALTEN Group, which is committed to integrating the requirements of ISO 27001 into its quality assurance, safety and sustainable development policy.	<ul style="list-style-type: none"> - Renforcement de la démarche de certification ISO 27 001 - Déployer le référentiel ALTEN SECURE dans le Groupe 	<ul style="list-style-type: none"> - Certification ISO 27 001, see 4.1 Information security - ISO 27 001 is deployed in all French scope - ALTEN SECURE is deployed on the international scope
19	Support talented engineers	ALTEN encourages innovation by compensating talented engineers through numerous awards.	<ul style="list-style-type: none"> - Maintaining the presence of ALTEN in the awarding of prizes and trophies for innovation 	<ul style="list-style-type: none"> - Simon Azoulay gave an award in « Trophée des femmes de l'industrie », see 3.2 Support of talented engineers - Involvement in « Trophée Excellencia » and « Prix de l'ingénieur du futur », see 3.1 Promoting engineering profession and 3.2 Support of talented engineers - Second award ceremony of ALTEN AWARDS, see 2.5 Quality of life in the workplace
20	Minimising the environmental impact of our facilities	Managing environmental performance is central to a continual improvement effort based on pragmatic solutions tailored to engineering work.	<ul style="list-style-type: none"> - Improving the management of environmental performance of activities, through the reinforcement of key indicators in place - Growing integration of buildings which have high environmental certifications in the real-estate holdings of the Group's international entities - Encouraging employees to act in an environmentally responsible way - Reducing CO₂ emissions associated with travel and paper usage for printing - Maintaining ISO 14001 certifications 	<ul style="list-style-type: none"> - Launch of carbon footprint at European level covering more than 90% of CSR scope turnover - Perimeter constant since 2016 - 3652 employees trained in 2017 to Safety, Security an Environment, «Eco-gestures» and «éco-driving» elearnings - Decrease of 32% of CO₂ due to business travels in France scope - Saving of 40% of printing paper, see IT resources part - Keeping of ISO 14 001 certification

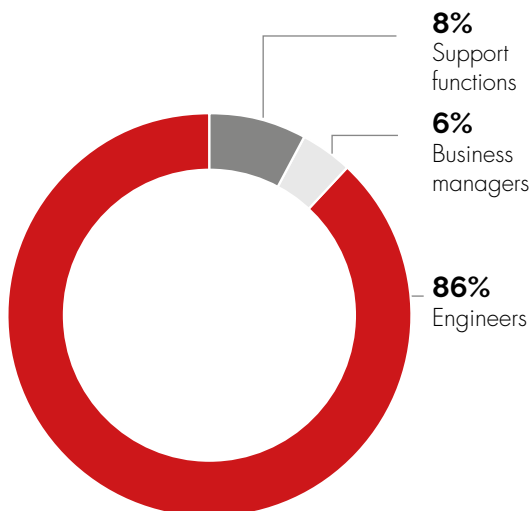
A career-accelerating employer

2.1 ALTEN, a key player in employment

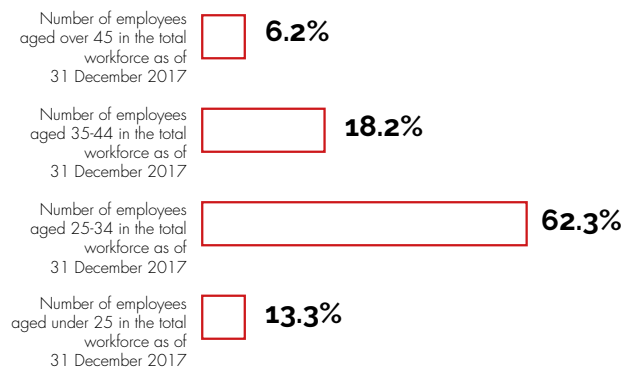
As of 31 December 2017, the ALTEN Group's headcount in the CSR scope totalled 20,749 employees.

	Number of female employees	Number of male employees	TOTAL 2017	2016
France	3,167	8,580	11,747	10,867
Germany	461	1,684	2,145	1,882
Belgium	174	500	674	517
Spain	494	1,149	1,643	1,488
Italie	284	852	1,136	829
Sweden	305	1,129	1,434	1,224
India	243	1,027	1,270	1,264
Netherlands	107	638	745	633
	25%	75%	20,794	18,707

Among them, 86% were engineering consultants and 95% were employed on permanent contracts in 2017.



The average age in France was 31.

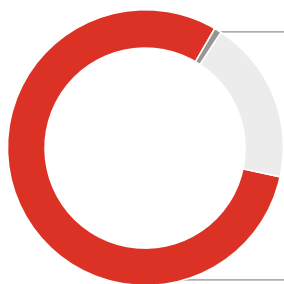


Pro-active hiring activity

In the context of a robust commitment, in which ALTEN's customers are becoming increasingly demanding in terms of quality and productivity, the ability to identify, hire, develop and promote the most talented people is of strategic importance.

ALTEN is a key player in the engineering job market in Europe. In 2017, the Group continued its active international recruitment policy, adding more than 10,020 high-potential engineers and employees to its teams in the CSR scope. Of these employees, 5,864 were in France. Among them, 91% were hired on permanent contracts on the CSR scope, and 94% were hired in France.

Distribution of Recruitement

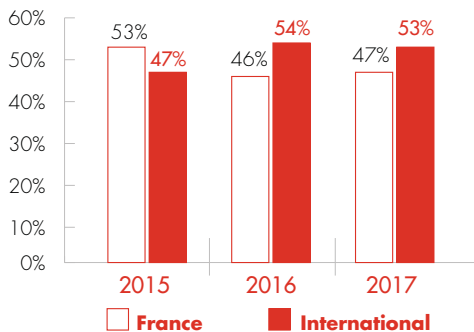


1,3%
Number of hires on apprenticeship or vocational training contracts

7,3%
Number of hires on fixed-term contracts

91,4%
Number of hires on permanent contracts

% of turnover in France and on the international market



2016 marked a turning point in the Group's growth. Revenue generated on the international market (all international entities included) was higher than revenue generated in France, a trend that was confirmed in 2017. The Group has therefore established new strategies, in particular in terms of recruitment. An international recruitment unit was created with the aim of staying in pole position on the job market.



INTERVIEW

Laurent Lepinoit
Head of International Recruitment

What are the main themes guiding ALTEN's international recruitment?

International recruitment is extending to an increasing number of countries in Europe. Canada and the United States are also two prominent growth areas in this respect. We work with Japan and China on a more ad-hoc basis. We continue to extend our reach across the international arena.

In 2017, what were your Department's most dynamic areas?

We work a lot with the UK and the United States, which in particular have significant requirements in the automotive sector. We are particularly high profile in two areas: vehicle electrification and embedded systems. We are working on the integration of batteries for hybrid vehicles, and are developing embedded systems for autonomous vehicles.

What is the outlook for 2018?

We will continue to expand our presence internationally and we also plan to establish ourselves in Mexico. Our aim for 2018 is to make 150 hires.

INTERVIEW

Stephane Dahan
Head of Engineering Careers
Recruitment (ALTEN SA, SI and SIR)

How would you sum up 2017?

2017 was a positive year, in which the objectives we set ourselves were greatly exceeded. Our forecast for 2017 was 3,000 new hires and, in the end, we recruited more than 3,100 engineering staff for this year. These figures back up ALTEN's position as a major player in employment in France.

What are the objectives for 2018?

We plan to continue riding this momentum in 2018 with a target of 3,800 hires of which 3,500 engineers. This proactive recruitment stance is confirmed by the exclusive "L'Usine Nouvelle" survey which, for two years running, has ranked ALTEN in the top 10 recruiters for industry and digital technology in France.

The recruitment trend is underpinned by an industrialised skills analysis process to identify and recruit high-level profiles.

In 2017, ALTEN was 20th in the sixth edition of the OTaC (Online Talent Communication) ranking, moving up seven places on 2016. This ranking was carried out by the market research institute Potentialpark which studies the digital recruitment tools of companies. In total, 5,611 French students and young graduates took the survey. They helped to assess the recruitment tools of 100 employers operating in France.

LinkedIn Top Companies

In 2017, and ranked for the second year in the LinkedIn Top Companies chart, ALTEN was ranked 7th among the most attractive employers in France. Based on LinkedIn user data, this chart showcases the top 25 French companies in terms of recruitment, attracting and retaining talent. In 2017, its very dynamic recruitment policy makes ALTEN a key player in employment in France.

With a view to optimising its recruitment, ALTEN launched "Thibot", one of the first French recruitment chatbots, on Messenger, the world's most downloaded mobile app. This robot allows business manager candidates to chat and have their questions answered. Via «Thibot», applicants may also ask to be put into direct contact with ALTEN's Business Managers recruitment team.

A genuine career springboard, ALTEN recruits many young graduates. The Group's teams of engineers work on the largest technological projects in the following sectors: Aeronautics, Space & Defence, Land Transport, Energy & Life Sciences, Telecoms & Multimedia, Finance & Services. They open up opportunities for development within sectors and geographical areas alike. This is why the Group requires its engineers to have life skills equipping them to adapt to rapidly changing environments, in addition to high-level technical skills and knowledge of the customer's business sector.

To identify potential candidates as early as possible, ALTEN cultivates many ties with future graduates. Numerous events to meet with candidates are held each year:



- **The ALTEN Job Tour**, a veritable "Tour de France" of career opportunities, each year allows countless candidate engineers to meet ALTEN on its premises and to discover its activities. The 2017 edition received more than 500 applicants in 9 cities in France: Bordeaux, Brest, Lille, Lyon, Nantes, Paris, Rennes, Strasbourg and Toulouse. The event was held over three days and offered a candidate experience that was tailored to the needs of each person's profile. A candidate pathway was organised based around various workshops:
 - a personalised analysis of their LinkedIn profile;
 - "Personal branding" workshops;
 - CV coaching sessions;
 - a photo-based workshop to enhance their CV.

- In March 2017, the Group organised the second edition of an event for those serious about digital innovation: the ALTEN Digital Innovation Day. Open to candidates, this evening dedicated to digital innovation provided them with essential, up-to-date information, gave them the opportunity to attend technical conferences and to meet up with and chat to specialists on specific topics.

For this second edition, four conferences were offered, presented by employees from the Group's Technical Division as well as entrepreneurs:

- "Algorithms, the new powers of the developer"
- "Offshore racing stables: how to embed technology aboard boats?"
- "Digital technology in retail banking: moving towards cross-channel processes"
- "Transport and Mobility of the future: automated and hyper connected!"

A recruitment area gave candidates the opportunity to meet Business Managers and recruitment managers for a speed recruitment drive in a relaxed setting.

A total of 120 candidates took part in this evening, held at the "Théâtre de l'Ouest Parisien".

- The Group also takes part, in France and throughout the world, in numerous job fairs and specialised recruitment forums. These events are an opportunity for students and graduates to meet recruiters, to discover career opportunities and to benefit from a wealth of recruitment advice from professionals. In 2017, ALTEN participated in 90 fairs and forums in France.

- In addition, the Group maintains close partnership relations with many engineering and business schools and universities.

- **In France**, ALTEN is actively engaged with over 90 target schools and universities, where it regularly organises HR workshops (mock interviews, CV workshops, etc.) and professional or technical conferences. Thanks to the opportunities created by the Group's R&D work, support is offered every year to students preparing doctoral theses deemed to have a particularly high level of quality and technical content.

- **In Germany**, ALTEN GMBH has identified some 40 target universities and has forged close relationships with some of them. A number of events such as recruitment parties, interviews, presentations, workshops and other activities have been organised through these exchanges.

ALTEN Technology works in partnership with the two main universities in Hamburg (University of Hamburg and HAW) and the University of Ostfalia. The Recruitment office is in direct contact with many professors and

obtains recommendations of potential students. At ALTEN Technology, we have set up a mentoring programme for students. Supported, coached and mentored by ALTEN employees from various departments such as HR, Finance, IT or Engineering, these students are also offered job opportunities within the Group upon graduation.

- **The Netherlands** actively supports many universities and student associations. The promotion of engineering careers is based around sponsorship, in-class interventions and organising public events such as the "ALTEN Playground" and the "Technical Pubquiz".

- **In Belgium**, ALTEN takes part in the ESTIEM International Business Game, an engineering tournament bringing together students from all over Europe. This year, ALTEN was a member of the jury at the semifinal in Brussels.

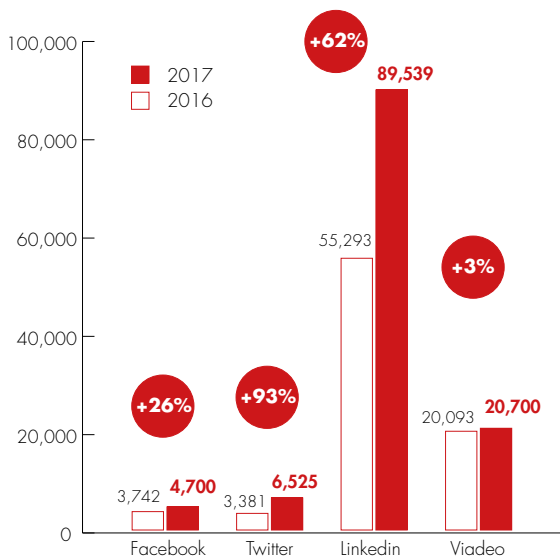
- **ALTEN Sweden** entered into a partnership with MARM, an association that connects students and companies. ALTEN's premises have been used several times to host these meetings.

Forging close relationships with academia calls more and more frequently upon the relationship networks of ALTEN's employees. An internal referral system encourages and rewards the sponsoring of applications by employees. In 2017, 285 people were hired in France thanks to the adoption of this system. As true ambassadors of the Group, an increasing number of ALTEN's engineers and managers visit their old universities to give lessons, tutorials, conferences and skills-transfer sessions. ALTEN is proud to see its employees share the Group's values in their networks.



Lastly, the Group is making itself increasingly visible on social media and the Internet. Highlighting initiatives, sharing links and relaying information, exchanges, profiles and interviews with engineering consultants: ALTEN has active Facebook and Twitter accounts, as well as a dedicated YouTube channel. The Group also runs several information and opinion sharing hubs on the Viadeo and LinkedIn professional social networks.

Distribution of subscribers on social networks:



The ALTEN Innovation Center

The ALTEN Innovation Center has for several years welcomed engineering school students, allowing them to complete their end-of-course internships in a most instructive and professional environment. This original approach implemented by ALTEN is built on four pillars:

Motivating topics: interns are responsible for developing an innovation that can successfully meet environmental or societal challenges (sustainable development dimension, etc.).

Accountability: interns are responsible for both the execution and management of the work entrusted to them. This places them at the helm of three major phases that form the backbone of ALTEN's innovative projects: scoping, modelling and prototyping.

A rich methodological environment: interns develop their project in accordance with the framework drafted by ALTEN for the development of innovation, and use ALTEN's Agile methodology specifically designed for innovative projects.

Dedicated support: interns are placed under the responsibility of an ALTEN expert to advise and guide them in their approach to innovation. In this way, they are "coached" more than managed.

• Social dialogue and collective agreements

See Sections "17.4 Collective agreements" and "17.5.5 Employee relations" of this document.

The data presented in these sections of the report concern only Group entities in France.

• Compensation and profit-sharing

See Sections "17.3 Agreement on employee profit-sharing" and "17.5.7 Compensation, mandatory and discretionary profit-sharing and savings plans" in this document.



2.2 CAREER MANAGEMENT, INTERNAL MOBILITY AND TRAINING

• Career management

As a Top Employer© since 2012, ALTEN has implemented a dynamic Human Resources management policy focused on diversity of career paths and skills' development. This allows each employee to keep their skills up to date and enhance their employability, and the Group to secure its growth prospects by identifying the skills needed now and in the future. ALTEN has also adapted its internal organisation in order to better target the expectations and specific characteristics of its three employee populations: engineering consultants, business managers or support functions.

Career management of **engineering consultants** is driven by internal processes, implemented by business managers and the Career Development Department (DCI): annual appraisals identify the skills acquired and the skills to be developed, define training needs and build development plans. Career interviews are an opportunity to reflect on the direction taken by the career path.

In 2017, the DCI continued its work on the integration of engineers: work on a new e-learning platform; training new engineers in communication; creation of the network of Campus Manager Engineers, who reinforce the links between consultants from the same Engineering School.

More than ever, the in-house development of engineers is given prominence, whether it is towards Project Management functions, Specialists, Business Managers or Support functions.

The Group also showcases strong internal technical expertise, either through workshops on technical communities or by empowering them with awards.

Note also: digitisation of Annual Appraisals and Professional Interviews.

With respect to **Business Managers**, half-yearly Career Committee meetings bring together Operations Managers who review the performance of each Business Manager. On this occasion, they also review sales, recruitment and development results as well as compliance with process and the quality of monitoring. Also, decisions are made regarding hierarchical changes and functional and geographic mobility. Furthermore, every year, the annual assessments of the Business Managers provide the opportunity to review the previous year with their line managers and decide on action plans needed to achieve goals. Lastly, the AMPLIFY training paths are designed for Business Managers to acquire essential skills and expertise. Throughout their

career, individual support, classroom-based learning or e-learning modules reinforce what they learn in-the-field, with operational performance as the goal. Also of note, an "integration passport" is now in place in ALTEN in both France and Germany, designed to provide new managers with the benefit of support from an experienced manager and supervision in certain key assignments: sales prospecting, recruitment interviews, preparation of technical meetings, etc.



Dynamic career paths in support positions ensure we can fill one out of three positions from within the Group. This statistic has remained stable for over four years. The employees have opportunities to develop their careers in different ways. They can acquire expertise in their profession and become a leader for their area, or opt for a supervisory career. Moreover, each business line offers numerous possibilities to work on cross-disciplinary projects, such as the implementation of information systems and process harmonisation. This is possible because ALTEN's development is constantly introducing new subjects to be rolled out. To keep pace with all these career development options, the Department for Development of Support Positions ("DDS") introduced a number of different evaluation processes several years ago: Annual Appraisals and Career Committees. Beyond providing daily support for managers, multi-channel training ensures skills development. The DDS also supports employees through career interviews so that they can plan and shape a future in the Group. These interviews also serve to organise internal transfers, which align as closely as possible with their career aims and competencies.

Moreover, the Group's subsidiaries take care to deploy customised tools to identify and develop their talents. In Germany, for instance, ALTEN engineers have two annual appraisal reviews to analyse their performance and their career development possibilities. For example, in Germany, ALTEN GmbH also has a bespoke coaching programme to support managers and consultants at every stage of their career.

In Italy, annual appraisals are used to create standard career paths (national and international) that can be accessed on the Internet. Skills mapping is also carried out every year.

Lastly, ALTEN and its subsidiaries introduced various tools for collaborative skills management and to adjust training and hiring plans, etc. In France, for example, three years ago ALTEN introduced a platform for engineers, managers and recruitment staff to fine-tune the mapping of skills and to optimise the search for profiles matching customer needs. In Spain, an in-house application, accessible to all employees, was developed to consolidate all information on hiring and internships.

This mobility allows all employees to develop their skills, giving a boost to their careers and expanding their horizons through the discovery of new cultures. In 2017, 934 employees in France were recruited through inter-entity mobility.

- **Skills development and enhanced employability**

ALTEN is a player in a society that is constantly changing. The Group's training policy takes into account these changes and prepares for tomorrow's challenges, with the main objective of adapting the skills of its employees to the needs of the market and supporting them in their professional projects.



Each Group entity has its own specific training department, giving it greater proximity to employees. Moreover, the Group's internal university, the ALTEN Training Center (ATC), an accredited training organisation, promotes internal training, and structures and diversifies training opportunities for all employees, regardless of their job. It is also a platform for dialogue and a source of role models, thereby generating genuine internal cohesion.

ATC proposes a complete offering, based on varied and innovative teaching materials: classroom-based training, co-development, practical training workshops, e-learning or distance learning. The rich diversity of the courses offered by the ALTEN Training Center constantly reinforces the employability of employees.

The ATC deploys two flagship pathways:

- **Project management:** designed for project managers and engineers, with the aim of ramping up the skills of project personnel, disseminating shared project management practices in the Group, and deploying internal methodologies.

These courses address two main focuses identified as essential for the success of the projects conducted by ALTEN: a technical focus (Workpackage Management – ALTEN methodology –, financial management of a project, etc.) and a project management focus (customer relations, communication, people management, leadership, etc.).

- **People management and leadership:** focused on the development of shared managerial practices, the management training path for support functions is constantly changing to adapt to the issues encountered by managers. A framework of managerial skills has been built to create a training programme tailored to each career path. Whether

ALTEN,
Employer© 2018

For the seventh consecutive year, ALTEN was named Top Employer© France 2018, which rewards companies for their HR policy deployed in 2017.

This label is awarded based on internal audit built upon a reference framework of 400 HR practices covering different aspect of human resources: training, development, career management, diversity, well-being policy, corporate social responsibility, communication, corporate culture, etc.

ALTEN stands out for its young talent management and development policy, its large-scale training agenda, and its role as a career springboard in particular for young graduates. Note also: the certification of ALTEN Spain (for the third year running), ALTEN Italy and ALTEN GMBH for their second year running.

- **Internal mobility**

With a view to relying in the first place on its employees in its international expansion, ALTEN has also implemented tools to collect and organise requests for mobility.

Geographic and functional mobility is encouraged in the ALTEN Group. ALTEN Group's international development brings with it opportunities to pursue careers abroad. Trained in France, some motivated business managers, who speak the local language and have a proven track record, are given responsibility for exporting our business model to the new entities.

they are junior or experienced, our managers are supported in their role through different courses adapted to their needs.

More technical programmes are developed for some professions by capitalising on the knowledge of ALTEN experts (HR, finance, nuclear, railway, etc.) as well as cross-cutting programmes related to security, sustainable development, etc.



ALTEN has an in-house university dedicated to the development of the skills of its Business Managers. Accessible both in France and abroad, AMPLIFY programmes support managers throughout their career in the Group. AMPLIFY courses are run by more than 70 in-house instructors, who are themselves Operations Managers with ALTEN. They combine group classes based on practical cases, digital learning, tutoring and in-house certifications that make it possible to validate experiential learning. A veritable backbone of the manager's career, the AMPLIFY programmes enable young engineers to acquire all the fundamentals of the manager's profession-business, recruitment, management, management of a profit centre - and then continue to develop by addressing each of the subjects in a more in-depth manner: supervision of other managers, management of commitment projects, agency management.

Offering its employees an educational and collaborative environment is a key means of equipping ALTEN to rise to the challenges of tomorrow.

Focus on digital learning

In 2017, ALTEN continued the digitisation of training by:

- enhancing the e-learning module catalogue incorporating different approaches: rapid learning, adaptative learning, serious games, tutorials;
- supporting new employees with an integration pack, and tutorials to better understand in-house tools;
- reinforcing existing classroom-based training courses with e-learning modules upstream (blended learning).

The objectives of this digitisation are as below:

- increase employees' learning opportunities;
- raise the awareness of employees to mandatory issues (data security, occupational risks, CSR, etc.);
- reinforce professional training (automotive, nuclear, etc.);
- increase information retention by proposing distant "pre and posttraining" actions;
- participate in the progress made by the company's digital culture.

Talent'Camp technical conferences

Still in a perspective of continuous improvement of skills, the Group organises technical conferences for employees.

This year, two Talent'Camp were organised. The first brought together 37 participants to announce the launch of a pilot online community based on the Testing business lines. The second, based around Test and Agile, brought together 28 participants. This was an opportunity to announce the opening of a new online community based around AGILE topics.

Thanks to the success of these technical conferences, 2018 is set to see many more events of this type. Already more than 15 new communities are scheduled for launch based on various topics including Smart City and Smart Grid, project management assistance in BFA, telecoms, etc.

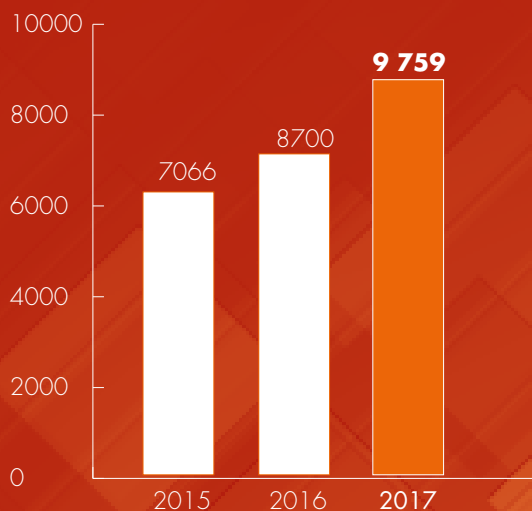
One day with ALTEN

On 9 March 2017 for the first time, ALTEN organised the “One day with ALTEN” event. Over the day, developer engineers were asked to discuss the theme «Angular1 vs Angular2» and to share best practices. A «One day with ALTEN» platform

was created to share the Group’s IT strategy along with a number of development projects led by developer engineers.

In France and outside France, the focus is on training with nearly 206,739 training hours provided over the CSR scope and 9,759 persons trained.

Evolution of employees trained



- In 2017, in France, nearly 128,000 training hours were thus provided. A total of 4,408 employees (almost 38% of employees) received at least one training session. In Germany, Belgium, Spain, Italy, Sweden, the Netherlands and India, over 83,500 training hours were recorded for 59% of employees.
- In Belgium, ALTEN established the ALTEN Belgium Academy. It aims to boost engineers’ careers through the acquisition of new skills. In 2017 the training portfolio included: training on project management, management and technical training (Devops, ISTQB etc.).
- In Sweden, the catalogue offers more than 200 courses, which resulted in more than 15,000 hours of training for 1,818 participants.

- In Spain, an innovative solution known as “I Cloud” was rolled out to resolve the difficulties of providing classroom-based training for employees. This effective and dynamic tool helps improve the knowledge of employees and promote their professional development, while at the same time improving ALTEN’s customer service.

ALTEN Spain also uses the AULA streaming platform, an internal platform that proposes several training courses: databases, JQuery, HTML5, PMP, etc.

In 2017, 478 employees were trained, representing about 27,600 training hours.

- At ALTEN Technology in Germany, language and management courses are offered in addition to the technical and mandatory modules required by clients. ALTEN GMBH in Germany offers two compulsory project management courses to all new project managers. The two sessions take place in two days. They are held outside the company.

In Germany in 2017, 1,150 employees were trained, representing more than 25,000 training hours.

- In Italy the in-house University, ALTEN Italia Techno Academy, is dedicated to engineering, through theoretical and practical training and courses focusing on thesis development. In total in 2017, 773 employees were trained, representing more than 13,400 training hours.

- In India, technical and non-technical training is open to all employees. These courses are decided upon during the annual appraisals. In 2017, 471 employees were trained..

- ALTEN Netherlands has its own training institute: “the ALTEN Academy”. It also offers training services to its clients. In total, more than 23,000 training hours were provided.

2.3 DIVERSITY LIES AT THE CORE OF THE GROUP'S HR POLICY

Today, the Group builds on this diversity and has made it a central focus of its HR policy. Making diversity a priority enables stereotypes about engineering careers to be dispelled and accordingly makes it possible to increase the number of recruitments each year (more than 5,000 engineers in France in 2017).

- **Engineering is multicultural**

Cultural diversity is very real for the ALTEN Group, a genuine melting-pot of skills and employee profiles. Internal mobility, the Group's international growth and the quality of the recruitment process have fostered this diversity. In France, the workforce is made up of 83 nationalities.

- **Engineering careers are not reserved for men**

Female secondary-school students, interns, apprentices, employees... throughout their career paths, ALTEN is committed to demonstrating to young women that engineering careers are not only for men. This commitment is evidenced at every stage, from hiring all throughout the hiring process and on-boarding to loyalty-building.

ALTEN thus puts into place preferred partnerships with entities such as "Elles Bougent" ("Women on the move") or Syntec Numérique, in order to develop the scientific careers of female high school students and encourage them to consider engineering careers.

Internally, ALTEN takes measures to promote gender equality, and hopes to build employee loyalty among its women employees. In 2017, regardless of function, 41.3% of women within the CSR scope (excluding Sweden) received at least one training session during the year (41% of men). On the Board of Directors, they account for 55% of members.

In 2017, ALTEN strengthened its action plan in terms of gender equality. The scope of application covers many topics such as recruitment, compensation, career development, work-life balance etc. With this action plan, ALTEN intends to combat inequalities and to highlight the importance of professional diversity within the company.

Furthermore, in 2013 the Group formed the "Elles d'ALTEN" internal network composed of women engineers from the Group. The objective is to enable cross-sector exchange between women colleagues, promote gender balance and female leadership within the Group, and to contribute to the development of the recruitment of women engineers.

These engineers also represent a pool of potential female sponsors for the Group's actions through the "Elles Bougent" association (see page 76-77 under the heading "Elles Bougent").

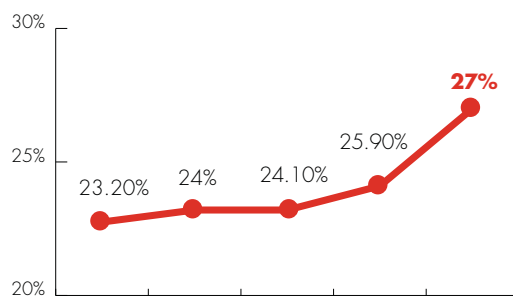
In 2017, ALTEN spotlighted women engineers through portraits in the "History of Women Engineers" Portfolio. In each one of these ten portraits, the women speak about their career path and profession.



In 2017, when bringing itself into compliance with German law, ALTEN GMBH reinforced its involvement in the fight against all forms of discrimination. All its employees are required to sign a non-discrimination charter.

Sweden has also formed an internal network composed of women called Women@ALTEN. They meet on a regular basis and organise events (meet-up, after-works, sports activities, etc.) throughout the year. Human Resources have also introduced a programme aimed at attracting female students. ALTEN Sweden also participates in PEPP, a mentoring programme providing advice and assistance about career choices to young women interested in the technology sector. In 2017, ALTEN hosted several of these events on its premises.

All of these measures have ensured that the proportion of women in the Group's headcount in France has been steadily increasing:



*Sweden is not included, due to local legislation; Sweden limits gender statistics.

- **Engineering careers are compatible with disability**

Both in France and abroad, ALTEN is tackling the problem of the shortage of disabled engineer candidates, confronted by a lack of infrastructure for higher education, and sometimes by preconceived ideas. The Group is gradually implementing a disability policy with pragmatic responses to the issues involved in hiring, job retention, and creating awareness regarding disability.

Since 2013, Group employees have had access to two e-learning courses intended to raise awareness and to facilitate integration of disabled people into the organisation. The objective of the first is to change views and attitudes regarding disability. It is an animated, entertaining and instructive film that describes the main challenges facing people with disabilities in a business. The second e-learning course, presented as a serious game, seeks to provide insight on incapacitating illnesses and to counter a number of common stereotypes.

In 2015, a disability-specific platform was introduced, accessible to all employees, which centralises a wealth of interactive information on training and awareness raising: e-book, e-learning, serious game, external video. Moreover, a fully confidential disability help line, manned by a specialised outside contact person, answers employees' questions.

Since 2016, a direct access button to this platform has been configured on the intranet homepage.

A dedicated division is in charge of a number of tasks at ALTEN:

- improving relations with the sheltered sector by promoting subcontracting to EAs (disability-friendly companies) and ESATs (centres that facilitate integration into the labour market for people with disabilities);
- raising awareness and training ALTEN employees by combating the negative stereotyping of persons with disabilities;
- hiring and retaining disabled employees in their jobs by providing them with support throughout their careers;
- innovating through R&D projects focusing on personal assistance.

The mapping of purchases from the sheltered sector was started in 2016 to identify and target new partnership opportunities. This specifically allowed ALTEN to establish a partnership in 2017 with a sheltered sector company for its computer hardware purchases.

Continuing in its drive to raise awareness of these stereotypes, in 2017 ALTEN set up various projects as part of the European Week for the Employment of People with Disabilities. From 13-19 November, workshops highlighting situations and different



types of disabilities were offered at the registered office and on-site in Toulouse. Employees were able to experience visual impairment with a white cane course, and glasses recreating the visual field arising from various illnesses. Mobility problems and hearing impairments were also covered during these situations. In total, awareness was raised among 60 or so employees thanks to these workshops. As part of the week of events, a quiz was also organised to challenge stereotypes about the professional integration of people living with disabilities.

In 2017, ALTEN supported Handiplanet, a travel platform for people with reduced mobility. This collaborative travel guide allows users to organise, plan and prepare trips using feedback shared by other platform users.

In 2017, ALTEN continued to show its commitment to improving the professional integration of people living with disabilities. To meet these challenges at the source, ALTEN worked collaboratively to create a new recruitment approach. A library was created, allowing candidates to complete their profiles and skills. An algorithm then matches job vacancies, the skills offered by candidates and potential constraints on performing the job. This new recruitment approach was used for the first time on 27 April as part of the «Rencontres de l'Haéro» recruitment fair dedicated to people living with disabilities in the aeronautics sector.

See also Section "17.5.3 Employment and integration of employees with disabilities" in this report.

In Spain, ALTEN Spain remains very committed to employment of the disabled, as its long-standing partnership with a partner foundation attests.

“Eight years have passed since the beginning of the collaboration between ALTEN and the Adecco Foundation. We have travelled a long road together with a shared goal in mind: to develop talent and to facilitate entry to the employment market for people in difficulty. This is an ambition which cannot, however, be realised without two preconditions: recognition of the importance of managing diversity in companies; and efforts to raise awareness, both internally and in the communities where we operate.

For ALTEN, diversity is a value that is seen as a way to enrich relations with our stakeholders and promote the on-going development of our employees at work.

Diversity accelerates equality, the ability to adapt to change, innovation and talent management. — all of which we want to embrace, since diversity and integration are core values for ALTEN.

As such, we are working to achieve our objectives: defining a corporate strategy focused on social, professional and personal development, while combating the stereotypes and cultural barriers that prevent people from reaching their potential.”

José Gómez, HR Business Partner

Examples of projects developed by ALTEN Spain in the framework of this partnership:

- **Disability-friendly sports clubs**

Since 2010, ALTEN Spain has continued to support disabled children through the assistance programme for disability-friendly sports clubs. The project is aimed at social inclusion and an improved quality of life for children.

- **“Programa Unidos” project**

In partnership with six major Spanish universities and 20 or so businesses, ALTEN Spain and the Adecco Foundation have been part of the “Programa Unidos” project since September 2013. With this programme, firms support and guide disabled students throughout their schooling so that they may acquire the skills and aptitudes they need to further a successful career and their advancement in the business world.

- **International Day of People with Disabilities**

To mark the International Day of People with Disabilities, on 3 December last year ALTEN joined in the Adecco Foundation’s #Reacciona. This event made it possible for the Group to affirm its commitment, to discuss the subject and to raise awareness internally about the clichés facing disabled persons.

In 2017, ALTEN Spain strengthened its commitment to diversity by signing «El Charter de Diversidad». Ratified on a voluntary basis, this charter commits companies and institutions to complying with the fundamental principles of equality. In particular, its goal is to implement genuine policies for a non-biased work environment, along with non-discrimination programmes.

When ALTEN's R&D mobilises to personal assistance...

The Group's commitment extends beyond raising employee awareness and includes innovation through R&D projects focusing on personal assistance conducted in partnership with recognised bodies:

- immersive augmented reality for treating disorders: autism, fears and phobias, etc.;
- urban drone applications for students travelling around the city;
- working with the Institut de la Vision to model the behaviour of visually impaired persons;
- a Guardian Angel drone developed with the winner of the 2014 ALTEN Open Mind Challenge;
- computational augmented reality eyeglasses for those visually impaired by age-related macular degeneration (with the National Centre for Scientific Research).
- A cane equipped with instruments that detect areas that are free of obstacles, thus helping visually impaired people who plan to be on the move.



• Engineering has no age limits

While the average age of ALTEN employees is relatively low (age 31), the expertise of more experienced employees has helped to capitalise key knowledge and skills for the Group. The Group has a dedicated process for managing their career paths, comprising a "second half of career" interview and special access to training. At the same time, ALTEN ensures that their expertise is passed on to the Group's young graduates, interns and those on work-study placements.

The Group takes on many young people through internships, apprenticeships or work-study schemes, mostly in the support function areas that are better suited to this type of contract.

Each young person is supervised by an ALTEN tutor, responsible for helping the new employee settle in and his or her satisfactory performance. The tutor passes on his or her knowledge to the student, ensuring that they gradually acquire new skills in accordance with the training programme and their future profession. At the end of the contract, a successful internship can lead to a permanent contract: for ALTEN, the integration of work-study students is a chance to train employees in the Group's occupations and identify the best potential future employees.

In 2017, Alten hosted in France 151 Apprentices and 220 trainees

2.4 EMPLOYEE SAFETY

Employee safety is a top priority. In France, the Group is rolling out a comprehensive health and safety programme for its employees, with regard to the requirements of our customers, regulations and high standards set internally. This strategy is based on:

- **Risk prevention**, by identifying all risks to which employees may be exposed, raising employee awareness of those risks and measures to be taken for prevention and protection, including dialogue and communication with the Health and Safety Committee. All the Group's subsidiaries reaching the relevant regulatory thresholds organise a Health and Safety Committee, convened as often as the law requires;
- **Training**, with a proactive approach to both regulatory and voluntary schemes. In 2017, more than 17,500 hours of training were dedicated to safety, and 57 managers were trained in stress management;
- **Awareness training** for employees regarding specific risks are regularly organised on site. The "Health, Safety & Environment" booklet was launched at the end of 2012 and is updated regularly. Circulated to all employees, it is the reference document for awareness-raising;
- **The provision of dedicated equipment**, such as personal protective equipment. In addition, since 2012, all of ALTEN's sites have been equipped with defibrillators;
- **Monitoring regulations and standards** enabling ALTEN to respond to and anticipate safety regulations as early as possible.

In addition, ALTEN has MASE - Manual for the Improvement of Company Safety - certification (in Lille, Lyon and Aix) and CEFRI (Certification for Working on Radioactive Sites) certification, bearing witness to the efforts made and the success achieved thanks to procedures and the manner in which the Health and Safety management system operates.

See also Section "17.5.6 Health and safety" in this report.

Organisation of working time and absenteeism

In 2017, the part-time headcount represented 2% of employees in France.

Levels of absenteeism reflect the aggregate of days of absence through sick leave and work or commuting accidents. In 2017, in France, it amounted to 1.67%.

No occupational illness was reported within the ALTEN scope in France.

Safety and the digital world:

In the era of digitisation of services, the ALTEN Group is digitising personal safety training and information. Following the introduction of an e-learning platform covering all safety training tools, 2017 was an opportunity to update the e-learning course on occupational risks. The aim is to provide information about prevention and protection measures applicable to those risks to which employees are exposed.



2.5 QUALITY OF LIFE IN THE WORKPLACE

The ALTEN Group is committed to implementing concrete actions designed to promote the development of talent, quality of life at work and welfare in the workplace. As a result, a large number of recurring or one-off actions have been introduced in France and in the Group's subsidiaries abroad:

- In France and Spain, a new employee **orientation handbook** was made available: useful information about the Group's organisation, its values and commitments and opportunities about career progression. This handbook facilitates the integration of each employee into the company by making a wide range of key information available which is crucial for successful orientation and faster on-boarding.
- For over 25 years, the Group's engineering consultants have supported their clients daily in projects involving technological challenges, in France and internationally. Because innovation and research into technical solutions are part of ALTEN's DNA, the Group is committed to **promoting the talents** that contribute to its success. At the end of 2015, ALTEN launched the first round of the ALTEN AWARDS. Divided into seven categories, the competition rewards the achievements of engineering consultants:

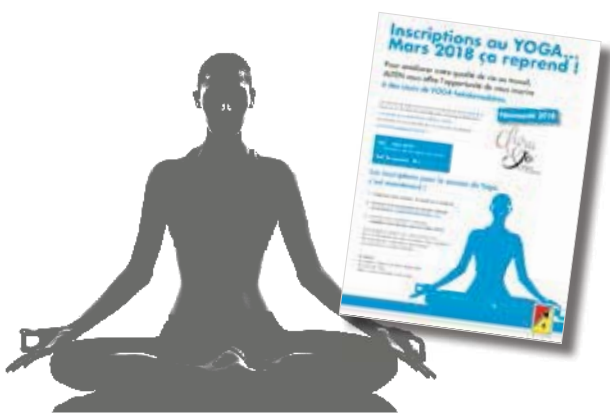
- ALTEN Award for a Project Manager of a Structured Project;
- ALTEN Award for Innovation;
- ALTEN Award for Contribution to Corporate Development;
- ALTEN Award for Mobility;
- ALTEN Award for Most Promising Start;
- ALTEN Award for Site Manager of the Year;
- ALTEN Award for a Digital Project.

The jury, made up of members of General Management, the Technical Division and Support Services, selected the nominees and winners from a total of 150 applications.

The results of this challenge were announced during the awards presentation ceremony in 2017. The winners received their trophies in Paris in the presence of Simon Azoulay, Chairman and Chief Executive Officer of the ALTEN Group and the Management Committee members.



- To promote the **health and welfare** of its employees, the ALTEN Group encourages and supports numerous ad hoc actions all over the world:



- In France, yoga courses are offered to employees at the registered office. During the Quality of life in the workplace week, fruit baskets were made available to employees on nine different sites. On the occasion of the "J'aime ma boîte" (I love my company) day, various events were organised. Employees were particularly creative when it came to the "photo challenge", sharing their team photos;
- In Belgium, relaxation areas with table football and PlayStations are provided for employees. Urban football games and badminton tournaments are also organised every Monday for the employees. A «flex office» policy was implemented and the equipment was replaced by ergonomic furniture on premises;
- There are regular awareness campaigns promoting a healthier lifestyle or incentives for people to opt for cycling over cars for commutes offered to employees of ALTEN GMBH in Germany. Since 2016, they even participated in the "With Bicycle to Work" campaign for an insurance company with the goal of increasing their cycling activity;
- ALTEN Sweden introduced an internal sporting network called ALTEN Sport. Numerous sporting activities were organised, including races, tennis, football and Gaelic football matches, etc.;
- ALTEN Spain introduced a social network called "ALTEN B+Healthy" to encourage employees to form groups and teams for a variety of sports;
- Italy created partnerships with fitness centres and spas;

- A number of teams from ALTEN Netherlands also participated in the largest grass volleyball tournament in Europe. This event, called Hajraa and organised by the Eindhoven University of Technology, attracted more than 4,500 participants;
- In India, sports and team spirit are also spotlighted as cricket tournaments between employees (ALTEN Calsoft Premier League has been in existence for the past six years) or companies are organised on a regular basis;





The Group also supports setting up ALTEN teams, sponsored to participate in various running events:

In France:

In 2017, ALTEN established the running community "ALTEN Runners" to bring together all employees who are fans of road or trail running, allowing them to join the ALTEN team at races sponsored by the Group and to share their tips. ALTEN gives its employees the opportunity to take part in several solidarity races across France (Solirun, Corrida, etc.). On 17 December 2017, the ALTEN company team took part in the 40th edition of the Christmas Corrida in Issy-les-Moulineaux, with 81 employees making it to the finish, all races combined. This was the second time the ALTEN team took part. Last year it finished first in the Enterprise Challenge for the 10km performance race, and this year it won two Trophies! It took second place in the largest number of finishers and third place in the 10km performance race, thanks to the accumulated times of the three best ALTEN runners.

For the first time in this race, ALTEN runners supported the association "Dunes d'Espoir", giving young people with disabilities the chance to take part in the costumed 10KM Santa Dash on a «joelette» pulled by ALTEN runners. A unique experience both for the budding pilot and the volunteer runners.

Internationally:

- in Belgium (the Brussels 20K and the spectacular Spartacus Race obstacle course),
- in Spain (the "Carrera de las empresas" inter-company challenge), the Olimpiada de las empresas saludables and the Alten Staff vs. Alten Managers SPAIN championship),
- in Germany (four races with more than 80 participants from ALTEN GMBH; Hamburg Marathon, Hannover Marathon at ALTEN Technology),
- in Sweden (races for trail running, running, sailing and competitions between employees or with the Group's customers), ALTEN Sweden also took part in the «Varruset», a women-only race,
- in Italy, employees ran the DeeJay Ten through the streets of Milan;

- Accessible by everyone on the intranet portal, a **suggestions box** encourages all employees to propose improvements in areas such as wellness, business, processes, tools, activities, any other subject that they feel strongly about. This ideas box constitutes an inexhaustible source of participative inspiration and innovation for the Group.

In 2017, 81 suggestions were submitted on a variety of topics: improving the quality of life in the workplace; the environment; training and conference suggestions, etc.

100% of suggestions are examined and each contributor receives a personal response. The Sustainable Development Department is responsible for ensuring that the process is carried out properly.

- Through the internal "Our personnel has talent" programme, for several years now ALTEN has sponsored various activities carried out by employees outside of work, either their own favourite pastimes or personal initiatives in the fields of sport, humanitarian action, science or culture. ALTEN encourages and promotes young talents acknowledging their diverse nature. In 2017, the programme is focused on sport and solidarity with 15 projects selected. Specifically, the Group sponsored Matthieu, an ALTEN Product Industrialisation Leader, and a motor-racing enthusiast, when he took part in the amateur karting world championship, the Sodi World Series, with his association Kart'Eam Endurance. ALTEN also continued to sponsor the Cocliclown organisation founded by Henri, a Business Manager in Aerospace and Defence, and which organises shows and activities for hospitalised children.



Nos salariés
ont du
talent

A look back at the award-winning projects through internal sponsoring in 2017

Rêves de gosses

Pierre, an ALTEN engineer and committed airline pilot, took part in the aerial Tour de France held by the Rêves de gosse (Childhood dreams) association from 26 May-3 June 2017. Spread over a week, this event gave disadvantaged children and those with disabilities the chance to take to the skies for the first time.

Challenge Paye ta montagne

Anthony, in charge of flight tests in the electrical field, again rose to the "PayeTaMontagne" (Pay Your Mountain) challenge with the support of ALTEN. The challenge involves cycling from the Pyrenees to the Alps over 10 days, in order to raise money and give children from the Secours Populaire de Toulouse a holiday in the mountains.

Canoe Kayak

ALTEN supported Félix with his upcoming selection for the French canoe/kayak team. Felix, an ALTEN application engineering consultant, has been a member of the French canoe/kayak racing team since 2012, and has 2 world cup podium finishes under his belt. He also won the French Cup in 2012 and 2014, the Junior Team World Championship in 2009, and most recently French Team Championship in 2016.

Car racing

With ALTEN's support, Jérémy, an Agency Manager in the Land Transport BU and an endurance driver, took part in the 2017 Vdév Endurance Series European Championship in the Ferrari 458 GT3. After several races on the circuits of Portimão, Jarama and Magny-Cours, Jérémy and his new CMR stable ended the season in style in Portugal by winning the championship.

Forty students from ISAT and ESTACA were the guests of ALTEN and Team CMR to the championship stage of the Magny-Cours circuit. Working in full immersion within the stable, the students were able to attend the driving session, talk with the drivers and find out about ALTEN's professions in the automotive sector.

Festival

Luis, a system architect engineer, launched the first edition of the Short Film Festival in Gisors, directed by young people aged between 12 and 25, with his association

Cinémacam. The event aims to help youth organisations to set up audiovisual projects and image education initiatives. A jury of professionals acknowledged the artistic quality of the 85 works selected and shown during the festival, out of over 600 films screened and rated by young people.



Stimulator of innovation

3.1 PROMOTING ENGINEERING PROFESSIONS

The Group shares its skills and experience and prepares today's talented young individuals to meet the challenges of tomorrow. ALTEN also highlights initiatives and projects led by outstanding engineers by way of awarding trophies.

Digital talents



ALTEN also gives its backing to initiatives from the Talents du numérique association (formerly Pasc@line) to promote professions in the digital sector to junior and high school students. The objectives are to raise awareness among young people about the professional issues at stake relating to the digital revolution, to help educational institutions communicate more effectively on the professions and its career opportunities, to adapt teaching programmes to better prepare young people to meet the needs of companies and the trends shaping the future of IT professionals.

Confédération nationale des Junior-Enterprises



Premium Partner of the Confédération Nationale des Junior-Enterprises (CNJE) since 2011, ALTEN actively supports this movement of more than 20,000 students. The CNJE's mission is to coordinate, support and create exposure for 190 Junior-Enterprises (JE), i.e. student associations located across France in Grandes Écoles and universities.

2017 saw ALTEN reposition itself as a local partner of Junior-Enterprises. In addition to its premium partnership with the CNJE, it wished to create closer ties in the field of Junior-Enterprises and thus lend support to actions promoting school relations.

It aims to do so via two main types of action:

- supporting Junior-Enterprises as they develop their structure through training dedicated to the association;
- helping Junior-Enterprises to stand out on campus and within their school thanks to actions targeting all students.

This year, the focus was on developing soft skills among junior entrepreneurs, since such skills and qualities are not addressed in academic training.

In 2017, the ALTEN team took part in both National Congresses (winter and summer), 15 Regional Congresses and trained Junior-Enterprise partners thanks to over 40 actions.

Following the calls for tender launched in 2016, the Communication Department officially rolled out its call-for-projects platform for associative sponsorship, and a conference is currently being organised to resume a study of the expectations of young graduates from engineering schools.

As one of the CNJE's premium partners, ALTEN awarded ETIC INSA Lyon the prize for best engineering study at the Summer Congress and the prize for the best commercial development at the Winter Congress.

ALTEN also congratulated Junior Supélec Strategy on its year by awarding it the Excellence Award for the year's best Junior-Enterprise; the prize was given by Stéphane Dahan (Manager of Recruitment and Engineering Careers) and Thibaut Lallement (Manager of the ALTEN-CNJE partnership).

Excellencia Trophy



On 21 November 2017, during the DayClick digital event, Syntec Numérique and the association Talents du Numérique (formerly Pasc@line) organised the awards ceremony for the 4th edition of the Excellencia trophy. This trophy aims to reward nine post-high school students who wish to pursue engineering studies by offering them a place at one of nine prestigious partner schools.

ALTEN, a Trophy partner for the third year running, was represented by Stéphane Dahan, Manager of Recruitment and Engineering Careers, and a member of the jury. ALTEN is proud to take part in such actions promoting the digital sector among young women, by helping them to launch their professional project.

Elles Bougent



Too few young women choose to train in scientific or engineering subjects and they are still under-represented in engineering professions. With ALTEN's support since 2009, the "Elles Bougent" association sets great store in the value of meetings and the strength of testimonies from professionals to promote increased female take-up of high-level technical and scientific careers. Around 15 ALTEN female sponsors - managers and engineering consultants - take part in events with the association to share how passionately they feel about their profession.

- In 2014, Simon Azoulay, Chairman and Chief Executive Officer, was the Honorary Chairman of "Elles Bougent", considerably strengthening ALTEN's commitment to the association.
- In January 2017, ALTEN was present at the Elles Innovent pour le Numérique (Women innovating in the digital sphere) for its second edition. This national event took place in eight French cities, bringing together 800 young women. Its aim was to raise awareness of the digital sector, a sector that is booming but often overlooked by this group. In the Ile-de-France region, the day took place at the premises of Google, where many workshops and project demonstrations were presented. Across France, the day was bursting with dialogue, speed meetings, conferences and demonstrations of digital projects in development in the transport, energy, and construction sectors, to name but a few.
- In February 2017, ALTEN participated in the fifth "Réseaux et Carrières au féminin", a unique gathering for all women students and graduates preparing to join the employment market and eager to discover the professions of engineer and technician. The Forum aims to not only give these women insight on how to successfully start their careers, but also to develop professional networking solutions for women students, to provide them with the tools required to effectively manage their careers and to enable companies to interact with and identify talented young women.

Accordingly, almost 500 students were welcomed throughout the day by 40 partner firms.

- In March 2017, ALTEN also participated in the second Challenge InnovaTech. The idea behind this event was to have teams work together to imagine an innovative product or service based on one of the five following themes:

- tomorrow's transport,
- green tourism,
- medicine of the future;
- smart and connected objects,
- health and well-being for active health;

Teams made up of two female sponsors, two female university students and two female high school students had five hours in which to develop their project. The Head of ALTEN's Quality & Performance Department was a member of the jury for the final of the Challenge.

- In March 2017, as part of Industry Week, ALTEN took part alongside Elles Bougent in the Railway Day. Around

one hundred girls from junior highs, high schools and universities, accompanied by their female sponsors, discovered the railway sector. The day included visits to various sites and allowed attendees to find out more about career opportunities in the rail and public transport sectors. A jury comprising notably the ALTEN Sustainable Development/CSR Leader, presented an award to the two teams that provided the best summary of the day.

- In June 2017, ALTEN partnered the operation «Elles Bougent s'envole au Bourget» (Elles Bougent flies to Le Bourget). ALTEN's female engineering sponsors went to the International Paris Air Show in Le Bourget to help 200 female high school and university students invited by the "Elles Bougent" association to find out more about the professions on offer in the sector. The day centred around stands, flight demonstrations, round table discussions and quizzes.



- ALTEN's female sponsors also work throughout the year in schools. During these events, speed meetings and conferences give students from junior highs, high schools and universities the chance to discover the engineering profession.



Supporting student projects

On occasions, the ALTEN Group provides support for student associations or initiatives, whether in the fields of sport, technology, humanitarian action or culture.

Already a partner in numerous student projects each year, the launch of the ALTEN Campus sponsorship platform in 2017 formalised this commitment and made ALTEN a key partner in the student world.

ALTEN Campus is an online platform for calls for projects and student challenges. It lets associative projects or individual find the support, financing and visibility needed to achieve their goals. This platform gives participants the opportunity to sign up for various campaigns, to interact with the community and vote for the project of their choice. In 2017, ALTEN opened registrations for two types of project: an "Our students have got talent" challenge as well as the sponsorship of an event-based project.

Examples of some of the projects supported in 2017:

- **Supaéro Space Section:** The SCALAR III (Supaéro CANSat LAUncheR) is an experimental rocket entirely developed by a team of some thirty students from ISAE-Supaéro, members of the Supaéro Space Section club. The project consists of carrying out the study, design, and launch of a two-stage rocket, each equipped with a booster.

Throughout the year, engineering students tackled the task of designing and managing a two-stage rocket worthy of the largest commercial launchers. The successful launch took place in July 2017 during C'Space organised by Planète Sciences;



Kart'ECE : ALTEN is a partner of Kart'ECE, an association of ECE Paris which offers its students the chance to experience the world of motor sports by combining competition, leisure and the opportunity to raise awareness of safe, risk-free driving;

ISEP Voile : for the sixth year in a row, ALTEN lent its support to the ISEP Voile association, whose ambition is to allow as many students as possible to discover sailing and the emotions that go with it; it is a sport often considered as being reserved for a small minority; This year, ISEP Voile won fourth place in the EDHEC Cruise Race;

Formula Student : in Germany, ALTEN GMBH is an official partner of the Formula Student project, a global student competition to enhance the design of racing cars that are more environmentally friendly and fitted with internal combustion or electric engines. This year, support was given to the Ecurie Aix Aachen university team;



Olympiades des Sciences de l'Ingénieur : the eighth edition of the largest national science and technology competition took place in May: 1,200 projects were presented by the 5,000 high school students participating, of which 66 were selected. ALTEN was represented on the jury composed of teachers, inspectors from the French education system, engineers, researchers and company directors. The ALTEN Sustainable Development/CSR Leader presented the Engineering Award to the team from the "Institut Lemonnier de Caen" for its «trajectory tracking robot» project. The robot is designed to replace a worker performing tasks in harsh conditions involving uncomfortable postures, high temperatures or toxic gases;

3.2 SUPPORT OF TALENTED ENGINEERS

Women of Industry Trophy

ALTEN, a partner of the Trophées des Femmes de l'Industrie (Women in Industry Awards) for the sixth year running, presented the "2017 Women In Projects» award to the Electrical and Hybrid Components Strategy Manager at the Renault-Nissan-Mitsubishi Alliance. This was a great opportunity for the Group to remind attendees of its historic commitment to the engineering professions, and its commitment to promoting the place of women in engineering.



History of Women Engineers

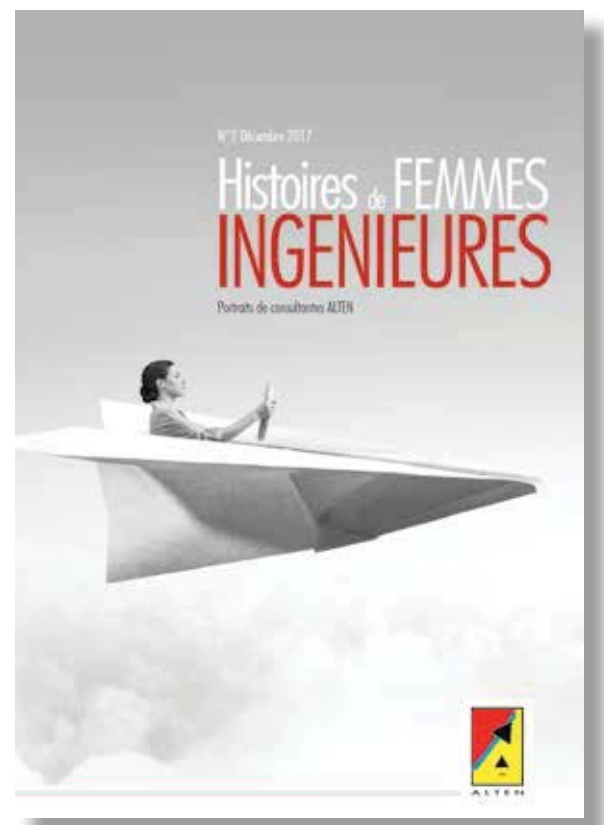
In 2017, and for second year running, ALTEN published its "History of Women Engineers" magazine. This publication showcases eight ALTEN consulting engineers from different spheres and sectors. They talk about their background and know-how in areas ranging from technical expertise to project management.



The eight stories give an insight into the journeys of:

- Aurélie, Project Manager at the Airbus Reporting Center
- Marie, Supply Chain buyer for Airbus Safran Launchers
- Claire, engineer at ESIREM Dijon, IT/Electronics sector, Embedded Systems option
- Astou, PSA project manager
- Aline, ALTEN team leader for EDF DIPDE
- Catheline, consulting engineer for ALTEN SIR
- Laurane and Jennifer, ALTEN site leaders

These eight portraits highlight ALTEN's commitment to the promotion of scientific and technological careers for women. Through this initiative, the aim is to awaken vocations and break down clichés in the engineering professions.



A structured R&D approach

In order to meet all these challenges, since 2010, ALTEN's research work has focused on four areas:

- Global security and risk control
- Sustainable mobility
- Energy performance
- Quality of life and consumer services

These projects, brought together into research programmes, are based around research themes that take their lead from sustainable development, reconciling environmental or societal dimensions.

Sector-based R&D programmes:



Drone networks

Develop new services
Automatic navigation with obstacle avoidance



Autonomous vehicles

Design «next generation» mobility
Driver-assist systems, hypovigilance detection



Building of the future

Make buildings intelligent
Realtime control of consumption and energy use measurement for buildings



Personal assistance

Reduce the impact of impairments
Robots for home support for the elderly, solutions for the visually impaired, etc.

Technology-based R&D programmes:



Usage & Big Data

Give meaning to data
Understanding usage, creating new services for urban mobility, etc.



Ethics and security

Factoring the human element into cyber systems
Preservation of private data with appropriate processing, etc.

Projects are structured by research technology area, to facilitate the transfer of innovation from one sector to the next:

- Artificial intelligence.
- Modelling of Physical Systems.
- Algorithms.
- Image processing.
- Embedded and Mechatronic Systems.
- IoT and Telecoms.
- Big Data.
- Blockchain.
- Calculation architectures.

Drone networks



To make aerial or terrestrial drones autonomous in the absence of a pilot or operator, for new safe and high-performance services.

Launched in 2012 jointly with an innovative SME, these programmes initially tackled a fixed-wing aircraft to help victims of natural disasters, before being extended to rotary-wing urban drones.

In 2017, research work continued on observation, environmental analysis and decision-making features to help improve the autonomy of drones navigating urban environments or inside buildings.

Building of the future



Convert buildings into smart buildings thanks to devices that provide better control of consumption and uses.

Launched in 2014 through an R&D joint-working agreement with Bouygues Energies et Services, these programmes tackled solutions that contribute to buildings' energy efficiency.

In 2017, research focused on counting the number of people, whether mobile or not, in buildings, using various innovative low-tech, low-cost and non-intrusive (privacy) technical devices.

Autonomous vehicles



Increase the sensory and decision-making capacities of vehicles to enhance the safety of driving delegated by the pilot or driver.

Launched in 2012, based around the development of a solution to enhance vision in foggy conditions, these programmes were extended to driving assistance, by taking the driver's intentions into account.

In 2017, research continued on driving assistance based on the estimation of trajectories taken from an analysis of the road infrastructure and vehicle sensor data.

Personal assistance



Reduce the impact of impairments to provide safer services that are more respectful of people.

Launched in 2011 in partnership with several renowned laboratories, these research programmes tackle services for the visually impaired, people with disabilities, the elderly, and personal services specifically with the aid of drones.

In 2017 work on the autonomy of a domestic bot continued, in line with that started with the Institute of Intelligent Systems and Robotics (UMR CNRS 7722). A new programme was launched on an innovative electronic cane to help the visually impaired.



Usage & Big Data

Make sense of large volumes of complex or heterogeneous data, understand its uses for faster, more relevant services.

Launched in 2014, these programmes aim to provide experience in Big Data's contribution to modelling the behaviour of service users (transport, etc.) and the modelling of engineering knowledge.

In 2017, research continued into the urban mobility of commuter journeys via the optimisation of bus networks.

A new programme was started tackling the automatic extraction of semantic knowledge of profiles to assess how well they meet an engineering need.



Ethics and security

Make sure that personal data is respected in the digital ecosystem by enabling the emergence of new uses while maintaining the effectiveness of processing.

Launched in 2014, these programmes aim to give ALTEN experience in the control of the "ethical" design principles of systems managing personal data.

In 2017, work continued on a system to locate your bicycle if it is stolen. Work also started on the encryption of connected objects (performance, energy consumption).

Work on the Blockchain is also scheduled for launch in 2018.

A comprehensive approach supported locally

Group subsidiaries also invest in R&D.

In Spain, the R&D Division involves volunteer engineers, allowing them to extend their skills by becoming involved in ALTEN or customer projects (application improvement or development, deployment of pilot projects, research on new technologies, etc.). This high value-added programme will not only increase the overall knowledge of the Group's engineers, but will also encourage their secondment to new customer projects and develop their employability. New projects are thus developed each year.

The main objective of ALTEN in the Netherlands is technological innovation. The projects involve microchip development, embedded systems, SoftWard software solutions, etc.

In Germany at ALTEN GMBH, several R&D projects focus on the automotive sector:

- reconstruction of an E-car;
- production of an electronic control unit;
- production of stability control software.
- Development of a driverless driving system

In Sweden, ALTEN is the partner of ICES which is the skills centre for the Royal Institute of Technology in Stockholm. It is made up of researchers and industry leaders.

Artemis EMC², a committee working on embedded systems and research in general, can also be found at ALTEN Sweden.

3.4 INNOVATIVE, SUSTAINABLE AND SHARED EXPERTISE

Integrating the circular economy is now fundamental to production processes. ALTEN wants to be part of this initiative by reducing the waste of resources and its negative impact on the environment. This determination is also reflected in the application of its skills and expertise to sustainable projects.

As a European leader in engineering and technology consulting, ALTEN ensures that it uses its expertise and knowledge to create sustainable innovation. The Group is therefore involved with customers on a daily basis to develop projects designed to reduce the environmental impact of the sectors in which they operate. Here are a few examples from France or ALTEN's subsidiaries abroad.

Mobility



The challenges of eco-mobility take centre stage as regulatory requirements promote the development of alternative means of transport.

ALTEN and its engineers are increasingly approached by customers to develop innovative solutions in response to current technological challenges, such as:

- development of a charging solution for electric vehicles;
- battery and charger development for tomorrow's hybrid vehicles;
- development of new powertrain systems to meet the new Euro 6D environmental standards; etc.
- help in the development of autonomous vehicles to ensure passenger safety, smooth traffic and to restrict consumption (and thus pollution).

Focus mission

Development of Autonomous Vehicle and Driver Assistance Strategies (ADAS)

Location: France

Intervention ALTEN

- Develop tomorrow's autonomous vehicles to improve safety, restrict pollution and reduce traffic congestion.
- Define the functional requirements of ADAS strategies
- Design the functional specifications of these strategies
- Define test plans and conduct testing

ALTEN Netherlands is working on sustainable projects, such as charging stations for vehicles, autonomous vehicles, smart traffic routing systems (to reduce traffic congestion and pollution). Projects are also currently under way to develop faster chip-making machines that use less energy and fewer natural resources.

Energy



Energy is critical and a priority across the globe, above and beyond purely environmental and climate concerns. The Group lends its know-how to a large number of energy projects: the development of offshore wind farms; design and dimensioning of photovoltaic power plant projects; mechanical and electrotechnical design for wind farms and oversight and commissioning of wind farms; industrialisation of tidal power generators; renovation and standardisation of hydropower plants; development of wind turbines; renovation of hydropower facilities; etc.

Focus mission

Development of intervention methods for wind turbine maintenance

Location: France

Intervention ALTEN

- Création de procédures de maintenance corrective

Development of wind-farm fleets

Location: Spain

- Mechanical and electrotechnical studies
- Involvement in the design of the wind farms
- Oversight and commissioning

Development of wind turbines

Location: Germany

- Design and dimensioning of foundations, the mast, and its equipment
- Design of the metallic parts of the nacelle
- Design of the blades and optimisation of the composite materials
- Analyses and simulations

Eco-design



In the aeronautics sector, industrial companies devote a significant portion of their development budgets to technologies that will be integrated into major civil aviation programmes. Among those are composite materials that facilitate a reduction in mass and optimise aeroplane dynamics.

Focus mission

Reduction in mass

Location: France

- To assist in large-scale production and ramp-up
- To demonstrate returns on investment of the developments
- Work on the composite structure

Focus mission

Elimination of paper and ink losses during printing, by developing a virtual printer driver

Location: India

- Integral design of the solution
- Software programming
- Development and delivery of the tool

Through its strategic R&D programme and the innovative projects developed in close and dedicated collaboration with customers, the Group continues to garner ever greater experience and expertise. ALTEN shares this knowledge with its stakeholders via the introduction of a knowledge management facility for employees, the transfer of best practices from one sector to another, the organisation of customer breakfasts and student conferences, and the drafting of white papers.

Intelligent buildings



Integration into the landscape, energy consumption, materials and life cycle are some of the challenges and issues involved in designing the buildings of the future. The greening of buildings is the subject of research programmes and innovative pilot projects being conducted in-house and by customers.

Focus mission

"Building of the future" research programme as part of the collaboration between the Innovation Division at BOUYGUES Energies et Services and ALTEN's R&D Department.

Location: France

- Remote measurement of network consumption (water, electricity, gas, etc.) in existing buildings
- Exploratory studies on controlling building usage through innovative occupancy measurement solutions

Waste



With world population projected to reach 9 billion by 2050, the consumption of exhaustible natural resources and, downstream, waste production and management, regardless of the source, have become fundamental issues.

3.5 FOCUS ON THE INTERNATIONAL PARIS AIR SHOW, LE BOURGET

The European leader in engineering and technology consulting, ALTEN was present at the SIAE (International Paris Air Show) in Le Bourget.

The Exhibition

A key player in aeronautics and space, ALTEN was present at the 52nd edition of the SIAE (International Paris Air Show) at Le Bourget from 19-25 June 2017. With over 2,400 companies in attendance, this edition consolidated its status as the world's largest event dedicated to the aerospace industry. During the week, over 322,000 visitors took part in discussions, events and demonstrations. With more than 3,700 engineers in the aeronautics and space fields, ALTEN is a key player in these sectors.

Innovation at the heart of ALTEN and of the event

Innovation, which is one of ALTEN's core values, was at the heart of this week's exhibition. A new addition to the 2017 edition was the Paris Air Lab area, devoted to research, innovation and the future. On this occasion, 3,000 sq.m. was given over to conferences, debates and immersive experiences as well as companies and startups from the aeronautics and space sector.

- ALTEN, driving digital transformation

This innovative momentum is easy to see at ALTEN, which supports digital transformation widely in the aerospace industry. For instance, ALTEN covers the digitisation of Airbus products and processes. With a view to providing the company with operational benefits, ALTEN notably works on innovating and defining digital cockpits for Airbus planes, as well as on the "Airbus – Airline" interface, which proposes Big Data services for predictive maintenance.

- ALTEN Digital Corner

ALTEN has also developed Virtual Reality aerospace apps. These tools make it possible to reduce both modelling costs and delivery times. «Cabin Design», for example, allows users to virtually configure a custom aircraft cabin. The Virtual Reality concept has also been applied to the cockpit: the pilot is put into a virtual cockpit that enables simulations prior to project approval, to help design the cockpit of tomorrow. In addition to aeronautics, ALTEN also develops innovative projects in the space sector. By simulating the deployment of a satellite, ALTEN engineers can experiment with in-orbit events.

LEADER MONDIAL
DE L'INGÉNIERIE ET
DU CONSEIL EN TECHNOLOGIES

Alten

Virtual Reality demonstrations on ALTEN Chalet
N° 393 - Zone B

Alten Digital Corner

From the virtual reception room, navigate some Aerospace VR developed by ALTEN which demonstrates different elements of benefits from the increasing use of Virtual Reality technologies:

- Cabin configuration** "Create your own next generation cabin"
Empower your own setup of seats and more in your personalized cabin.
• Cabin design is a highly structured activity requiring team from a variety of operation in human factors, interior design and engineering. By using VR technology, ALTEN users can reduce the cost of cabin mock-up construction the best time for a new cabin layout.
• Engineers from different sites and business can collaborate in real-time on the same configuration.
• Full simulation can be directly realized in the configuration desktop and on-site for immediate feedback that their business line on the configuration.
- Cockpit evolution** "Take your place in the pilot's seat"
Witness the parallel cockpit evolution from an virtual cockpit through a future cockpit on 2020 and experience the design from the pilot's point of view.
• The "immersive interface" is critical to the design of a cockpit. By placing the pilot inside a virtual cockpit, the cockpit design team can quickly confirm that the pilot has access to all of the information that he needs.
• VR environments can be linked to flight simulators to reduce costs by removing the need for physical mock-ups during early design stages, and reduce the lead time for new cockpit concepts.
- Satellite deployment** "Take yourself to orbit"
Fly around a communication satellite while watching from space the deployment of a satellite, with its sensors and solar panels, flying.
• Simulation of satellite deployment allow engineers to experience events to which they never normally witness.
• Customers can be their own mastermind by experiencing the workings of their satellites that ensure their confidence in the successful launching of the first satellite.

Download free App ALTENBourget.
Newsworld, Agencies, Integrators, Practical information and more.

A responsible partner

Being a responsible partner means ensuring that the Group establishes relationships of trust with its stakeholders, founded upon principles of integrity and transparency, to meet their requirements and satisfy their expectations.



4.1 INFORMATION SECURITY

Information security and cybersecurity are strategic challenges that are a focus of concern for the Group. As a partner of leading industrial and services companies in designing and implementing key technical projects relating to their core businesses, ALTEN has integrated an Information Management Security System into all of its processes, receiving ISO 27001 certification in June 2016.

Customer satisfaction and risk control are essential for the ALTEN Group. The changing face of consultancy, international business development and growth of information criticality have prompted the Group to undertake an ISO 27001 certification process since 2012. The first step was to hire an Information System Security Officer. In 2014, the Executive Committee took the official decision to undertake an ISO 27001 certification process. Led by management, an ISS governance structure was put in place. This committee, made up of the Chairman and CEO, the Deputy Chief Executive Officer responsible for business in France, the Deputy Chief Executive Officer responsible for Finance and Administration, the Manager of Information Systems, the Information Systems Security Officer, the Technical Manager and the Quality and Performance Manager, meets every six months to ensure that objectives are met, to carry out an ISS risk analysis and to develop an action plan.

Since the end of 2016, this approach has evolved to include the international perimeter in the presence of the Chief Operating Officer, responsible for International Zone 1.

ALTEN has built the ISO 27001 requirements into its quality, security and Sustainable Development policy. This standard lays down the measures to be implemented to ensure the security of information within an organisation and the functioning of the management system for this information security. Covering the entire company, the project has several objectives:

- ensuring service continuity;
- managing risks;
- guaranteeing control of intellectual capital;
- preserving the trust of stakeholders by defending the confidentiality of information;
- building this approach into the Company's management system, ensuring that the entire headcount assumes ownership of it.

Thanks to this approach, ALTEN Spain was certified ISO 27001 in 2013. ALTEN France and ALTEN India followed in 2016, as well as ALTEN GMBH and ALTEN HUBSAN in 2017. This certification was awarded as a result of a strategy and work started several years ago.

The ISO 27001 certification process is now in place in various countries where ALTEN operates.

In addition to ensuring compliance with the ISO 27001 requirements, at the end of 2013 the ALTEN Group in France developed an e-learning training programme on Information Systems Security, which is accessible and mandatory for all its employees. Comprising role-play and assessments, the course aims to raise awareness of all the situations employees are liable to face. It also informs them about their rights and obligations. The Group has also set up an intranet portal on issues relating to Information System security, which is accessible to all employees. On it, employees can consult the IT Charter and the security policy, or access dedicated e-learning modules, the Company organisation, best practice, incident reporting, etc.

In 2018, the Group will focus on information security with the project to comply with the General Data Protection Regulation (GDPR). This European regulation is the cornerstone in the protection of personal data with a target implementation date of 25 May 2018.

Focus ALTEN SECURE

By Stéphane P.
Information System Security Officer for the ALTEN Group

The ALTEN Group has experienced strong growth around the world and many scopes are now mature enough to obtain ISO 27001 certification. However, it is essential that we have a firm grasp on all the IS issues and risks for all the companies in our Group. For this reason, we have developed our own information security framework, ALTEN SECURE, which takes into account normative, legal and contractual requirements, best practices and requirements specific to the ALTEN Group. This policy framework is shared by the various entities and is managed on-site by information system security correspondents, in charge of compliance at ALTEN SECURE. In addition to managing risks and performance indicators, regular audits are conducted by the Group to verify the proper application of ALTEN SECURE.

Drawn up in 2015, this policy framework has a defined implementation plan to cover all of the major scopes in the short term.

4.2 ETHICS AND COMPLIANCE

The ALTEN Group has built its growth on the fundamental principles of integrity and transparency implemented by its management and employees to create lasting relationships of trust with employees, shareholders, public and private sector customers, suppliers, competitors and all of its partners.

As such, the ALTEN Group complies with:

- the ten principles of the United Nations Global Compact;
- the United Nations Universal Declaration of Human Rights;
- the various conventions of the International Labour Organisation;
- the OECD Guidelines for Multinational Enterprises.

The Group's commitment to conducting and developing its activities in strict compliance with national and international laws and regulations is set forth in three founding documents, distributed both internally and externally: the Ethics & Compliance Code, the Sustainable Development Charter and the Responsible Purchasing Charter.

In 2015, ALTEN reaffirmed this approach with an update of its Ethics & Compliance Code. This new edition aims, at Group level, to formalise new commitments and to strengthen or supplement the driving principles contained in the first version, notably in respect of the following issues: respect for the Group; requirements placed on suppliers and subcontractors; anti-corruption and conflicts of interest; environmental preservation; protection of data and assets. The Ethics & Compliance Code of the ALTEN Group is intended for all of its employees, in all countries where the Group is established.

In 2017, in line with the Sapin II Law and the Duty of Care Law (see section ...), ALTEN worked to strengthen its internal procedures in terms of transparency, human rights and combating corruption in order to show its exemplary nature in these areas. The Group also undertook to comply with the General Data Protection Regulation (RGPD), with the hiring of a dedicated officer. The Chief Data Protection Officer is responsible for coordinating the work of all Data Protection Officers (DPO) and Group Data Protection Liaison Officers to ensure that a shared culture is spread within the Group.

The Group also has a whistleblowing system. Accessible on the intranet by all employees, this system makes it possible to report any dysfunctions, non-compliant processes, security risks, hazardous situations, problems with PPE, documents that need to be updated, non-compliance with the Ethics Code, etc.

In addition, a Group Ethics & Compliance Committee was established to back deployment of this Code. It is tasked with actively overseeing application of the Group's commitments and principles, as well as monitoring all ethics and compliance issues in the Group.

Eloi De Bressieux,
Quality & Performance Manager, lead member of the Ethics Committee

"The ALTEN Group has always been attentive to ethics and compliance matters in all its host countries. The processes that are deployed, controlled and certified according to numerous local or international benchmarks (ISO 9001, ISO 14001, ISO 27001, etc.) meet the most stringent ethical standards.

With an objective of continuous improvement, and led by our Chairman and Chief Executive Officer, the ALTEN Group established an Ethics & Compliance Committee. The committee's aim is to ensure compliance with ALTEN's ethical commitments, which underpin the Group's sustainable and profitable growth.

Its main missions are two-fold:

- to map the Group's risks, to build and deploy initiatives for structuring and raising awareness;
- to address any escalated red flags.

This committee, working directly with the Board of Directors and the Chairman and Chief Executive Officer, meets regularly several times a year."

ALTEN is also committed to the implementation of responsible practices alongside SYNTEC Ingénierie. The Group participates in the work of the SYNTEC Ingénierie (SYNTEC Engineering) and SYNTEC Numérique (SYNTEC Digital) federations, particularly on the sector's advances in sustainable development.

Lastly, some ALTEN subsidiaries are especially proactive on the subject of ethics and Human Rights. Spurred on by the Group, they have introduced a number of measures, for example:

- for several years now, Italy has had a Supervisory Board and its own Code of Ethics, which is distributed to all employees. Internal audit processes are designed to prevent corruption, particularly in the hiring process;
- ALTEN Sweden has also adopted a specific Code of Ethics, consisting of three chapters on alcohol and drugs, diversity and equality, and gifts and compensation;
- since 2015 in Germany, ALTEN GmbH has been working on writing a new Code of Conduct. It focuses on its social and environmental commitment, information security, dialogue with stakeholders, ethics, corruption, and employee health and safety. Approved in 2016, all employees must comply with this Code of Conduct in all dealings with customers, suppliers and employees. It serves as a reference for all activities. It applies to all employees, including senior executives and support functions. In 2017, an addition was made in respect of the rules governing gifts made to staff and customers;
- in India, on-boarding of new hires has included a compulsory session on integrity, ethics and corruption. Preventing sexual harassment also constitutes a major challenge. This is evident in awareness-raising programmes, and a special committee formed to identify, receive and handle potential complaints filed by employees. Its legitimacy is strengthened by the presence of an outside member and a representative from an NGO. It vigorously supports awareness-raising programmes for employees. An ethical criterion was added during the annual appraisals;
- ALTEN Spain has also adopted a Code of Ethics and is drafting an anti-corruption procedure.

Lastly, it is worth noting that a Code of Human Relations in the Workplace has also been drawn up. Through this document, the Group sought to create the basis of a shared commitment, reflecting its determination to respect and ensure respect for principles of corporate action and conduct covering employment, working collectively and individual behaviours. This Code establishes a set of attitudes and goals to which ALTEN employees should aspire.



DUTY OF CARE PLAN

ALTEN has always been committed to the safety of people, sustainable development, respect for human rights, individual freedoms and ethics. By initiating risk mapping this year, and in accordance with the application of French law no. 2017-399 of 27 March 2017, ALTEN took its commitment further by implementing its Duty of Care Plan.

The plan covers all employees and addresses the following topics:

Duty of care in terms of health and safety

(CF. page 71, part 2.4 and page 87, part 4.1)

In this area, ALTEN guarantees the health and safety of people as well as information systems.

The **health and safety** of people is a priority for ALTEN, as evidenced by its "FORCES policy" applied in all countries and entities by the Health, Safety and Environment (HSE) team. Local liaison officers ensure that health and safety principles are adhered to at the operational level in order to reduce risks.

The **security of information systems** is also central to the Group's concerns, with work devoted to ensuring the availability of infrastructure and the confidentiality and integrity of data. Information system security is broken down in line with the requirements of ISO 27001. All employees undertake to comply with the "Group IT Charter", which lays down principles of proper usage of information technology.

The Group has established dedicated governance for the protection of personal data, in close cooperation with its highest governing bodies. In particular, it has appointed a Chief Data Protection Officer, who is tasked with coordinating the work of all Data Protection Officers (DPO) and Group Data Protection Liaison Officers to ensure that a shared culture is spread within the Group.

Duty of care in terms of human rights and fundamental freedoms

(CF. page 88 - 89, part 4.2)

In all of its activities, the ALTEN Group adheres to the fundamental principles set out in the ten principles of the United Nations Global Compact, the Universal Declaration of Human Rights of the United Nations, the various

conventions of the International Labour Organization and the OECD Guidelines for Multinational Enterprises.

The Group has also released internal documents aimed at highlighting the human factor:

- the "ALTEN Ethics & Compliance Code" affirms the Group's beliefs and ethical foundations;
- the "Charter of Human Relations at Work" formalises a set of attitudes and objectives;
- the "Responsible Purchasing Charter" commits ALTEN Group suppliers to complying with the provisions of the Global Compact and the International Labour Organization, as well as prevailing national and international regulations.

The Human Resources Department and the Purchasing Department ensure the application of these policies and regulations across the Group.

Duty of care in environmental matters

(CF. page 94 à 99, part 4.4)

ALTEN's environmental management system is certified in accordance with ISO 14001 and backed up by internal documents advocating more environmentally responsible actions.

The "Sustainable Development Charter" sets out the principles that all employees undertake to respect.

The "Responsible Purchasing Charter" commits all partners, subcontractors and suppliers to a sustainable development approach.

The "FORCES policy" also deals with the environment and sustainable development.

ALTEN carries out regular environmental impact assessments. They are updated whenever the Group changes its scope or when its activities change. QHSE indicators are monitored monthly within the General Resources Department and the Quality & Performance Department.

Duty of care in ethical matters

(CF. page 88 - 89, part 4.2)

The “Ethics and Compliance Charter” formalises the Group’s commitment to exercise and developing its activities in the strictest compliance with national and international laws and regulations, particularly as regards the fight against corruption.

It applies to all employees in all countries where the Group operates. The charter aims notably to prevent risks of corruption (in all its forms), to prohibit insider trading, to identify conflicts of interest, and to proscribe agreements and arrangements with competitors.

An Ethics and Compliance Committee monitors the proper circulation and application of the Charter, responds to requests and any alerts from employees and makes changes if necessary to policies implemented in respect of ethics and compliance.

To reinforce this system, the purchasing policy is applied by the Purchasing Department in all Group entities in accordance with the “Responsible Purchasing Charter”.

Duty of care in terms of responsible purchasing

(CF. page 92 - 93 part 4.3)

The ALTEN Duty of Care Plan is based on the “Responsible Purchasing Charter”, which sets out all of the Group’s commitments in respect of suppliers and the obligations incumbent upon them. The charter builds on the founding principles of the United Nations Global Compact, the United Nations Universal Declaration of Human Rights, the core conventions of the International Labour Organization and the OECD Guidelines for Multinational Enterprises.

The Purchasing Department ensures compliance with the “Responsible Purchasing Charter” within its supplier panel by systematically integrating it into specifications during calls for tenders, as well as into contracts.

Risk levels are assessed by purchase category in accordance with criteria bearing on respect for human rights, the environment, corruption and employee safety. As such, suppliers’ CSR performance is evaluated and taken into account during the selection phase of calls for tenders, then annually through regular assessment campaigns. The

Purchasing Department may initiate physical audits in the event that the documentation presented by the supplier is unsatisfactory.

All buyers receive regular CSR training.

Governance and implementation

(CF. page 88 - 89, part 4.2)

The ALTEN Group Duty of Care Plan is intended for all employees in all countries where the Group operates.

The senior management and the Board of Directors actively support its dissemination. At the same time as this system, a Duty of Care Committee has been established at Group level. It aims to monitor the Plan’s proper dissemination and application, to respond to requests and any alerts from employees and to make changes to existing policies if necessary.

Alert procedure:

Employees may use an alert system via an email address and an alert form in case of non-compliance with the Plan’s principles. The Group is committed to ensuring that no employee suffers negative consequences from the use of this system.

4.3 RESPONSIBLE PURCHASING

Purchasing programme

In 2017, the ALTEN Group initiated a purchasing programme under the name "ALTEN Strategic Sourcing 2017/2019".

The three-year programme aims to ensure continuous improvement in the Group's purchasing function.

Supported by the Purchasing Department, and in collaboration with all of the company's internal departments, the programme is based on the purchasing policy, which describes its five main areas of action:

1. The business line axis, aimed at sharing and supporting internal stakeholders in the formalisation, application and monitoring of processes and good purchasing practices.
2. The economic axis, aimed at guaranteeing the company's purchasing performance.
3. The quality and performance axis, aimed at measuring and managing the performance of suppliers, partners and subcontractors.
4. The business relationships axis, aimed at guaranteeing the integrity and sustainability of supplier relationships while promoting innovation and competitive bidding.
5. The risk axis, aimed at covering risks regardless of their nature: financial, societal, information security, confidentiality, CSR, legal, reputational, regulatory and certifications.

The General Management's signature on this policy is pending.

Support for international subsidiaries

The programme is rolled out internationally, and more specifically in areas where the ALTEN Group has more than 1,000 engineers. The system provides structural support for the company's activities as soon as this critical mass has been achieved.

In the second half of 2017, the Group's Purchasing Department conducted a thorough review of its local counterparts at subsidiaries in Europe. This served to map the level of their maturity on the referencing, follow-up and performance management of suppliers through four criteria:

processes, performance indicators, traceability and risk management.

The next part of the programme consists in developing the purchasing function in these regions through SMART objectives.

For this purpose, the ALTEN Group's Purchasing Department provides its subsidiaries with a service catalogue covering six points:

1. The deployment of Group-wide master contracts.
2. Sharing of the French processes and documentary framework.
3. The provision of economic and non-economic reporting tools.
4. The formalisation of a purchasing knowledge base on subjects with local impact (household services, work, etc.).
5. Establishment of a Group-wide purchasing community.
6. Support in certification procedures.

The catalogue is updated quarterly.

Responsible purchasing

The ALTEN Group's responsible purchasing system is based on its duty of care plan (see page 90 - 91). It has been implemented in full in France and is currently being rolled out to subsidiaries with a purchasing organisation.

It is structured as follows:

Founding principles

The ALTEN Group's Duty of Care Plan draws on the "Responsible Purchasing Charter", which sets out all of the Group's commitments and obligations in respect of suppliers. It builds on the founding principles of the United Nations Global Compact, the United Nations Universal Declaration of Human Rights, the core conventions of the International Labour Organization and the OECD Guidelines for Multinational Enterprises.

The purpose of the “Responsible Purchasing Charter” is to promote social and environmental clauses and to ask suppliers to present their Corporate Social Responsibility actions and to develop them as competitive advantages.

The Purchasing Department ensures compliance with the “Responsible Purchasing Charter” within its supplier panel by systematically integrating it into specifications during calls for tenders, as well as into contracts.

Risk assessment

Risk levels are assessed by purchase category in accordance with criteria bearing on respect for human rights, the environment, corruption and employee safety. Suppliers are given the level of criticality of the services they perform. The coverage system is broken down according to the level of criticality of the supplier, and is subject to annual review. Suppliers are required to assess their CSR and information security practices regularly in accordance with the ALTEN compliance standard.

Coverage system

Suppliers’ CSR performance is evaluated and taken into account during the selection phase of calls for tenders, then annually through regular assessment campaigns. The presentation of unsatisfactory documentation by the supplier may trigger physical audits. All buyers benefit from regular CSR training.

Anti-corruption

Purchasers are signatories of an anti-corruption charter, which complements the tender rules prohibiting all suppliers from proposing or offering, directly or indirectly, any benefit of any kind whatsoever to ALTEN employees.

Innovation

To promote innovation and the emergence of collegial initiatives, the ALTEN Group regularly organises supplier conferences and workshops with its strategic partners.

In 2017 for instance, this approach resulted in the pooling of an inventory project and the replacement of its IT equipment in France in collaboration with a company operating in the sheltered sector.



4.4 ENVIRONMENTAL PROTECTION

The ALTEN Group has, and encourages all of its entities worldwide to have, a proactive environmental management policy that is based on a recognised standard or benchmark. Day-to-day, the Quality and Performance Department defines the Group's environmental policy and supports subsidiaries in the identification and implementation of concrete actions in the management of buildings, regulation of the carbon footprint and the sustainable utilisation of natural resources.

It should be noted that ALTEN's business involves the provision of intellectual services. Therefore, these activities have little environmental impact. As such, the financial risks associated with climate change are practically non-existent.

Nevertheless, aware of the fact that its activities and the sectors in which it operates indirectly engage its environmental responsibility with respect to customers, ALTEN is committed to developing innovative sustainable solutions (see chapter « 3.4 Innovative, sustainable and shared expertise »).

Management of the environment and raising awareness

Spurred on by the Group, many of its companies are also proactive in upgrading their environmental management policies to comply with the requirements of ISO 14001, based on the principle of continuous improvement of environmental performance through the control of impacts linked to the company's business. This is particularly the case of ALTEN Spain, ALTEN GMBH in Germany, ALTEN Sweden and ALTEN SA, ALTEN SO and ALTEN SIR in France, which have been certified over the course of previous years. Within the scope of the reporting in question, 30% of floor space was certified ISO 14001 as of 31 December 2017.

In order to involve all employees in this initiative, emphasis is also placed on awareness and training regarding environmental impacts and, more broadly, the Group's corporate social responsibility. It was against this backdrop that the Group launched a carbon footprint at the end of 2016. It was carried out at the start of 2017 and will allow a new assessment of the Group's carbon emissions to be made and measures studied four years ago to be adjusted.

Throughout the year, ALTEN reports sustainable development highlights to its employees during Mobility Week and Sustainable Development Week. A dedicated page on the intranet, e-learning modules, articles in the in-house magazine and other once-off events make it possible for each employee to be informed and to participate in the Group's effort on a daily basis.



Raising awareness of sustainable development transcends borders.

- In Sweden, for example, sustainable development is everyone's business. Volunteer engineers chose to get involved by joining the think-tank launched by the Company aimed at defining an internal CSR strategy and a procedure for the identification and analysis of environmental risks.
- At ALTEN GMBH in Germany, an e-learning module on the Company's environmental management system is mandatory for all employees. They are also reminded about recommendations and eco-friendly behaviour on dedicated postings or their intranet.
- In Spain, ALTEN Spain employees are informed and trained several times a year in the best practices to be adopted on a variety of topics: reducing consumption, sorting waste, environmental management, etc.
- In India, onboarding of new hires includes a compulsory session on raising awareness on the environment and our 3R policy (Reduce, Recycle, Reuse). Awareness-raising via posters is also carried out for food waste and paper sorting.
- In 2017 in Italy, a campaign to increase the use of public transport was launched.
- In the Netherlands, employees are made aware of sustainable development actions implemented by ALTEN every two months.

Building management and energy efficiency

In the context of demand for an ever-increasing move towards services provided in the ALTEN offices, adapting the real estate assets in the very best conditions for employees is a major challenge. The Group elected to give preference, whenever possible, to eco-designed buildings having the highest environmental certifications.

The decision to use buildings that are energy efficient and environmentally-friendly is deployed in a large number of countries where the ALTEN Group operates. In 2017, 22.76% of its buildings were certified to BBC (Low-consumption Building) and/or HQE (High Environmental Quality) in France. At ALTEN GMBH in Germany, 2017 saw the new site in Ulm come into operation. This brand-new smart building was designed with state-of-the-art processes to allow minimal environmental impact. The energy requirements of the building are about half (around 55%) of those of a similar new structure. Thanks to this new concept, ALTEN GMBH can provide its employees with an optimal working environment.

In Sweden, the Stockholm site obtained "Gold" LEED (Leadership in Energy and Environmental Design) certification. This is a rating system for high environmental quality buildings. The evaluation criteria include: energy efficiency, water consumption efficiency, heating efficiency, use of local materials and the reuse of their surplus.

Although the quality and efficiency of infrastructures are essential factors with regard to energy efficiency, the Group's different entities are aware of the impact of human behaviour on achieving energy performance goals. As a result, awareness campaigns, special events and training, in particular those developed within the framework of ISO 14001 certification programmes, are regularly organised in order to promote eco-behaviour and make it easier to adopt it. A "Life Charter" posted in all common areas and meeting rooms, along with a dedicated e-learning module, reminds people of best daily practices when it comes to respecting others and the environment.

In 2017, energy consumption by ALTEN sites within the CSR scope (excluding the Netherlands and Belgium) and excluding data centres, came to 10,900 MWh, an average of 126 kWh per sq.m.

	Gross consumption - 2017	Consumption per sq.m. - 2017
France	6,000MWh	129 kWh / m ²
International	4,900 MWh	122 kWh / m ²
TOTAL	10,900 MWh	126 kWh / m²

In France since the beginning of 2013, ALTEN has been meeting the security and performance requirements of its partners by upgrading its server infrastructure to a "Private Cloud Data Centre" solution. The data centres chosen by ALTEN have the most stringent certifications with regard to information security, quality system management, environmental performance and health and safety in the workplace. ALTEN can now consume computing power on demand, to suit its needs at any given moment. Resources are pooled, streamlined and optimised by these data centres, thus reducing ALTEN's environmental footprint whilst guaranteeing high-security systems that are available 24/7.

To deal with both information system security and reduced energy consumption, ALTEN has undertaken a new digital archiving initiative.

In response to the significant growth of digital exchanges, process digitisation and paper-free environments, establishing a digital archiving policy has become essential. In 2016, work was carried out in the various departments to identify all documents/records, their retention and archiving period, and the person responsible for their archiving and disposal. This control makes it possible to rein in the often rapid growth in the volume of digital data.

The Dutch servers are housed in environmentally-friendly data centres with a sustainable energy policy. Buildings are equipped with LED lighting, thus reducing their CO₂ emissions

The Group promotes the use of renewable energies. At the end of 2015, ALTEN in France entered a contractual agreement for the supply of electricity from 100% renewable sources for the next three years for all of its sites where the subscribed power is greater than 36kVA.

In Germany also, the use of electricity from renewable sources is widespread at the main sites of ALTEN GMBH. ALTEN GMBH uses geothermal energy on its site in Nuremberg



for heating and cooling the buildings, and solar energy on its site in Ulm. The new Ulm buildings are fitted with photovoltaic panels to generate electricity, supplemented by a heat pump to supply the heating system. This new structure also uses a passive heating system, with heat generated by equipment and people on site, in addition to solar energy.

Spain obtained ISO 50001 certification which awards its commitment to the company's energy performance. 39% of its energy is derived from renewable sources.

23% of India's energy comes from renewable energy, mostly from wind turbines. Lastly, Italy conducted an energy efficiency audit in 2015, which resulted in replacement LED lights on its Milan site in 2016 and 2017. In addition, 37% of their electricity comes from renewable energy.

Business travel

According to the first Bilan Carbone® (carbon footprint) conducted in 2017 for 2016, these journeys account for 73% of ALTEN's greenhouse gas emissions in France. ALTEN is particularly watchful in this respect and proposes innovative alternatives to company teams.

Since 2011, ALTEN has deployed a solution in France to organise audio and web conferences from a computer, interacting with people via webcams whilst sharing documents, screenshots and files securely and interactively. For audio interactions, the international conference-call bridge infrastructure provided by the supplier guarantees each participant a local number and optimal sound quality. This application avoids employees having to travel to meetings with interlocutors located far away. This solution has now been deployed for employees in the following eight countries: France, Belgium, Germany, Italy, Sweden, Spain, Romania and India.



Business travel made by Group employees in France is overseen by a new Travel Policy, which is also intended to be more responsible. It was updated in 2014. This document reminds employees that preference should be given to alternatives to travel, such as conference calls and videoconferencing. It sets out very precise rules for transport and lays down the conditions under which business travel may be carried out: rail travel is mandatory for any journey of under two and a half hours; domestic and medium-haul flights in economy class; preference is given to "green" taxis, etc.

Moreover, since 2014, ALTEN has tightened its "Car Plan" requirements governing the characteristics of company cars that make up the Group's vehicle fleet. Since 1 January 2015, the list of permitted vehicles has been restricted to 15 or so models with CO₂ emissions of under 120 grammes per kilometre. Four hybrid vehicles are now also available. As of the end of December 2017, the average CO₂ emission for the Group's vehicle fleet in France was 108 grammes of CO₂ per km, and 52% of vehicles were below the 110 grammes mark.

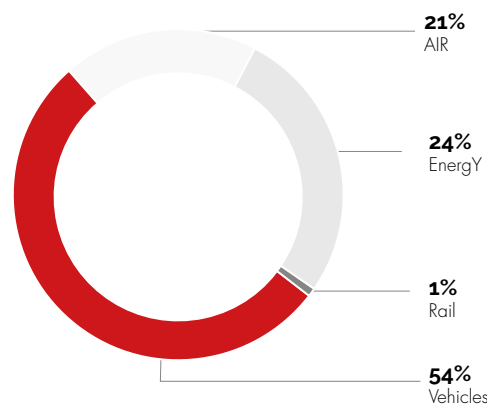
Furthermore, ALTEN is keen to raise employee awareness regarding best practices for safety and protection of the environment. Since 2014, all ALTEN employees have had access to an e-learning module that teaches the fundamentals of eco-driving. Under the new Car Plan, members are also required to take part in training for EcoDriving or the Prevention of Driving Risks within 12 months from joining the scheme.

The same requirements also apply in the Group's subsidiaries abroad.

- Over 99% of Italian fleet vehicles comply with the European Euro V and Euro VI emissions standards. In 2017, partnerships were launched with public transport companies to encourage employees to use alternative means of transport.
- In the Netherlands,
 - 20% of fleet vehicles are hybrid.
 - Skype Enterprise was set up in order to limit travel.
 - Charging stations for electric vehicles can be found near each ALTEN building.
- In Germany, Italy, the Netherlands and France, measures are being taken to assume the cost in full or in part of public transport passes for employees.
- In India, awareness-raising sessions promote ride-sharing and bicycle use amongst employees.
- ALTEN GMBH has included the use of more fuel-efficient engines and start-stop systems in its vehicle policy. Skype Enterprise is also available to employees in order to limit travel.
- In Belgium, buildings are fitted with charging stations in their car parks.
- Lastly, in every Group country, a number of initiatives are being considered: company bikes, charging terminals for electric vehicles in car parks, etc.

Greenhouse gas emissions

In 2017 on the CSR scope, the Group's CO₂ emissions related to energy consumption, business travel and distance travelled by company cars broke down as follows:



*The share of CO₂ emissions from vehicles increases due to the integration of Belgium and the Netherlands in 2017.

ALTEN'S most recent Bilan Carbone® (Carbon Footprint) was carried out in 2017 covering all Group entities in France. The Group's commitment goes beyond the regulatory requirements to which it is bound and measures emissions relative to three scopes of greenhouse gas emissions defined by the GHG Protocol:

- Scope 1: direct emissions caused primarily by the use of combustibles on site, the leakage of refrigerant fluids and fuel combustion by the vehicle fleet;
- Scope 2: indirect emissions caused by the purchase or production of electricity and steam;
- Scope 3: all other indirect emissions, for example business travel, employee meals, procurement and services, and fixed assets.

This Carbon Footprint was launched at the end of 2016 and completed in 2017. In order to transform this regulatory requirement into an effective management system, ALTEN has decided to expand the Carbon Footprint to international subsidiaries. In light of the results obtained, recommendations were made and will be examined in the course of 2018.

Paper consumption and management



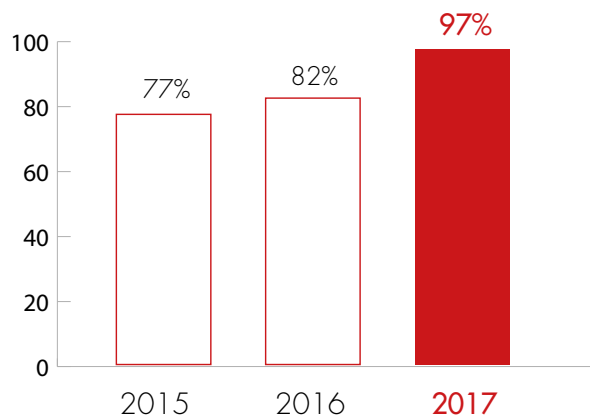
ALTEN uses paper essentially for purposes of office work and communication. In 2017, the Group's internal consumption came to 42 metric tonnes, i.e. an average of 6 kg per employee. The use of recycled or certified paper is prioritised.

This improvement reflects the efforts made by ALTEN to reduce paper consumption and develop a paper-free environment. In 2016, three major projects were pursued in this area.

- Paperless payslips: ALTEN has offered all its employees in France the possibility of opting for an electronic payslip.
- Deployment of the OPAD project: Optimisation of Administrative Processes and Payroll - intended to automate and discontinue the use of paper in a number of paper-hungry processes. The main services affected by this project concern significant processes connected to the administration of employee consultants.
- Streamlining of printer inventory: also enables a reduction in the Group's paper consumption using a badge system to eliminate unnecessary, mistaken or forgotten print jobs.

Consequently, ALTEN strives to consume not only less, but also more efficiently. When purchasing paper, the Group chooses either recycled or Ecolabel paper. In France, 97% of the paper used in 2017 was recycled and/or certified, compared with 82% in 2016 and 77% in 2015.

Evolution of recycled / certified paper consumption



At ALTEN GMBH, in Germany, and ALTEN Sweden, the rate is 100%. Additionally, most paper communication materials use recycled paper with a high level of environmental certification, whilst printing companies are selected wherever possible based on their willingness to reduce the environmental impact of their activities.

At the same time, the Group pays special attention to the end-of-life of this resource. As a result, a sorting and recycling system has been introduced in France and in many of the Group's facilities, particularly in Sweden, Italy, Belgium, the Netherlands and Spain, with 72% of sites covered over all of the CSR scope.

IT resources

The Group is also working on the continuous improvement of its IT equipment management. From May 2015 onwards, IT energy is being produced, inter alia, on so-called hyper-convergent hardware. This change has reduced the hardware installed in the branches and in Europe, by pooling and optimising needs in new-generation data centres (Tier 4 + ISO 14001).

ALTEN also launched the "MPS" project in 2015 to supply a global, secured, centralised solution for the Group's printing in France. This project is part of the Group's eco-responsible approach and will also improve information security and increase employee awareness, due to: optimisation of the number of printers, reduced by close to 70% in two years; deployment of a printing system secured by the use of badges; provision of environmental impact information for

each print job (CO₂, water, energy); configuration of the machines to print in black-and-white and double-sided as the default setting. Management of equipment end-of-life is also a crucial component, and was a priority project in 2016, which continued in 2017.

These processes of streamlining, optimisation and improvement of IT hardware and consumables are ongoing at ALTEN GMBH in Germany and ALTEN Technology in Sweden, Spain, Belgium, India and Italy.

With regard to IT equipment, ALTEN now focuses on optimised solutions that are more environmentally-friendly through the lower consumption of energy and materials as well as the recycling potential of their components. Seals of approval representing an environmental benefit concerning consumables and equipment, such as Energy Star are seen as essential. From a social and societal viewpoint, the equipment must also be user-friendly for disabled employees.



D3E management

Electric and electronic equipment waste (D3E), waste batteries and waste ink cartridges produced by the Group are very closely monitored. In 2017, 5 metric tonnes of waste from ALTEN and the Group's solutions in France were collected by a provider specialising in the processing of this type of waste; and nearly 10 metric tonnes in the CSR scope.

Furthermore, since 2013, ALTEN has come to the aid of associations by offering IT hardware and development tools free of charge to charitable or public interest associations via its D2A scheme. This process allows the recycling of all end-of-life computers used by the Group's employees nationwide in France. After remastering by D2A, these machines are given a second lease of life and put to use by various associations working to help children or people trying to return to the work environment or to help professional integration. Since the launching of the activity, more than 4,000 screens and computers, both desktops and laptops,

have been distributed to some 15 partner associations. In 2017, some 695 computers were donated to around 20 partner associations. The ALTEN Group thus commits to reducing its environmental footprint through the recycling of these waste materials while also lending its support to associations.

Beehives at ALTEN



For the second year running, ALTEN is working to promote biodiversity by placing beehives on its site in Silly. The purpose of this initiative is to raise employee awareness about biodiversity and climate change. Bees play a crucial role in our daily lives, with 30% of our food depending on pollination, while bees are in fact particularly sensitive to environmental changes.

Newsletters were distributed throughout the year to provide health updates on the beehives. Awareness-raising workshops relating to biodiversity and honey tasting sessions were organised. In July, employees took part in the honey harvest. Each beehive housed between 40,000 and 50,000 bees, producing more than 60 kilos of honey in total.

4.5 SOLIDARITY INITIATIVES

In France and throughout the world, the Group and its subsidiaries develop philanthropy initiatives in their host regions.

In 2017 from September onwards, 23 engineers took part in a skills-transfer mission in one of the partner structures. The missions mainly cover computer and functional subjects. However, all skills are welcome in future projects that partners may wish to entrust to ALTEN. Thus for engineers who are available and eager to engage with associations, ALTEN offers ad hoc work in coaching and supporting the young people sponsored by the programmes of partner associations. Project engineers wishing to engage in associative action in a personal capacity may also contact ALTEN Solidaire. ALTEN can then introduce the volunteer teams and projects on which they could work.

One of the major actions in the second half of 2017 was the commitment of all ALTEN and ALTEN Solidaire employees to collecting donations in favour of the 'Restos du Cœur' project, collecting more than 1.4 tonnes of food and hygiene products.



The outlook for 2018 is good: In early 2018, 41 employees spent time in 13 associations. The “Family Box” jackpot campaign, conducted with the “Tout le monde contre le cancer” (United Against Cancer) association was a great success, exceeding the goal of expected donations.



Still in France, ALTEN employees came together on three sites in Boulogne to help the Cravate Solidaire association. The association's aim is to support the reintegration of the unemployed into the workforce by collecting "professional" clothes so that their job interviews take place under the best possible conditions. In total, some 80 kilos of clothing were collected, 10 kilos more than last year.

To close this collection week, Simon Azoulay, the Group's Chairman and Chief Executive Officer, symbolically donated one of his ties.

In 2017, ALTEN renewed its partnership with the association Dunes d'espoir. The employees brought their support by allowing young people with disabilities to take part in a race, during the Challenge du Monde des Grandes Ecoles, aboard a «joëlette » (wagon) trailed by ALTEN runners. This is a unique experience for the young pilots and the volunteering runners.



In Germany, ALTEN GMBH is continuing and extending the donation scheme set up last year: by increasing the 2016 budget, with €10,000 now donated to the NGOs put forward by employees. In total, 26 NGOs received this financial support.

In Belgium, ALTEN organised its first blood donation drive in partnership with the Red Cross.

In India, garment collections were organised in the cities of Bangalore and Chennai. Clothes were donated to the "Don Bosco" NGO for disadvantaged children.



NOTE ON METHODOLOGY

Temporal and geographic scopes

- The period used for the data comprising the various indicators was from 1 January 2017 to 31 December 2017. Exception: the environmental data of the ALTEN GMBH entity in Germany is for the 2016 fiscal year.
- The CSR reporting scope covers the legal entities of ALTEN and its solutions located in France: ALTEN SA, ALTEN SIR, Pégase SI, ALTEN SO, MI GSO, ELITYS, Anotech Energy, Avenir Conseil Formation, Atexis France, Id Apps, Aptech, Lincoln, Aixial, ALTEN Technologies, IMACP, CADUCEUM and Abilene – as well as the international entities: ALTEN Spain, ALTEN Technology GMBH, ALTEN GMBH, ALTEN SW GMBH, ALTEN Sweden, ALTEN Italy, ALTEN Belgium, ALTEN Netherlands, Calsoft Labs and ALTEN India Private Limited.
- Entities acquired during the financial year are included in the reporting process at the latest after one full year of business within the Group, when revenues in 2017 are other than zero and when headcount is other than zero as of 31 December 2017.
- ALTEN Sir GTS has been removed from the reporting scope because it was merged back into ALTEN SIR and ALTEN SA in 2017. ALTEN GMBH Digital has been removed from the reporting scope because it was merged back into ALTEN GMBH in 2017.
- ALTEN Technologies, created in 2016, is included in the 2017 reporting scope. CADUCEUM, acquired in 2016, is included in the 2017 reporting scope. Abilène was absorbed by Lincoln at the end of 2017 with retroactive accounting/tax effect from 1 January 2017. IMACP was created in November 2016 (date of registration) and is 90% owned by the Group; it was included in the reporting scope as of 1 January 2017.

Rate of coverage

- The performance indicators reported for France and internationally concern a headcount representing 74% of the Group's total headcount as of 31 December 2017, and 73% of revenues.
- More specifically, for the French entities, these indicators refer to the entire headcount of ALTEN Group entities in question (ALTEN and solutions), and to the entire floor

space occupied by one or more ALTEN Group entities in France. For international entities, they refer to the number of employees and floor space occupied by each ALTEN entity in the country concerned.

Guidelines

- The performance indicators and the text of this report were prepared in compliance with the requirements of Article 225 of the French Commercial Code. The G4 Global Reporting Initiative guidelines and recommendations have also been taken into account.
- The guidelines for calculating and establishing performance indicators are available upon request by email: alten.csr@alten.fr

Exceptions and limitations

The reporting tools currently used within the Group in France have not enabled us to establish comparable elements meeting the requirements of the Grenelle 2 Law for the other legal entities of the ALTEN Group operating internationally and within the given timeframe. However, the ALTEN Group endeavours each year to expand the scope of its reporting activity by integrating new entities.

Origin and compilation of the data

Employee-related indicators

- The data relating to the headcount, nationalities represented in the Company, hiring and terminations, work-study placements, total payroll, compensation, employee turnover, work schedules, and frequency and severity of work accidents were taken from the employee-related reports and the payroll software of the ALTEN Group companies in France and the international entities reported. The data relating to annual performance reviews, training and internal mobility were taken from the reports from departments in charge of those matters in the Group's various entities.
- Note that the total number of training hours and the number of employees trained take account of training undertaken by apprentices and employees on vocational training contracts.
- Turnover is calculated according to the following definition: $(\text{Departures} / ((\text{Workforce}_{N-1} + \text{Workforce}_N) / 2))$.

Departures taken into account exclude trial periods, mobility and other reasons

Environmental indicators

- Data related to floor space is taken from the lease documents. Data is collected and then consolidated annually per building. It is then split according to the floor space occupied by each legal entity of the ALTEN Group in France and for international entities within the scope of the report in the said buildings.
 - Note that the indicators bearing on the Atexis leasehold buildings (three sites in France) are confined to their energy consumption.
 - Data relating to consumables and energy is taken from the invoices and statements provided by suppliers and service providers.
 - In France, energy consumption indicators have been divided by the number of weighted square metres. For international entities, actual sq.m. are used as of 31 December 2017. In France and internationally, the indicators for consumables are divided by the number of employees present on site as of 31 December 2017.
 - Belgium and the Netherlands are excluded from energy consumption data for buildings. ALTEN GMBH's environmental data covers 43% of floor space.
 - Annual mileage recorded by company cars has been estimated on the basis of the average mileage per month or per year, according to data available from providers. In addition, international data on company car mileage exclude Sweden, Spain and India.
-
- Train travel data cover the following entities: ALTEN SA, ALTEN SIR, APTECH, PEGASE, ID.APPS, ALTEN SO, ACF, ANOTECH, MI-GSO, Elitys Consulting, Abilene, LMACP, Alten Technologies, ALTEN GMBH and ALTEN Technology in Germany, ALTEN Belgium, ALTEN Spain and ALTEN Italy. India, Sweden and the Netherlands are excluded.
 - Air travel data cover the following entities: ALTEN SA, ALTEN SIR, APTECH, PEGASE, ID.APPS, ALTEN SO, ACF, ANOTECH, MI-GSO, Elitys Consulting, Alten Technologies, ALTEN Spain, ALTEN GMBH and ALTEN Technology in Germany, ALTEN Belgium and ALTEN Italy. Sweden, India and the Netherlands are excluded.
-
- The CO₂ emissions emitted by consumption of energy and travel were calculated from raw data (kWh, km) through the corresponding emission factors of the Bilan Carbone® V7.6 method.
 - Note that the increase in CO₂ emissions is due in large part to the inclusion of Belgian car travel data in the reporting scope.
 - WEEE data exclude Belgium and the Netherlands.

Societal indicators

- Data relating to projects supported as part of the Group's promotion of the engineering professions come from the partnerships for which financial support was given.

Our social performance indicators at 31 December 2017

ALTEN INDICATOR NO.	INDICATOR	UNITS	FRANCE 2017	FRANCE 2016	GROUP 2017
HEADCOUNT AND DIVERSITY					
SOC 1	Total workforce as of 31/12/2015	Actual number of employees	11,747	10,867	20,794
SOC 2	Breakdown of employees by gender	% men	73%	74%	75%
		% women	27%	26%	25%
SOC 3	breakdown of workforce by age grouping	% of employees under 25 years	13%	12%	9%
		% of employees between 25 and 35 years old	62%	63%	60%
		% of employees between 35 and 45 years old	18%	19%	22%
		% of employees over 45 years old	6%	6%	9%
SOC 5	Breakdown of headcount by type of job	% of employees who are engineers	88%	88%	86%
		% of employees who are managers	4%	4%	6%
		% of employees who are support staff	8%	8%	8%
SOC 6	Number of unique nationalities represented	Number of unique nationalities	83	74	nc
HIRES AND TERMINATIONS					
SOC 7	Total number of hires	Number of hires	5,864	4,226	10,020
	Employees recruited on permanent contracts	Number of hires	5,513	3,997	9,159
	incl. number of permanent hires under 25 years of age	Number of hires	1,729	1,438	nc
	Employees recruited on fixed-term contracts	Number of hires	219	164	729
SOC 8	Number of hires on apprenticeship or vocational training contracts	Number of hires	132	65	132
	Total number of terminations	Number of terminations	5,053	3,505	8,078
	Number of departures from fixed-term contracts	Number of terminations	4,816	3,280	7,356
	of which resignations	Number of terminations	2,675	2,105	4,757
	of which redundancies	Number of terminations	260	231	428
SOC 17	Number of departures from fixed-term contracts	Number of terminations	172	168	657
	Number of terminations on apprenticeship or vocational training contracts	Number of terminations	65	69	65
	Net jobs created	Number of jobs created	811	721	1,942
TYPE OF EMPLOYMENT CONTRACT					
SOC 18	Breakdown of headcount by type of contract	% of permanent employees	98.1%	98.6%	95%
		% of temporary employees	0.6%	0.5%	4%
		% of employees on apprenticeship or vocational training contracts	1.3%	0.9%	nc
REMUNERATION					
SOC 19	Average annual remuneration by position	in € managers	38,388	37,971	nc
		in € non-managers	26,381	26,110	nc
MANAGEMENT					
SOC 21	% of employees having had an annual performance appraisal	% of employees	88%	90%	70%
SOC 22	Average rate of absenteeism (for sickness, work- or commute-related accident)	%	1.67%	1.62%	2.06%
SOC 23	ALLEN employee turnover	%	25.96%	22.71%	nc
ORGANISATION OF WORKING TIME					
SOC 24	Percentage of employees working full-time	% of employees	98%	98%	97%
SOC 25	Percentage of employees working part-time	% of employees	2%	2%	3%
EMPLOYEE RELATIONS					
SOC 26	% of employees covered by a collective agreement	% of employees	100%	100%	nc
TRAINING					
SOC 27	Training expenditures	euros	11,754,368	9,914,317	13,350,651
SOC 28	Training expenditure as a % of payroll	%	2.76%	2.57%	nc
SOC 29	Training expenditure as a % of revenue	%	1.3%	1.22%	0.90%
SOC 30	Total number of training hours	hr	128,377	114,411	206,739
SOC 31.a	Percentage of people receiving training during the year, by gender	% of men having received training	37%	33%	41%
		% of women having received training	39%	34%	41%
SOC 31.b	Percentage of employees trained during the year	% of employees	38.0%	33.6%	38.0%
SOC 33	Number of e-learning courses taken	no.	6,615	5,883	14,460

ALTEN INDICATOR NO.	INDICATOR	UNITS	FRANCE 2017	FRANCE 2016	GROUP 2017
WORK AND SAFETY CONDITIONS					
SOC 34	Frequency rate of work-related accidents with time off	rate	4.15	3.28	3.06
SOC 35	Severity rate of work-related accidents	rate	0.05	0.06	nc
SOC 36	Number of hours of safety training	h	17,529	14,954	nc
SOC 38	Number of work-related illnesses reported	no.	0	0	5

Our societal performance indicators at 31 December 2017

ALTEN INDICATOR NO.	INDICATOR	UNITS	FRANCE 2017	FRANCE 2016	GROUP 2017
RELATIONS WITH STAKEHOLDERS					
Societal 1	Number of partnerships for the promotion of engineering occupations (CNJE; "Elles Bougent"; etc.)	Number of partnerships	27	31	46
Societal 5	Total number of partnerships forged with higher education institutions in the current year	no.	26	26	156
Societal 4	Total number of partnerships forged with NGOs or similar associations in the current year	no.	10	1	35
RELATIONS WITH STAKEHOLDERS					
Societal 3	Percentage of women on the Board of Directors	%	55%	40%	55%

Our environmental performance indicators at 31 December 2017

ALTEN INDICATOR NO.	INDICATOR	UNITS	FRANCE 2017	FRANCE 2016	GROUP 2017
CONSUMPTION OF NATURAL RESOURCES					
Enviro 4	Quantity of paper used per employee	kg/emp	7.48	10.20	6.19
	Total quantity of paper used	kg	26,107	30,979	41,446
Enviro 5	% of paper recycled or certified	%	97%	82%	90%
Enviro 6	Quantity of opaque and translucent drinking cups per on-site employee	number of cups/emp	321	439	nc
Enviro 8.a	Total energy consumption	kWh	6,012	6,189	10,949
Enviro 8.b	Total energy consumption per sq.m.	kWh/sq.m./year	129	134	126
Enviro 1	CO ₂ emissions linked to buildings' energy consumption.	kg CO ₂ eq.	493,000	507,600	3,970,000
BUSINESS TRAVEL					
Enviro 14	Number of kg of CO ₂ eq. for business travel by train per employee	kg CO ₂ eq./emp	1.62	1.81	7.50
Enviro 16	Number of kg of CO ₂ eq. for business travel by plane per employee	kg CO ₂ eq./emp	242	421	201
Enviro 17	Number of minutes of audio, video or web conferencing	min	nc	31,967	2,280
Enviro 21	Average CO ₂ emissions per km from company vehicle fleet	g CO ₂ /km	108	110	nc
Enviro 23a	Number of kg CO ₂ eq. from kilometres driven by company vehicles	kg CO ₂ eq.	460,000	310,000	9,000,000
EXTERNAL CERTIFICATIONS AND ASSESSMENTS					
Enviro 10	% of occupied sq.m. that is certified (BBC, HQE)	%	22.8%	22.3%	14.3%
Enviro 18	EcoVadis score out of 100	note	74/100	74/100	74/100
WASTE					
Enviro 25	Total quantity of D3E removed by an external company	metric tons	5	5	9.8
Enviro 11	% of sites covered by a waste sorting scheme	%	95%	86%	72%
Enviro 26	total number of Kg of CO ₂	kg. éq. CO ₂	3,526,000	5,025,000	16,253,000

NB: The 2016 and 2017 indicators are not always comparable, due to changes in scope.

nc = not consolidated

Compliance matrix

ARTICLE 225 - GRENELLE 2 DECREE N° 2017-1265 DU 9 AOÛT 2017	PRINCIPLES OF THE GLOBAL COMPACT	GRI	ISO 26 000	CHAPTER 3 - DDR 2017	ODD
EMPLOYEE-RELATED INFORMATION					
EMPLOYMENT					
Total workforce and breakdown of employees by gender, age and geographical region		G4-9, G4-10, LA1, LA12	*6.4.4	2.1	ODD 5
Recruitments and redundancies		EC6, LA1		2.1	
Remuneration and remuneration increases		G4-51, G4-52, G4-53, G4-55, EC1, EC5		2.1 Part of Annual Report - Chap.17.3 et 17.5	
WORK ORGANISATION					
Organisation of working time	3. Respect for freedom of association and recognition of the right to collective bargaining		*6.4.4	2.4	
Absenteeism		LA6		2.4	
HEALTH & SAFETY					
Occupational health and safety conditions	4. Elimination of all forms of forced or compulsory labour	LA5	*6.4.6	2.4	ODD 3 ODD 8
Work-related accidents, particularly their frequency and severity, together with occupational illnesses	5. Effective abolition of child labour	LA6/LA7		2.4	
EMPLOYEE RELATIONS					
Organisation of dialogue with employees, such as procedures for informing, consulting and negotiating with employees	3. Respect for freedom of association and recognition of the right to collective bargaining	LA4	*6.4.3 *6.4.5	2.1 Part of Annual Report - Chap. 17.5	ODD 8 ODD 16
List of collective agreements, including health and safety at work		LA8		2.1 Part of Annual Report - Chap.17.4	
TRAINING					
Policies implemented regarding training, including environmental protection	8. Promoting greater responsibility in environmental matters	LA10, LA11, G4-43	*6.4.7	2.2	ODD 4
Total number of training hours		LA9, HR2		2.2	
EQUAL TREATMENT					
Measures taken to promote gender equality		LA3, LA12, LA13		2.3	ODD 5 ODD 10
Measures taken to promote the employment and integration of disabled persons	6. Elimination of discrimination in respect of employment and occupation	LA12	*6.3.10 *6.3.7	2.3 Part of Annual Report - Chap. 17.5	
The anti-discrimination policy		LA12, HR3		2.3	
ENVIRONMENTAL INFORMATION					
GENERAL POLICY IN ENVIRONMENTAL MATTERS					
The company's organisational structure for taking into account environmental issues and, where applicable, environmental assessment and certification procedures	7. Taking a conservative approach to dealing with environmental matters	G4-1		4.4	ODD 12 ODD 13
Resources devoted to prevention of environmental risks and pollution	8. Promoting greater responsibility in environmental matters	EN30, EN31	*6.5.2.1 *6.5.2.2	ALTEN provides intellectual services. By their nature, these activities present little environmental risk and do not generate significant pollution.	
The amount of accounting provisions and guarantees for environmental risks, provided that this information is not likely to cause the company serious prejudice in an ongoing lawsuit	9. Developing and disseminating environmentally friendly technologies	EC2		ALTEN has no reserves or guarantees for environmental risks in France.	
POLLUTION					
Measures to prevent, reduce and compensate for emissions into the atmosphere, soil	7. Taking a conservative approach to dealing with environmental matters	EN10, EN20, EN21, EN22, EN24, EN26		ALTEN provides intellectual services. By their nature, these activities have little direct environmental impact and do not seriously affect it; emissions into the air are limited in normal situations to greenhouse gas emissions.	ODD 12
	8. Promoting greater responsibility in environmental matters		*6.5.3	The ALTEN Group provides intellectual services. By nature, such activities have limited impact on the environment, generate little pollution and do not cause noise pollution. However, measures are taken to ensure the smooth integration of buildings in residential areas into their neighbourhoods (BBC/HQE, ISO 14001, etc.)	
Taking into account any form of specific pollution related to an activity, including noise and light pollution	9. Developing and disseminating environmentally friendly technologies	EN 24			

CIRCULAR ECONOMY

Waste management and prevention :

Measures to prevent, recycle, reuse, other upgrade and eliminate waste

EN23, EN24,
EN25, EN28

*6.5.3

4.4
Taking into account tertiary activities of ALTEN's Engineering and Technology Consulting, there is no global waste management publication. Publication are about paper and WEEE

Fight against food wastage initiatives

7. Taking a conservative approach to dealing with environmental matters

Taking into account tertiary activities of ALTEN's Engineering and Technology Consulting, the Fight against food wastage is not significant

Sustainable use of resources :

Consumption and supply of water in accordance with local constraints

8. Promoting greater responsibility in environmental matters
9. Developing and disseminating environmentally friendly technologies

EN8, EN9

*6.5.4

Taking into account tertiary activities of ALTEN's Engineering and Technology Consulting, the Group's water consumption is not significant.

Consumption of raw materials and measures taken to use them more efficiently

EN1, EN2

4.4

Energy consumption, measures taken to improve energy efficiency

EN3, EN4, EN6,
EN7

4.4

Land use

EN11

Given ALTEN's services business of Engineering and Technology Consulting, the Group has no activity that involves land use.

ODD 7
ODD 12

CLIMATE CHANGE

Significant greenhouse gas emission caused by society activity, especially by using goods and services produced

EN3, EN4, EN6,
EN7, EN15, EN16,
EN17, EN18,
EN19,

*6.5.4
*6.5.5

4.4
3.4

Measures to adapt to the consequences of climate change

7. Taking a conservative approach to dealing with environmental matters
8. Promoting greater responsibility in environmental matters

EN15, EN16,
EN17, EN18,
EN19,

*6.5.5

3.4
4.4

Targets to voluntarily reduce in the medium and long term the greenhouse gas emissions and the means implemented for this purpose

9. Developing and disseminating environmentally friendly technologies

*6.5.5

3.3
3.4
4.3
4.4

ODD 11
ODD 12
ODD 9

PROTECTION OF BIODIVERSITY: MEASURES TAKEN TO PRESERVE OR RE-ESTABLISH BIODIVERSITY

EN11, EN12,
EN13, EN14, EN26

*6.5.6

4.4

INFORMATIONS SOCIÉTALES

SOCIÉTAL COMMITMENTS IN FAVOUR OF SUSTAINABLE DEVELOPMENT

Company's activity impact on employment and local development

EC6, EC7, EC8,
EC9, SO1

*6.8.5
*6.8.7
*6.8.8

2.1

Company's activity impact on neighboring or local populations

EC6, EC7, EC8,
EC9, HR8, SO1,
SO2

*6.8.8

ALTEN est implanté dans de forts bassins d'emploi et travaille au plus proche de ses clients. Son impact sur les populations riveraines et locales est donc limité et non significatif.

ODD 8
ODD 17

Relationships with stakeholders and how is the dialogue with them

3. Respect for freedom of association and recognition of the right to collective bargaining

G4-26, G4-37

*5.3.3
*6.8.9

1.2
1.3

Partnership or sponsorship actions

EC7

2.3
3.1
4.5

SUB-CONTRACTING AND SUPPLIERS

Taking social and environmental issues into account in the purchasing policy

1. Promoting and respecting international human rights law protection in the sphere of influence
2. Guarding against complicity in human rights violations

LA14, LA15, EN33,
HR5, HR9, HR11

*6.6.6

4.3

Taking into account in relationships with suppliers and subcontractors their social and environmental responsibility

8. Promoting greater responsibility in environmental matters

LA14, LA15, G4-12,
EN32, EN33, HR5,
HR9, HR11, SO9,
SO10

Partie Rapport Annual - Chap. 17.5.9

ODD 8
ODD 12

FAIR PRACTICES: MEASURES TAKEN TO PROMOTE CONSUMER HEALTH AND SAFETY

Measures taken to promote consumer health and safety

EN27, PR1, PR2,
PR3, PR4, PR6, PR7,
PR8, PR9

*6.7.4

4.1

OTHER INFORMATIONS

INFORMATION ON THE FIGHT AGAINST CORRUPTION:

Actions taken to prevent corruption

10. Acting against corruption in all its forms, including extortion of funds and bribery

G4-56, G4-58,
SO3, SO4, SO5

*6.6.3
*6.7.4

4.2

ODD 16

INFORMATIONS IN RELATION TO HUMAN RIGHTS ACTIONS

Promotion of and compliance with the stipulations of the core conventions of the International Labour Organization on

Respect for freedom of association and recognition of the right to collective bargaining

3. Respect for freedom of association and recognition of the right to collective bargaining

HR4, LA13, LA14

*6.3.10

4.2

The elimination of discrimination in respect of employment and occupation

6. The elimination of discrimination in respect of employment and occupation

LA12, HR3

*6.3.10
*6.3.7

4.2

ODD 8
ODD 17

The elimination of all forms of forced or compulsory labour

4. Elimination of all forms of forced or compulsory labour

HR6

*6.3.10

4.2

Effective abolition of child labour

5. Effective abolition of child labour

HR6

Other actions taken to promote human right

1. Promoting and respecting international human rights law protection in the sphere of influence
2. Guarding against complicity in human rights violations
10. Acting against corruption in all its forms, including extortion of funds and bribery

HR1, HR2, HR7,
HR8, HR9, HR10,
HR11, HR12

*6.3.10

4.2
4.3

ODD 16

Report of one of the statutory auditors, appointed as independent third party, on the consolidated human resources, environmental and social information included in the management report

This is a free English translation of the statutory auditors' report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

ALTEN SA

For the year ended 31 December 2017

To the Shareholders,

In our capacity as statutory auditor of Alten, (the "Company"), identified, appointed as independent third party and certified by COFRAC under number n° 3-1080¹, we hereby report to you on the consolidated human resources, environmental and social information for the year ended 31 December 2017, included in the management report (hereinafter named «CSR Information»), pursuant to article L.225-102-1 of the French Commercial Code (Code de commerce).

Company's responsibility

The Board of directors is responsible for preparing a company's management report including the CSR Information required by article R.225-105-1 of the French Commercial Code in accordance with the procedures used by the Company (hereinafter the «Guidelines»), available on request from the Company's head office and summarized in the "Methodological note" of the registration document chapter entitled "Operational excellence and sustainable development".

Independence and quality control

Our independence is defined by regulatory texts, the French Code of ethics (Code de déontologie) of our profession and the requirements of article L.822-11 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, professional standards and applicable legal and regulatory requirements.

Statutory Auditor's responsibility

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);

- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information);

Our work involved four persons and was conducted between November 2017 and March 2018 during approximately a four-week period. We were assisted in our work by our CSR experts.

We performed our work in accordance with professional standards and with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and with ISAE 3000² concerning our conclusions on the fairness of CSR Information and the reasonable assurance.

1. Attestation regarding the completeness of CSR Information

Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

We compared the CSR Information presented in the management report with the list provided in article R.225-105-1 of the French Commercial Code.

For any information that is not disclosed, we verified that explanations were provided in accordance with article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the company, its subsidiaries as defined by article L.233-1 and the controlled entities as defined by article L.233-3 of the French Commercial Code within the limitations presented in the "Methodological note" of the registration document chapter entitled "Operational excellence and sustainable".

Conclusion

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

2. Conclusion on the fairness of CSR Information

Nature and scope of our work

We conducted around ten interviews with the persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate ;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important³:

- at parent entity, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;

- at the level of a representative sample of sites selected by us⁴ on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents 69% of headcount and between 23% and 100% of quantitative environmental data disclosed.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Neuilly-sur-Seine, April 27th 2018

Original French report signed by

Independent third-party body

Grant Thornton
Membre français de Grant Thornton International

Vincent Frambourt
Partner

¹ whose scope is available at www.cofrac.fr

² ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information

³ **Quantitative social information** total workforce at 31 December and breakdown by gender, age, geographical area and contract type; hirings and departures, included redundancies; employee turnover; total number of days off due to sickness, work-related accident; frequency rate of work-related accident with time off; severity rate of work-related accident; average absenteeism rate; number of training hours ; number of trained employees.

Qualitative social information related to diversity in the Group's HR policy.

Quantitative environmental information: paper consumption and proportion of certified and recycled paper; energy consumption; proportion of renewable electricity consumption; quantity of WEEE waste; distance travelled by train, flight and company vehicle; CO₂ emissions related to energy consumption; CO₂ emissions related to business travel.

Quantitative societal information: number of partnerships for the promotion of engineering occupations.

Qualitative societal information: related to responsible purchasing.

⁴ ALTEN Belgium, ALTEN France, ALTEN GmbH (Munich), ALTEN Technology (Hamburg).

Shareholder information

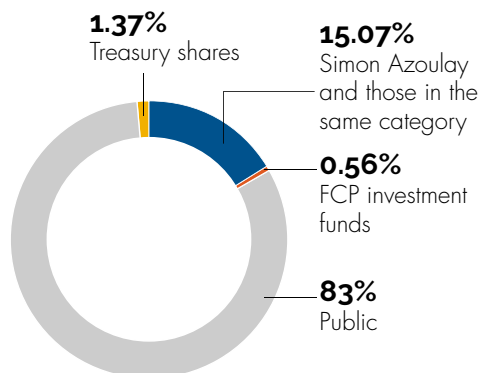
Investor information

Company name	ALTEN
Activity	Engineering and Technology Consulting
APE Code	6202A
Trade and Companies Register number	348 607 417 Nanterre
Registered office address	40, avenue André Morizet 92513 Boulogne-Billancourt
Founding date:	1988
Nationality	French
Share capital	34,383,256.14 €
Number of shares representing ALTEN's capital	33,825,747 shares and 2, 750 Preferred A Shares
Legal form:	A French public limited company with Board of Directors
Financial year	1 January to 31 December
Market	ALTEN is listed in Compartment A of Euronext Paris
Stock market indices including ALTEN shares	SBF 120, SBF 250, IT CAC 50, CACMID 100
ISIN Code	FR 0000071946

Financial analysts

Berenberg
 Bryan Garnier
 Cheuvreux Kepler
 CM CIC Securities
 Exane BNP Paribas
 Gilbert Dupont
 IdMidcap
 Invest Securities
 Natixis
 Oddo Securities
 Portzamparc
 Société Générale

Shareholder structure (at 31/03/2018)



Financial calendar

26 January 2018	Revenue from 4th quarter 2017
21 February 2018	2017 annual results
25 April 2018	Revenue from 1st quarter 2018
20 June 2018	General Meeting of Shareholders
25 July 2018	Revenue from 1st half 2018
19 September 2018	Results from 1st half 2018
24 October 2018	Revenue from 3rd quarter 2018

Stock market performance

DATE	MONTHLY VOLUME	MONTHLY VOLUME IN EUROS	HIGH	LOW	VWAP	AVERAGE DAILY TRADING VOLUME	AVERAGE DAILY TRADING IN EUROS
Jan-17	561,916	37,881,679.52 €	69.56 €	64.90 €	67.42	25,541.64	1,721,894.77 €
Feb-17	779,429	53,596,597.30 €	71.84 €	64.77 €	68.76	38,971.45	2,679,829.86 €
March-17	896,133	60,891,804.87 €	71.88 €	63.75 €	67.95	38,962.30	2,647,469.78 €
Apr-17	836,997	59,042,633.28 €	78.03 €	66.48 €	70.54	46,499.83	3,280,146.29 €
May-17	805,541	63,577,781.12 €	81.23 €	76.04 €	78.93	36,615.50	2,889,899.14 €
June-17	947,448	73,434,803.89 €	82.06 €	72.20 €	77.51	43,065.82	3,337,945.63 €
July-17	713,569	52,536,222.00 €	76.31 €	70.37 €	73.62	33,979.48	2,501,724.86 €
Aug-17	541,708	39,588,359.80 €	74.86 €	70.85 €	73.08	23,552.52	1,721,233.03 €
Sept-17	839,903	62,892,360.59 €	78.30 €	71.18 €	74.88	39,995.38	2,994,874.31 €
Oct-17	477,381	36,195,086.01 €	77.05 €	73.06 €	75.82	21,699.14	1,645,231.18 €
Nov-17	862,296	61,827,787.30 €	75.50 €	68.05 €	71.70	39,195.27	2,810,353.97 €
Dec-17	651,520	45,264,454.87 €	71.87 €	68.15 €	69.48	34,290.53	2,382,339.73 €
Jan-18	943,394	72,741,719.41 €	84.50 €	69.50 €	77.11	42,881.55	3,306,441.79 €
Feb-18	1,133,317	89,494,173.21 €	83.30 €	74.45 €	78.97	56,665.85	4,474,708.66 €

Communication between ALTEN and its shareholders

3 years ago ALTEN launched an active process aiming at better knowing its shareholders.

In this context and for the past 2 years, ALTEN has implemented some Identifiable Bearer Securities procedures (in French TPI) covering more than 93% of its shareholding.

ALTEN wants to establish with its shareholders a sustained dialogue allowing the company to be aware of their expectations, more especially regarding the preparation of draft resolutions submitted to ALTEN's General Meetings.

On ALTEN's website, under the 'investors' tab*, shareholders are given access to various materials including the documentation provided during General Meetings.

A contact email relation.actionnaires@alten.com is also available to answer any questions.

Financial publications

Bruno BENOÏEL, Deputy CEO, is in charge of financial publications.

All financial documentation including press releases are submitted to ALTEN's Executive Board before publication. On account of their insider information, press releases are published as soon as Euronext Paris market closes so as not to impact stock market values for ALTEN shares; they are communicated at the same time to the AMF (Autorité des Marchés Financiers) and the financial community.

At the beginning of the year, the financial calendar listing all financial publications for the coming year is published on ALTEN's website.

Bruno BENOÏEL and the financial community regularly meet with Simon AZOULAY, CEO, to discuss financial information. Audio webcasts and all materials for those meetings are available online.

* <http://www.alten.fr/investisseurs>

2017 Registration Document



ALLEN

ENGINEERING AND TECHNOLOGY CONSULTING

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PERSONS RESPONSIBLE

1.1 PERSON IN CHARGE OF THE REGISTRATION DOCUMENT AND THE ANNUAL FINANCIAL REPORT

STATEMENT BY THE PERSON IN CHARGE OF THE REGISTRATION DOCUMENT AND THE ANNUAL FINANCIAL REPORT

"After having taken all reasonable precautions, I declare that the information contained in this Registration Document is, to my knowledge, true and contains no omissions likely to affect its interpretation.

I declare, to the best of my knowledge, that the financial statements have been compiled in accordance with the applicable accounting standards and provide an accurate picture of the assets, financial position and results of the Company and its subsidiaries, and that the management report (see cross-reference table on pages 307 to 309) gives a fair reflection of the business trends, the results and the financial position of the Company and its subsidiaries and describes the main risks and uncertainties that these companies currently face.

I have obtained an end-of-mission statement from the Statutory Auditors indicating that they have verified the information concerning the financial position and the financial statements presented in this Registration Document and have read this entire document".

Signed in Boulogne-Billancourt on 27 April 2018.

Simon AZOULAY - Chairman and Chief Executive Officer

1.2 PERSON IN CHARGE OF FINANCIAL INFORMATION

Bruno BENOLIEL

Chief Operating Officer

1

PERSONS RESPONSIBLE

STATUTORY AUDITORS

2.1 IDENTITY

2.1.1 PRINCIPAL STATUTORY AUDITORS

KPMG Audit IS

Represented by Jean-Pierre Valensi, Tour EQHO, 2 avenue Gambetta, CS 60055, 92066 Paris-La Défense.

Date of first appointment: 18 June 2015.

Term of office expires on: Ordinary General Meeting to be held in 2021 called to approve the financial statements for the financial year ending 31 December 2020.

Grant Thornton

Represented by Vincent Frambourt, 29 Rue du Pont, 92200 Neuilly-sur-Seine.

Date of first appointment: 25 June 2003.

Reappointment dates: 23 June 2009 and 18 June 2015.

Term of office expires on: Ordinary General Meeting to be held in 2021 called to approve the financial statements for the financial year ending 31 December 2020.

2.1.2 ALTERNATE STATUTORY AUDITORS

Salustro Reydel – Alternate Statutory Auditors for KPMG Audit IS

Represented by Bertrand Desbarrières, Tour EQHO, 2 avenue Gambetta, CS 60055, 92066 Paris-La Défense Cedex, France.

Date of first appointment: 18 June 2015.

Term of office expires on: Ordinary General Meeting to be held in 2021 called to approve the financial statements for the financial year ending 31 December 2020.

IGEC – Alternate Statutory Auditors for Grant Thornton

Represented by Vincent Papazian, 22 rue Garnier, 92200 Neuilly-sur-Seine.

Date of first appointment: 25 June 2003.

Reappointment dates: 23 June 2009 and 18 June 2015.

Term of office expires on: Ordinary General Meeting to be held in 2021 called to approve the financial statements for the financial year ending 31 December 2020.

2.2 SUBSEQUENT EVENTS

None.

2 STATUTORY AUDITORS

SELECTED FINANCIAL INFORMATION

3

3.1 HISTORICAL FINANCIAL INFORMATION

KEY FIGURES FOR THE PERIOD COVERING THE HISTORICAL FINANCIAL INFORMATION

<i>(in millions of euros)</i>	2017	2016	2015
Revenue	1,975.4	1,748.3	1,540.9
France	46.3%	47.5%	51.6%
International	53.7%	52.5%	48.4%
Operating profit on activity	194.2	180.9	152.5
Operating profit on activity (as % of revenue)	9.8%	10.3%	9.9%
Operating profit	176.6	157.4	147.1
Net income, Group share	147.0	112.4	106.3
Net cash flow from operating activities	91.3	112.4	105.1
Headcount	28,000	24,000	20,400

ASSETS <i>(in thousands of euros)</i>	2017	2016	2015
Goodwill	436,740	411,200	331,617
Trade receivables	647,287	579,164	499,378
Other current and non-current assets	250,320	243,617	239,742
Cash and cash equivalents	83,966	94,986	91,918
TOTAL ASSETS	1,418,313	1,328,967	1,162,655

LIABILITIES <i>(in thousands of euros)</i>	2017	2016	2015
Shareholders' equity, Group share	832,580	738,747	648,034
Non-controlling interests	1,653	374	1,777
Financial liabilities	57,346	90,737	74,916
Other current and non-current financial liabilities	526,734	499,110	437,928
TOTAL LIABILITIES	1,418,313	1,328,967	1,162,655

3

SELECTED FINANCIAL INFORMATION

3.2 INTERIM FINANCIAL INFORMATION

None.

RISK FACTORS

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RISK FACTORS

INTEREST RATE, FOREIGN EXCHANGE AND STOCK MARKET RISKS

The Group has reviewed the risks that could have a significant adverse effect on its business, its financial position or its results (or its capacity to meet its targets) and considers that there are no significant risks other than those presented below:

4.1 INTEREST RATE, FOREIGN EXCHANGE AND STOCK MARKET RISKS

4.1.1 INTEREST RATE RISK

The Group's interest rate risk relates primarily to the Club Deal contract signed on 20 March 2015, which is indexed to the Euribor for the corresponding interest period. It therefore incurs an interest rate risk based on changes in the reference index.

Due to low debt levels, the Group did not consider it necessary to arrange interest rate hedging, especially since its financing is short term. The Group's exposure remains limited. At 31 December 2017, financial debt at variable rate amounted to €37.8 million. An average increase of 100 basis points in the reference variable rate over a year would increase the Group's debt costs by €0.4 million.

4.1.2 FOREIGN EXCHANGE RISK

Operating foreign exchange risk

Although the Group has broad international presence, the currency flows linked to its activity are limited to each subsidiary's internal market and primarily converted into local currencies.

currencies but remain limited and are completely or partially covered by bank borrowings in foreign currencies.

See also Section 20.3.1, Note 2.3 "Financial risk factors".

Foreign exchange risk

The financing needs of subsidiaries outside the eurozone and some of the Group's financing transactions expose certain entities to a foreign exchange risk (risk linked to the change in value of debts or receivables in currencies other than the operating currency of the lending or borrowing entity). In general, the Group's external financing is denominated in euros. However, certain external growth transactions may have resulted in refinancing by the Group in foreign

Foreign exchange translation risk

Some of the Group's subsidiaries are located in the USA, Sweden and the United Kingdom. The financial statements of these subsidiaries, when translated into the consolidation currency, are subject to changes in exchange rates.

The Group's exposure to operational and financial foreign exchange risk is limited. Translation risk constitutes the Group's main exposure to foreign exchange risk

4.1.3 EQUITY RISK

The risk relating to stock market prices is low. In addition to treasury shares held under the liquidity contract, ALTEN holds only 460,022 treasury shares, representing 1.36% of its share capital at 31 December 2017.

Shares awarded free of charge during the financial year and not yet issued represent a maximum 1.70% dilution of share capital at 31 December 2017 (on a fully diluted basis).

Reference is expressly made to Section 21.1.4 on securities conferring a right in the share capital.

4.2 LIQUIDITY RISK

A prudent liquidity management plan involves keeping a sufficient level of liquid assets and having financial resources through appropriate credit facilities. The Group ensures that it always has sufficient liquidity to meet its commitments, in particular to realise investment opportunities.

At 31 December 2017, the Group has:

- centralised cash management when local legislation permits;
- internal procedures to optimise debt recovery;
- credit lines set up for €160 million as part of the Club Deal contract and short-term confirmed credit lines for €29.6 million, renewable annually.

At 31 December 2017, the two ratios under the Club Deal signed on 20 March 2015 had been met, namely:

- ratio 1 — “Consolidated net financial debt/Consolidated operating profit on activity”: under the terms of the Club Deal, this ratio must be less than 2.5;
- ratio 2 — “Consolidated net financial debt/Consolidated equity”: under the terms of the Club Deal, this ratio must be less than 0.7.

Additional information on the Club Deal contract is set out in Section 20.3.1, Note 2.3 “Financial risk factors”.

The Company performed a specific review of its liquidity risk and considers that it is in a position to meet its future commitments.

4.3 CREDIT/COUNTERPARTY RISK

ALTEN’s services are invoiced mainly on a time-spent basis. In reality, there are few risks related to fixed-price contracts (less than 10% of revenue). Internal procedures established by certain major account customers with regard to the issue of purchase orders and payment of invoices affect payment time frames. In light of these ever-growing difficulties, the Group had to *strengthen* its procedures to limit the increase in outstanding customer accounts and the risk of non-payment by customers.

The ALTEN Group derives 31.9% of its revenue from approximately ten customers, with its largest customer representing 10.2% of Group revenue, within various entities in several countries.

The ALTEN Group has also established internal procedures to assess the risk of customer insolvency during the pre-sales process and subsequently to efficiently collect these receivables.

ALTEN Group’s customers are among the largest European customers: close to 90% of revenue is generated by this type of customer, thus limiting the risk of insolvency. Its credit risk is therefore limited. Its credit risk is therefore limited. Customer account collection periods were 92 days in 2017 (94 days in 2016).

MAJOR ACCOUNTS’ SHARE

(as % of revenue)	2017	2016	2015
First	10.2	10.6	11.2
Top five	22.5	23.7	25.2
Top ten	31.9	33.4	35.8

There is no identified risk of dependency with regard to a specific client. See also Section 20.3.1, Note 2.3.

4

RISK FACTORS

RISKS CONNECTED WITH INTANGIBLE ASSETS

4.4 RISKS CONNECTED WITH INTANGIBLE ASSETS

Goodwill represents the difference between the purchase price and the fair value at the date of acquisition of identifiable assets and liabilities and contingent liabilities. Goodwill is not amortised. The Group has a period of 12 months from the date of acquisition to finalise the valuation of these assets and liabilities. Beyond this period, the effects are recognised directly under earnings.

Goodwill is allocated to Cash-Generating Units (CGUs) or groups of cash generating units that could benefit from the *consortium* that generated the goodwill. The ALTEN Group performs impairment tests of goodwill as soon as an indication of impairment is identified

and at least once a year. Goodwill impairment losses are not reversible (see Section 20.3.1, Notes 2.2.5.3 and 2.2.5.6 to the consolidated financial statements).

When the acquisition cost is less than the fair value of the share belonging to the Group in the net assets of the subsidiary acquired, the difference is recorded directly in the income statement over the vesting period, after verification of the process of identifying and evaluating various factors taken into account in its calculation.

See also Section 20.3.1, Note 3.1 to the consolidated financial statements.

4.5 LEGAL RISKS

Most of the services provided by the ALTEN Group are subject to an obligation of means.

However, services that are results-based (fixed-price contracts) may, in case of a delay in execution or incorrect execution, lead to the application of penalties, or result in ALTEN's liability being committed. The Group has developed specific methodological processes for the management of projects of this type. The Structured Projects Department, which deploys the methodologies and drives the delivery of the work packages, was CMMI^{®(1)} level 3 certified in December 2015 for a new three-year period. All of these processes associated with a rigorous management of its contractual commitments enable ALTEN to control this risk.

The rationalisation of supplier panels by large customers is increasingly forcing tier one companies such as ALTEN to conclude deals with a panel of sub-contractors, sometimes imposed by these clients. In this context, ALTEN has set up a dedicated sub-contracting management procedure under which operational and contractual requirements of clients are systematically passed on to the sub-contractors, which must provide proof of adequate levels of insurance.

In connection with its activities, the Group is involved in certain legal actions, mainly relating to former employees, commercial matters and taxes. A provision is posted when the Group has an obligation to a third party and it is certain or likely that it will lead to an outflow of resources for the benefit of said third party. Provisions are broken down by type, amount and expected maturity in the notes to the consolidated financial statements (see Section 20.3.1, details of consolidated financial statements, Note 3.9).

There is no other governmental, judicial, arbitration or administrative procedure, including all procedures known to the Company, that is pending or liable to occur and is likely to result or has resulted in a material impact on the financial position or the profitability of the Company and/or the Group over the past 12 months.

ALTEN conducts its own research and development projects and develops its own technologies, methods and tools through its centres of expertise and excellence. In the framework of projects undertaken for customers, ALTEN ensures the transfer of intellectual property rights that may be created by its employees and sub-contractors for the benefit of its customers.

The ALTEN Legal Department implements permanent legal and regulatory monitoring in order to ensure strict compliance with regulations in force in all areas. In order to strengthen the security of its operations, the ALTEN Group recently set up a Compliance department. It is responsible for the various regulatory compliance programmes (anti-corruption, protection of personal data, export control, compliance with economic sanctions, etc.) and the dissemination of the "compliance" culture within the Group through awareness-raising and training as well as a network of ambassadors.

In addition, as part of the ISO 27001 certification obtained in 2016 regarding information security management systems, ALTEN has strengthened its IT policy on risk prevention for infringement of third party rights by Group employees within the scope of their activity.

(1) CMMI is registered in the US Patent and Trademark Office by Carnegie Mellon University.

4.6 RISKS CONNECTED TO EXTERNAL GROWTH TRANSACTIONS

The ALTEN Group has carried out, and may again be led to carry out, transactions involving the acquisition of assets or equity interests, and more generally, any external growth transactions.

Such external growth transactions primarily imply the following risks:

- the assumptions made by the Group for the valuation of the acquisition may not be verified, in particular with regard to the prices, costs, synergies and profitability expected;
- difficulties connected to the implementation of the integration of the businesses or of the companies acquired may occur;
- the Group may not be able to retain certain employees or key customers;
- the Group's debt may deteriorate in order to finance such acquisitions, thereby limiting its financial flexibility and the possibilities of contracting new external financing.

Consequently, the benefits expected from future or past acquisitions may not be able to be verified within the timeframes and levels expected, which could have a negative impact on net financial income, the financial position, or the Group's outlook.

Within the framework of its development strategy, particularly abroad, the ALTEN Group completed a certain number of business combinations during the course of the last few financial years and is constantly looking at new opportunities (see in particular Chapter 5 of this Document).

The modest size of the acquisitions completed by ALTEN (between 50 to 200 consultants) enables control of integration risks and limits any impact on the size of the Group.

An acquisition process has been implemented within the Group, involving several ALTEN departments (including a department dedicated to researching and analysing potential targets, which informs and advises Management on investment options), as well as external advisers.

When an investment is decided upon, the Group develops an integration programme and puts into place the resources necessary for its implementation.

4.7 BUSINESS ACTIVITY RISKS

4.7.1 PROCEDURES AND REFERENCING POLICIES

The major accounts have implemented policies to rationalise their use of engineering and technology consultancy companies, the effect of which is to limit the number of listed partners in the context of a general policy aiming to increase productivity.

ALTEN was confirmed as an approved supplier for all of its customers for 2018 and also gained "approved" status with new customers, primarily abroad.

If ALTEN were to lose its preferred supplier status with a major account (a single customer representing more than 5% of revenue), its activity ratio and, as a result, its profitability could be affected. However, preferred supplier status with the customer is divided by business lines, and the loss of preferred status with such a customer would not impact all of the revenue generated by it.

In view of the rationalisation of supplier panels and changing demand among project owners, ALTEN assists its customers by implementing a work package offer that delivers productivity gains and which can be combined with a nearshore or offshore approach.

For some years now, customers' Purchasing Divisions have expressed interest in performing some of their research and development activities in "low-cost" countries. Accordingly, the ALTEN Group has established structures to meet this demand and thus develop the customer relationship. In practice, the number of projects carried out in offshore or nearshore mode remains very limited, but is gradually increasing.

ALTEN has nearshore and offshore organisations in Romania, India and Morocco.

The share of revenue generated by the ALTEN Group in offshore mode and nearshore mode is insignificant.

At this time, there are almost no relocation risks. This offshore/nearshore offering enables ALTEN to gain ground in new markets.

4

RISK FACTORS

INDUSTRIAL RISKS RELATED TO THE ENVIRONMENT

4.7.2 HUMAN RESOURCES MANAGEMENT

Close to 90% of ALTEN's employees are engineers whose profiles are much sought after in a very tight labour market.

ALTEN is a key player in the engineering job market in Europe. In 2017, the Group continued its active recruitment policy, adding more than 7,600 high-potential engineers and employees to its teams, including over 3,100 employees in France. This recruitment trend is underpinned by an industrialised skills analysis process to identify and recruit high-level profiles. The exclusive survey by "L'Usine Nouvelle", published at the start of the year, places ALTEN

amongst the top 10 executive recruiters in 2018 and in the top 3 of the "L'Usine Digitale" survey of recruiters in the digital sector, with a projected 3,800 recruitments in France, including 3,500 engineers.

In 2018, ALTEN was named "Top Employer" for the seventh consecutive year in France and the second year in Spain, Germany and Italy. This label showcases how the Group has invested in people, particularly in terms of training and valuing talent. ALTEN applies "best practices" in the field of human resource management.

4.8 INDUSTRIAL RISKS RELATED TO THE ENVIRONMENT

These risks are not material. The ALTEN Group provides intellectual services. Therefore, these activities have little environmental impact.

4.9 INSURANCE

The Group's insurance policy is linked to a strong initiative to prevent and protect against risk. All Group companies are insured through top ranking insurance companies for all major risks that could significantly impact its business, results or assets.

The main insured risks concern:

- indirect intangible damages;
- damage to property and business interruption;
- damage incurred by customers and third parties.

4.10 RISK MANAGEMENT AND INTERNAL CONTROL MECHANISM

The Group's internal control and risk management principles and procedures are in accordance with the guidelines of the French

Financial Markets Authority (Autorité des Marchés Financiers, or AMF) concerning risk management and internal control policies.

4.10.1 DEFINITION AND OBJECTIVES OF INTERNAL AUDIT AND RISK MANAGEMENT – SCOPE

The Internal audit system is defined by the ALTEN Group as a process implemented by management and staff to give reasonable assurance as to:

- compliance with laws and regulations;
- implementation of instructions and strategies established by General Management;
- optimisation of operational activities;
- the smooth running of the Group's internal processes, especially those affecting the protection of its assets;
- the reliability and the quality of information used within the Group and distributed outside it; and
- generally, the control of its activities, efficiency of its operations and effective use of its resources.

These internal audit procedures are applied throughout the ALTEN Group, which is defined as ALTEN SA as well as all companies fully consolidated according to the global integration method. One of the objectives of the internal control system is to prevent and limit all of the risks resulting from the Group's activities, particularly accounting and financial risks, operational and strategic risks and compliance risks. However, it cannot provide an absolute guarantee that objectives will be achieved or that the risks, whose likelihood of occurrence and potential impact it seeks to reduce, will be eliminated. A special purpose audit committee was formed in April 2017 whose remit included oversight of the internal control and risk management system and the financial reporting system (see Section 16.4.1.2.)

4.10.2 REFERENCES AND COMPONENTS OF ALTEN'S INTERNAL CONTROL SYSTEM

Internal control and risk management is carried out at several levels:

- operational management, at the level of Group entities or geographical areas, which is responsible for managing operational risks and implementing the components of internal control;
- the Group's functional departments (Finance, IT, Human Resources, Purchasing, etc.), which disseminate, assist and monitor on an ongoing basis the implementation of the components of internal control.

The specific rules established by the ALTEN Group's various functional departments are presented below:

Recruitment:

The hiring of staff members follows a process that is set out and regularly updated by the Group Human Resources Department (procedures to be followed, standard employment contracts, etc.). Once hired, information on new employees is promptly recorded in the Group's IT Systems. In particular, payroll for all "France" employees is centralized.

Sales:

Any new account receivable in France is subject to scoring to ensure that the customer is solvent. All accounts receivable are scored and are subject to collection proceedings differentiated according to scoring levels.

For this purpose, ALTEN uses a dedicated accounts receivable management and collections module in all its subsidiaries that have an ERP.

This application is used at different levels once an invoice has been sent: identification of late payments, reminders, identification and centralization of disputes, collection, etc.

Strict internal guidelines specify how sales are recognised, depending on the nature of the projects (mainly time/materials, work packages and fixed price). These guidelines are disseminated and uniformly applied by all Group subsidiaries, in France and abroad.

Invoices are issued by the administrative services of the relevant entities.

The Group benefits from strengthened General Conditions of Sale, which are always incorporated in responses to invitations to tender.

ALTEN has established a specific process to manage Structured Projects: Upon receipt of an invitation to tender, the Commercial Manager and the Technical Manager examine the commercial and technical risks before deciding how to follow up the ITT, with the Director of Operations acting as an arbitrator.

The process continues, if applicable, with the design, the development of financial and technical proposals, then a review of the tender with the participation of the Technical Director, the Department Director, Management Control and the Director of Operations. The Legal Department is always included in this process. Because of the nature of its customers, the Group has little exposure to foreign exchange risks and credit risks.

Purchasing:

All purchases are subject to independent verifications:

- the internal originator must issue a statement of requirement;
- purchase of equipment or services by the Group Purchasing Division in conjunction with the relevant department (General Resources, IT, etc.) by competitive bidding, when appropriate;
- validation and receipt of the service and/or delivery by the relevant division;
- validation of the authorisation for payment and of the invoice by the person responsible for the budget, with respect to the various documents.

Invoice settlement, arranged by the Accounting Division, is validated by an independent third party who ensures that the previous procedures have been followed and who verifies, through sampling, the information that enables validation of the invoices.

The Group employs General Conditions of Purchase that include provisions relating to CSR and IS.

Legal:

Legal procedures are in place at Group level to involve the Legal Department in the various levels of pre-existing processes. Legal audits of Group subsidiaries are carried out on a regular basis, based on a preliminary self-assessment questionnaire.

Acquisitions:

The identification of targets and their preliminary approval are first handled by a special department or Operations Managers, and then validated by General Management, the Financial Department and the Operational Division of the relevant Division.

External growth transactions are systematically authorised by the Board of Directors.

Proposed acquisitions are submitted to the Board of Directors for approval following an operational, financial, HR, tax and legal audit designed to ascertain that the entities fit the business model, that they are financially sound and that potential risks have been identified.

Once the project is approved, finalisation of the transaction is managed by the Legal Department, which drafts the supporting documentation.

Acquired entities are immediately integrated into the Group's operational reporting system and management process. Depending on the entity's size, the Group's information systems may be used to ensure the reliability of the data. They are reassessed on an annual basis.

Real estate:

The request for new premises is prepared by the Operational Manager, confirmed by the Director of Operations and sent to Group General Resources to be processed and for a business case to be made. Review of the project and approval of selected premises falls within the purview of General Management. The Legal Department

and the Purchasing and General Resources Division are also involved in the various stages of lease negotiations, overseeing them with the General Services Division.

A property committee meets regularly to maintain a constant flow of information between the Legal Department, General Resources and Management Control so as to update data on current property and analyse ongoing and future projects.

Financial communications:

The ALTEN Group uses all available resources to provide regular, reliable, clear and transparent information both to its shareholders and to financial analysts. Information is provided via press releases distributed to the press, quarterly publications of the Group's sales figures, and biannual and annual publications of its earnings.

The Group organises semi-annual analysts' meetings at the time it publishes its earnings, and four times a year it organises teleconferences when quarterly results are published.

Delegations of authority:

The existing system for delegating authority has a threefold purpose:

- educating Operations Managers about their responsibilities;
- establishing the ALTEN Group's power of representation for the benefit of the Operations Managers;
- establishing a precise framework in which the Operations Managers exercise their authority (including the right of further delegation).

Delegations of authority primarily concern matters that are directly related to operations (hiring consultants or sales managers, signing customer contracts, dispute management, etc.). Bank signing authority is only partially delegated in France and abroad for limited amounts.

Information systems:

The Group has implemented Information Systems with a threefold objective:

- to achieve productivity gains;
- to secure the flow of financial information; and
- to oversee operations carried out by the various Group companies and have pertinent operational information enabling responsive management of the business.

The main application software currently in use is:

- Customer Relationship Management (CRM);
- project management;
- human Resources, employee management;
- payroll;
- purchasing;
- sales management and invoicing;
- employee management and time management (in conjunction with employee and project management);
- cost management and oversight (in conjunction with time and project management);
- general and analytic accounting, management control and financial management;
- consolidation;
- cash management.

Interfaces have been established between various software applications in order to provide access to dependable and consistent information at all stages of data processing.

In 2017, in accordance with the announced plan concerning developments in the Group's information system:

- The ERP Unit 4 Business World (Agresso) has been introduced in Sweden; deployment of this ERP will continue in 2018 in addition to the version upgrades planned for a number of subsidiaries.
- The ERP SAP has been deployed in one company in France (with 1,000 employees). In 2018 there are plans for an upgrade to version EHP 8 in preparation for implementing SAP Hana.

These two major ERPs are now in use in more than half of Group companies (representing more than 75% of the Group's activity). This share is expected to increase in the coming years.

The new CRM NEX6 was deployed in France in 2017 in accordance with the original plan, and went into full production in October 2017. Implementation in England and Germany is scheduled to start in 2018. This solution equips every business manager with a mobile and secure application.

In July 2017, the service supply platform ServiceNow was rolled out to manage a first batch of IT requests and incidents.

This solution will be deployed in future years in other business scopes (such as facility management and security management) and throughout all user entities, providing a common, Group-wide platform.

Cash flow:

The Group's centralised cash management department manages the cash of all French subsidiaries. Since 2009, all cash flow has been protected by the SWIFT NET network and high-performance ERP software. A study of the latest cash management software is in progress.

4.10.3 PREPARATION OF FINANCIAL AND ACCOUNTING INFORMATION

The Group Financial Department is responsible for internal audit procedures related to the preparation and presentation of internal and external financial information.

The production and analysis of financial information relies on the Accounting, Consolidation and Management Control Departments as well as on the Financial Departments of the various Group subsidiaries.

Externally, the consolidated financial statements of the Group are prepared according to international accounting standards (IFRS), published semi-annually and annually. The preparation of these statements is done as part of a process led by the consolidation department reporting to the Financial Department of the Group, in the following manner:

- Communication of Group accounting and financial principles in the form of a Consolidation Manual;
- Dissemination of precise instructions to Group companies before each consolidation, including the scope of consolidation and a detailed schedule;
- Preparation using software that provides all necessary functions in terms of traceability, accuracy and security of data and processing. Subsidiaries submit separate financial statements for consolidation at Group level, with no intermediate consolidation level. The users are regularly trained and/or re-trained on the software by the Consolidation department;
- Production of analyses and controls of the data throughout the process.

Internally, Group companies issue monthly reports on their operations and finances, including managerial, oversight and operational control indicators. This process is led by the Management Control Department, which also ensures the reliability of the budget process, measures and analyses performance and prepares summaries for Group senior management. With specific reference to foreign entities, International Management Control also has a role in implementing and developing finance/management structures at foreign subsidiaries (processes/tools/recruitment) to support their development and ensure the accuracy of financial and operational information. Monthly and even weekly financial, sales and technical reviews based on quarterly reports are carried out.

In 2017, the Group created an Internal Financial Control Department, which reports functionally to the Group Financial Department. The purpose of this department is to spearhead the internal control and financial risk management system within the Group, including certain operational and compliance aspects.

In this regard, several actions have been taken:

- Carrying out a self-assessment survey including the provisions of the AMF's application guide in its reference framework;
- Disseminating rules and principles according to identified needs.

4.10.4 RISK MANAGEMENT

Identified risks and the resources in place to manage them appear in Section 4.1 of this Registration Document.

4.10.5 CONCLUSION – OUTLOOK

The continuous improvement mechanism in the internal controls undertaken by the ALTEN Group for several years now will continue in 2018.

4 RISK FACTORS

INFORMATION ABOUT THE ISSUER

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5.1 HISTORY AND DEVELOPMENT OF THE COMPANY

5.1.1 COMPANY AND COMMERCIAL NAME OF THE ISSUER

Issuer's Company name: ALTEN.

Issuer's commercial name: ALTEN.

5.1.2 TRADE AND COMPANIES REGISTER

The Company has been registered in the Nanterre Trade and Companies Register under the number 348,607,417 since 16 November 1988.

5.1.3 DATE OF INCORPORATION AND TERM

The Company was formed on 28 October 1988.

The duration of the Company is 99 years as from its registration in the Trade and Companies Register, except in the case of premature winding up or extension of such duration.

5.1.4 REGISTERED OFFICE, LEGAL FORM, APPLICABLE LEGISLATION

Registered office and headquarters: 40, avenue André-Morizet, 92513 Boulogne-Billancourt Cedex, France. The telephone number of the registered office is +33 (0)1 46 08 72 00.

Sales Department: 221 bis, boulevard Jean Jaurès, 92514 Boulogne-Billancourt Cedex, France. The telephone number of the Sales Department is +33 (0)1 46 08 70 00.

ALTEN is a French limited company (Société Anonyme) with a Board of Directors subject to French law, especially the provisions of the French Commercial Code.

5.1.5 HISTORY AND DEVELOPMENT OF THE GROUP STRUCTURE

Since its inception, ALTEN has developed in two strategic directions: geographical proximity to its customers, (in France and abroad) and continued enhancement of its offer by developing new expertise and

services. ALTEN has quickly become a European leader in the Engineering and Technology Consultancy sector.

1988

ALTEN is founded by three engineers, all graduates of prestigious French universities, who are at the Company's helm.

1989-2000

1989: ALTEN creates its first subsidiaries in France: ALTEN Sud-Ouest, ALTEN Industrie (fixed-price integration in the rail sector), GIST and abroad: ALTEN Ltd (UK).

ALTEN continues to expand despite the recession. It doubles its headcount and generates a profit in every year from 1991 to 1994.

ALTEN broadens its range of services by setting up subsidiaries that specialise in network architecture, open systems, client-server applications, and object-oriented technologies.

ALTEN opens two offices in western and eastern France (ALTEN Ouest and ALTEN Est) as part of its regional expansion strategy.

1999: ALTEN SA is launched on the Second Marché of the Paris Stock Exchange on 1 February 1999. The Company continues to expand regionally with the opening of ALTEN PACA and ALTEN Nord. It spins off its operations in Belgium with the creation of ALTEN Benelux in late December.

2000: ALTEN continues to set up foreign operations. It creates Altek in Germany, ALTEN Spain, Axen in the Benelux region, and increases its stake in ALTEN Ltd. in the UK to 100%. The Group acquires Abilog, Anotech, Cogitel and the Techniques Avancées Group.

2001-2010

- 2001: ALTEN steps up its policy of growth through acquisition to sustain its rate of expansion in a less favourable economic environment and acquires three new companies, including one overseas: Eben Technologies, SD Partners and ETIC.
- 2002: ALTEN continues its growth and acquires another four companies (SBD Technologies and Siatcom in Spain, Orion in the Netherlands and Groupecyber in France).
- 2003: Reinforcement of its international position, which at end 2003 represents 20% of ALTEN Group revenue, particularly following implementation in Italy (acquisition of DEC Informatica) and Germany (acquisition of IMP GmbH). Acquisition of a company in France, the GSO Group, which specialises in research and development project management.
- 2004: ALTEN achieves significant organic growth in France and continues its international development. The Group records more than 25% of its revenue outside France. Acquisition of three new companies: Cronos in Spain, Syselog in France and Aerotec in Germany, allowing ALTEN to become a European leader in R&D project management.
- 2005: ALTEN exceeds its objective of 6,000 employees a year ahead of schedule (headcount of 6,540 employees at the end of 2005). The Group records more than 27% of its revenue outside France. ALTEN carries out diverse internal restructuring operations in 2005 and acquires Quaternove in France.
- 2006: ALTEN becomes the European leader in advanced technology consultancy and continues its expansion through organic growth and acquisitions. In response to the growing demand from customers for work package⁽¹⁾ and offshore/nearshore⁽²⁾ services, ALTEN creates a special division dedicated to “Structured Projects” and acquires a company specialising in R&D engineering and workpackage design. The nearshore offer is expanded with an acquisition in Romania and now includes the Czech Republic, Slovakia, Poland, Romania and Vietnam.
- 2008: ALTEN confirms the almost comprehensive nature of its listings and partnerships in Europe, and is included among EADS’ listed E2S service providers throughout the world (the top five engineering service providers for the EADS Group). Sustained organic growth (16.2%) is achieved mainly through the Energy, Rail, Aeronautics and Banking sectors. ALTEN thereby strengthens its position as a leader in the ETC market (source: PAC 2009)⁽³⁾.
- 2009: The decline in economic activity affects most business sectors, mainly the Automotive industry. ALTEN’s listings are confirmed and it continues its growth in other sectors such as Aeronautics, Energy and Banking/Finance. The ALTEN Group becomes the French leader in Structured Projects.
- 2010: The ALTEN Group continues to redeploy its offer towards Structured Projects. This strategy leads it to strengthen and restructure its Technical Division and to start the CMMI certification process.

2011-2016

- 2011 - 2012: ALTEN continues to gain market share. In 2012, it acquired four companies outside France. ALTEN continues to structure its Technical Division, developing its expertise centres and becoming leader in workpackage management. Revenue exceeds €1 billion and the Group has 14,800 employees.
- 2013 - 2015: ALTEN continues its strategy of organic growth and speeds up development through external growth in order to strengthen its market positions on the international stage.
- In 2013, ALTEN acquires six new companies of which one in France and five internationally, and eight in 2014, seven of which were abroad. Six new companies outside France joined the Group in 2015. ALTEN is expanding its operations in Germany, Scandinavia, the United Kingdom, Eastern Europe and the United States. ALTEN joins compartment A of Euronext on 1 January 2014.
- In 2015, International business represents 48.4% of total Group activity, thanks to organic growth that is twice as strong as in France and a very dynamic acquisitions policy.
- 2016: ALTEN accelerates implementation of its development strategy, based on dynamic, targeted external growth, completing ten acquisitions during 2016, of which nine abroad, while maintaining its capacity for organic development in line with its margin policy. For the first time since its inception, ALTEN records more than 50% of its revenue abroad.

2017

The Group’s organic growth accelerates throughout 2017, in France and internationally, particularly in the last quarter. ALTEN carries out seven acquisitions abroad (four companies in the USA, two in

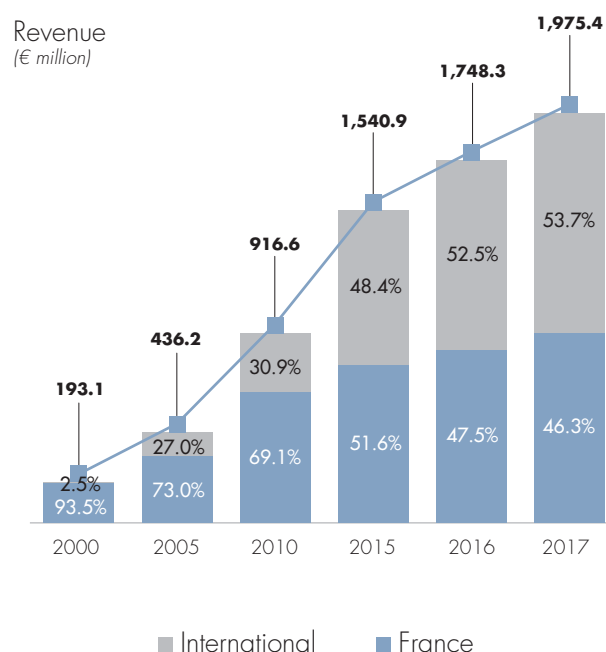
Germany and Switzerland and one in Japan). The US becomes the Group’s second largest geographical area of activity.

(1) Services consumed in France performed abroad (in geographically nearby countries: nearshore or in distant or very distant countries: offshore).

(2) Subcontracted services where technical resources are made available (premises, computers, business software).

(3) Study carried out by Pierre Audoin Conseil.

ACCELERATION OF THE GROUP'S INTERNATIONAL DEVELOPMENT SINCE 2000



5.1.6 LIST OF REGULATED INFORMATION PUBLISHED OVER THE LAST 12 MONTHS

PRESS RELEASES PUBLISHED WITH REGARD TO THE PERMANENT INFORMATION

- 26 April 2017 – Press Release on strengthening the governance of ALTEN

REGISTRATION DOCUMENT - ANNUAL FINANCIAL REPORT

- 21 February 2017 – Press release on the 2016 annual results
- 22 February 2017 – Presentation of 2016 annual results (SFAF)
- 28 April 2017 – Publication of the 2016 Registration Document
- 28 April 2017 – ALTEN 2016 Registration Document
- 20 February 2018 – Press release on the 2017 annual results
- 21 February 2018 – Presentation of 2017 annual results (SFAF)

HALF-YEAR FINANCIAL REPORT

- 19 September 2017 – Press release on the 2017 first-half results
- 20 September 2017 – 2017 half-year financial report

QUARTERLY FINANCIAL INFORMATION

- 26 January 2018 – Press release on the 2017 4th Quarter results
- 25 October 2017 – Press release on the 2017 3rd Quarter results
- 26 July 2017 – Press release on the 2017 1st half results

- 26 April 2017 – Press release on the 2017 1st Quarter results
- 25 January 2017 – 4th Quarter 2016 Activity

DESCRIPTION OF SHARE BUYBACK PROGRAMMES AND STATEMENT OF THE LIQUIDITY CONTRACT

- 10 January 2017 – Half-year report on the liquidity contract at 30 December 2016
- 10 July 2017 – Half-year report on the liquidity contract at 30 June 2017
- 08 June 2017 – Correction of the description of the share buyback programme submitted to the General Meeting of 22 June 2017
- 08 January 2018 – Half-year report on the liquidity contract at 31 December 2017

MONTHLY DECLARATIONS OF THE TOTAL NUMBER OF VOTING RIGHTS AND SHARES

- 12 Declaration forms

ANNOUNCEMENTS OF PUBLICATION OR CONSULTATION OF INFORMATION CONCERNING THE GENERAL MEETINGS OF SHAREHOLDERS

- 01 June 2017 – Announcement of publication of information regarding GM of 22 June 2017

5.2 INVESTMENTS

5.2.1 PRINCIPAL INVESTMENTS MADE DURING THE PAST THREE FINANCIAL YEARS

Companies acquired by ALTEN Group during the past three financial years:

2017		2016		2015	
Companies	Country	Companies	Country	Companies	Country
KS ENGINEERING	Germany/Poland	NEXSE	Italy	ECLIPSE	The Netherlands
PREMIER LOGIC	United States	CRESTTEK	United States/India	EXPERCO	Canada
SYNCRONESS	United States	PVR SIRILAN	United States	LINCOLN	France
BLUEAGILITY	United States	ASM	United States/Singapore/India	AIXIAL	France/Belgium
DEVJAM	United States	IST	Germany	CORALIUS	Belgium
HELVETING	Switzerland/Spain				
TECHNO LIKE US	Japan	PROEX	Canada	CRÉATIVE DATA	Germany
		CLOVER GLOBAL SOLUTIONS	United States	BEONE	Germany/Switzerland
		KEPLER ROMINFO	Romania	HOTSWAP	Sweden/Germany
		CADUCEUM	France		
		CLEARGROUP	Germany/Poland		

Amount of net disbursements on acquisitions including earn-outs (in millions of euros):

2017	2016	2015
43.3	86.6	58.6

5.2.2 PRINCIPAL INVESTMENTS MADE OR COMMITTED SINCE YEAR-END

The Group made several acquisitions at the beginning of 2018:

- An Austrian ETC company in the automotive sector (revenue: €5.5 million; 95 consultants);
- A Chinese ETC company in the automotive sector (revenue: 7 million; 175 consultants);
- A Spanish multi-sector IT company (revenue: €8.5 million; 150 consultants).

5.2.3 PRINCIPAL FUTURE INVESTMENTS

No other investment planned in the future has given rise to a firm commitment by the Company's management bodies, with the exception of earn-out clauses relating to acquired subsidiaries, whose amounts were duly posted in the Group's consolidated

financial statements. The corresponding debt, estimated at €24.6 million at 31 December 2017, is posted in other current and non-current liabilities.

5

INFORMATION ABOUT THE ISSUER

OVERVIEW OF THE BUSINESS AND STRATEGY

6

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6.1 MAIN ACTIVITIES

6.1.1 OPERATIONS AND MAIN ACTIVITIES

The ALTEN Group's main activities are described in the Chapters of the business report entitled "ALTEN, technology partner" and "Our customers".

The tables below supplement this information.

Breakdown of consolidated revenue by main business sector for the period covered by the historical financial information:

	2017	2016	2015
Aerospace	15.6%	15.9%	17.1%
Defence & Security	4.4%	4.6%	4.9%
Automotive	22.1%	20.8%	19.1%
Rail & Naval	2.7%	2.9%	3.1%
Multimedia & Electronics	6.6%	6.4%	6.0%
Telecoms	7.7%	8.4%	8.9%
Finance & Services	18.2%	18.6%	16.1%
Energy & Life Sciences	18.0%	17.9%	19.9%
Other industries	4.7%	4.5%	4.9%

Distribution of revenue by main geographical areas:

Country	Full year		Change			
	2016	%	2017	%	Change	Of which organic excl. forex
France	830.1	47.5%	914.4	46.3%	10.2%	7.1%
International	918.2	52.5%	1,061.1	53.7%	15.6%	8.5%
North America	162.9	9.3%	217.4	11.0%	33.4%	16.3%
Germany	177.2	10.1%	206.5	10.5%	16.5%	1.6%
Scandinavia	136.0	7.8%	156.3	7.9%	15.0%	16.7%
Spain	82.9	4.7%	92.2	4.7%	11.2%	11.2%
UK	93.2	5.3%	79.0	4.0%	-15.2%	-12.0%
Italy	74.1	4.2%	76.2	3.9%	2.8%	2.8%
Belgium	61.6	3.5%	64.9	3.3%	5.4%	5.4%
The Netherlands	53.8	3.1%	58.8	3.0%	9.3%	9.3%
Asia-Pacific	25.8	1.5%	40.0	2.0%	54.8%	46.0%
Other	50.7	2.9%	69.7	3.5%	37.6%	11.6%
TOTAL	1,748.3	100%	1,975.4	100.0%	13.0%	7.9%

6.1.2 NEW OFFERS

The ALTEN Group's range of services is described in the Chapter entitled "ALTEN, technology partner" in the "Range of service" section of the business report.

6.2 MAIN MARKETS

A presentation of the ALTEN Group's principal markets is given in the Chapter of the business report entitled "Our customers".

6.3 EXCEPTIONAL EVENTS

None.

6.4 ISSUER'S DEPENDENCY ON PATENTS OR LICENCES, INDUSTRIAL, COMMERCIAL OR FINANCIAL AGREEMENTS, OR NEW MANUFACTURING METHODS

See Chapter 4 "Risk factors".

6.5 COMPETITIVE POSITION

ALTEN has been the number one provider in the engineering and technology consulting market for several years. ALTEN is No. 2 in the European market, in which it is reinforcing its front-running position.

The engineering and technology consulting market remains fragmented. ALTEN represents 10% of the French market; the top 5 companies account for one-third of the market, and the top 15, half of the market.

The changes in demand in an increasingly complex environment have eaten away at the size of the smaller and medium-sized firms in favour of the largest.

The digital transformation of the industrial world, the diversification of offers and of types of client engagement, the development of offshore and near shore activities favour firms of international dimension able to meet the requirements of size and scope.

Outside France, markets remain fragmented, but the markets have been trending the same way. Only the French groups have an international presence (Europe/US/Asia), although Indian firms are testing the waters in an effort to penetrate the European markets.

(Source: Pierre Audoin Consultants 2017).

6

OVERVIEW OF THE BUSINESS AND STRATEGY

ORGANISATION CHART

7

7.1 BRIEF DESCRIPTION OF THE GROUP

ALTEN SA is the parent company of the ALTEN Group. ALTEN SA conducts both operational activities and operational holding activities for the Group. It conducts the following activities as part of its parent-subsiary relationship with the Group's, mainly French, subsidiaries:

- management and strategy consultancy;
- communication and marketing;
- finance (accounting, management oversight, cash management, etc.);
- legal (company law, contracts, dispute resolution, labour law, claims, mergers and acquisitions, etc.);
- internal development (recruitment and training of sales managers, etc.);
- administration and human resource management (career management, payroll, employee relations, etc.);

- computing (Information Systems and Networks/Telecommunications);
- purchases (policy, invitations to tender, negotiations);
- general resources, management of premises (logistics, care, maintenance etc.).

The subsidiaries are billed for these services in line with the transfer pricing policy implemented within the Group.

ALTEN SA has formed a central corporate treasury within the Group through its subsidiary, ALTEN CASH MANAGEMENT.

ALTEN SA also allows some of its subsidiaries to benefit from major customer referrals.

At 31 December 2017, the ALTEN Group was composed of 139 subsidiaries located in Europe, North and South America, Asia, Africa and the Middle East.

7.2 LIST OF MAJOR SUBSIDIARIES

The list of major subsidiaries is given in Note 2.4 to the consolidated financial statements, "Scope of consolidation", in Section 20.3.1 of this Registration Document.

7

ORGANISATION CHART

PROPERTY, PLANT AND EQUIPMENT

8

8.1 SIGNIFICANT PROPERTY, PLANT AND EQUIPMENT

None.

8.2 ENVIRONMENTAL ISSUES THAT MAY AFFECT THE USE OF PROPERTY, PLANT AND EQUIPMENT

None.

8

PROPERTY, PLANT AND EQUIPMENT

REVIEW OF THE FINANCIAL POSITION AND RESULT

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All subsidiaries of ALTEN (hereafter the “Company” or “ALTEN”) are consolidated into the Group financial statements in accordance with the methods described in the notes to the consolidated financial statements.

9.1 FINANCIAL POSITION

9.1.1 ACTIVITY OF THE GROUP AND ALTEN SA OVER THE LAST FINANCIAL YEAR

9.1.1.1 Activity of the Group during the financial year

ALTEN, the European leader in Engineering and Technology Consulting (ETC), carries out design and research projects for the Technical and Information Systems Divisions of major industrial, telecoms and service-provider customers.

The market encompasses the full range of ETC services, specifically:

- scientific and Technical Research;
- network architecture and IT systems.

The ALTEN Group continued to expand internationally (+15.6%), which now accounts for 53.7% of the Group’s total activity.

The operating margin rose by 7.4% during the financial year compared with 31 December 2016, totalling 9.83% of revenue at 31 December 2017 (10.35% in 2016).

At 31 December 2017, ALTEN had 28,000 employees, 88% of which were engineers.

The distribution of revenue by activity is presented in chapter 6 of this Registration Document.

ALTEN made a number of external growth transactions during the last financial year:

- acquisition by ALTEN GmbH, on 3 April 2017, in Germany and Poland, of KS Engineering and of its Polish subsidiary, which specialise in the automotive sector (revenue €6 million; 75 consultants including 30 in Poland);
- acquisitions by ALTEN EUROPE, on 15 May 2017, in Japan, of 51% of the capital and voting rights of TECHNO LIKE US, which

specialises in engineering consulting (revenue €6 million; 70 consultants);

- acquisition by CALSOFT LABS USA, on 14 July 2017, in the USA, of PREMIER LOGIC LLC., which specialises in the telecoms sector (revenue €10 million; 75 consultants);
- acquisition by ALTEN USA, on 19 July 2017, of SYNCRONESS Inc., which specialises in industry (revenue €12 million; 75 consultants);
- acquisition by ALTEN SWITZERLAND, on 24 July 2017, of three Swiss companies making up the “HELVETING” group as well as a subsidiary of one of them located in Spain; these groups specialise in the automotive sector, and in particular embedded systems (revenue €14 million; 95 consultants);
- acquisition by CPRIME, on 24 August 2017, in the USA, of BLUE AGLITY, which specialises in consulting (revenue €5 million; 30 consultants);
- acquisition by CPRIME, on 11 September 2017, in the United States, of EDISON ED Inc A DEVJAM, which specialises in consulting (revenue €5 million; 25 consultants).

Events after year end

The Group carried out a number of acquisitions in early 2018:

- an Austrian ETC company in the automotive sector (revenue: €5.5 million; 95 consultants);
- a Chinese ETC company in the Automotive sector (revenue €7 million; 175 consultants);
- a Spanish multi-sector IT company (revenue: €8.5 million; 150 consultants).

9.1.1.2 Activity of ALTEN SA

ALTEN SA is active in the Engineering and Technology Consulting and Information Systems and Technological Networks sector on behalf of major customers in industry, telecoms and the services sector.

There are two kinds of services that ALTEN SA offers its customers:

- consulting services: the projects are carried out on our clients' premises, with a commitment of resources;
- workpackage management: projects include several levels of responsibility and risk-sharing, and may be carried out on the clients' premises or may be partially or completely outsourced to an Alten facility. These services are generally provided by committing resources, with corresponding invoicing on a time-spent, or work unit basis. Projects with commitments in terms of results, for a fixed fee, account for less than 10% of ALTEN SA's total activity.

Activity in 2017 was satisfactory. Automotive manufacturing, manufacturing engineering in the aeronautical sector, and the space sector all continued their growth, as did life sciences.

9.1.2 REVENUE GROWTH

9.1.2.1 ALTEN Group

The ALTEN Group's consolidated revenue at 31 December 2017 totaled €1,975.4 million, up 13% from 2016.

Acquisitions over the year, mainly made abroad, accounted for 5.7% of the activity's growth. There was sustained growth in activity throughout the year: it was 10.1% in France and 15.6% abroad.

International markets now account for 53.7% of revenue (compared to 52.5% in 2016).

Excluding variations of scope and exchange rate, activity grew 7.9% (7.1% in France and 8.5% internationally) despite two fewer working days than in 2016, which reduced growth by about one percentage point.

9.1.2.2 ALTEN SA

ALTEN SA posted revenue of €522.2 million, up by 3.3% on the previous year (€505.6 million). 98.3% of the Company's revenue is generated in France, and 1.7% outside of France, from projects carried out for French customers.

9.1.3 EARNINGS TRENDS

At 31 December 2017, operating profit on activity amounted to €194.2 million, or 9.83% of revenue (€180.9 million or 10.35% of revenue in 2016), up 7.4% from 31 December 2016.

The operating margin on activity was 9.4% in the first half of 2017 and reached 10.2% in the second half.

Key events

During the first half of 2017, €33.2 thousand in dividends were paid to shareholders in respect of financial year 2016.

In January 2017, ALTEN SA contributed its AUSY shares to the tender offer initiated by Randstad France. This disposal generated a capital gain of €21.5 million for the financial year.

ALTEN SA's Board of Directors awarded free shares and preferred shares during the financial year within the framework of authorisations granted by the General Meeting held on 24 May 2016 (see chapter 15.2).

Events after year end

None.

This includes direct invoicing for services rendered by some Group subsidiaries to customers with whom ALTEN SA is a listed supplier, together with related services consisting of fees billed back to subsidiaries, the rebilling of shared services, etc.

Consequently, operating revenue (excluding ongoing management income) from services carried out by ALTEN SA for its customers amounted to €411.3 million in 2017, up by 2.6% over 2016 (€400.9 million).

Other external purchases and costs were €177.7 million compared with €179.8 million at 31 December 2016, down 1.16%. Even though subcontracting costs increased, in connection with activity, the modification of the expenses policy had the consequence of significantly reducing travel costs.

Personnel expenses stood at €298.96 million, versus €277.8 million in 2016, an increase of 7.62% owing to the growth in headcount consistent with higher business activity.

The fall in the operating margin on activity was mainly due to the unfavourable calendar effect (two fewer working days compared with 2016) and to the strengthening of management teams, which was necessary to support growth.

The Group's operating profit amounted to €176.6 million, or 8.9% of revenue, up 12.2% compared with the previous year (in 2016, Group operating profit was €157.4 million, representing 9% of revenue).

The non-recurring result was -€4.8 million at 31 December 2017. It includes earn-outs (€2.0 million), fees on acquisitions (€1.3 millions) and the impairment of goodwill on Calsoft Singapore for €1.3 million.

The IFRS cost of share-based payments was €12.8 million (€9.0 million in 2016).

After taking these items into account, operating profit was €176.6 million, 8.9% of revenue, up 12.2% compared with the previous year. In 2016, operating profit was €157.4 million and accounted for 9.0% of revenue.

The Group posted net financial profit of €16.2 million. It was mainly made up of the capital gain from the disposal of the AUSY shares.

Income tax expenses were €50.2 million. Earnings of equity-accounted companies amounted to €5.7 million.

The share of minority interests was €1.3 million.

Consequently, net income, Group share, amounted to €147 million (7.4% of revenue), up 30.7% from 2016 (€112.4 million or 6.4% of revenue).

The ALTEN Group's consolidated results are presented in the following table:

	2017		2016		Change
	(In millions of euros)	%	(In millions of euros)	%	%
Revenue	1,975.4	100	1,748.3	100	+13.0
Operating profit on activity	194.2	9.8	180.9	10.35	+7.4
Share-based payments	(12.8)		(9.0)		
Non-recurring profit	(4.8)		(14.6)		
Operating profit	176.6	8.9	157.4	9.0	+12.2
Net financial income	16.2		(0.1)		
Taxes	(50.2)		(49.9)		
EMCs and minority interests	4.4		5.0		
Net income, Group share	147.0	7.4	112.4	6.4	+30.7

9.1.3.2 ALTEN SA

Operating profit stood at €32.4 million (6.2% of revenue) at 31 December 2017 versus €34.3 million as at 31 December 2016 (6.8% of revenue).

Net financial income stood at €25.7 million at 31 December 2017, compared to €30 million as at 31 December 2016. This financial income was essentially made up of dividends paid by the ALTEN subsidiaries (€21.1 million) and reversals of financial provisions, net of allowances (€3.8 million).

Non-recurring income amounted to €21.5 million, compared to -€12.8 million at 31 December 2016. It was mainly made up of the capital gain from the disposal of the AUSY shares.

After taking income tax of €0.5 million into account, net income came to €76.5 million, or 14.66% of revenue.

In the balance sheet, financial assets of €219.05 million mainly consisted of investment securities.

As at 31 December 2017, ALTEN SA's net cash position (including financial debts and current accounts) was positive at €37.2 million (€41.8 million as at 31 December 2016).

9.1.4 DEFINITIONS AND COMPARISON OF ALTERNATIVE PERFORMANCE INDICATORS WITH IFRS INDICATORS

The ALTEN Group uses alternative performance indicators to monitor its operational activity. The Group feels that these indicators provide additional information enabling users of periodical financial information to get a more complete picture of the Group's performance. These alternative performance indicators complement the IFRS indicators.

9.1.4.1 Growth in revenue on a like-for-like basis (or organic growth)

Growth on a like-for-like basis (constant scope and exchange rates) is calculated excluding the impact of changes in exchange rates and the scope of consolidation over the period.

The impact of the exchange rate effect is determined by converting the revenue for the period using the average exchange rate of the previous financial year.

The impact of the scope is determined by excluding revenue for the period for acquisitions, and revenue of the previous period for disposals, in order to make the scope of consolidation for the period identical to that of the previous period.

This indicator makes it possible to determine the Group's intrinsic performance regarding activity over the period.

9.1.4.2 Operating profit on activity

Operating profit on activity is the operating profit before expenses relating to share-based payments, income from significant asset disposals, impairment of goodwill, and other significant and non-recurring items recorded under other operating income and expenses.

Since share-based compensation varies markedly from one year to the next, this operating profit on activity presented in the financial statements gives a direct view of the operational performance of the Group by making it comparable from one period to the next.

9.1.4.3 Net cash position (or Net debt)

The net cash position as defined and used by the Group corresponds to the cash and cash equivalents minus gross financial debt (bank borrowings and other related financial debt). This indicator is called "Net cash position" when the amount of cash and cash equivalents is higher than the gross financial debt and "net debt" when the opposite is the case.

9.2 OPERATING PROFIT

9.2.1 SIGNIFICANT FACTORS

The factors that affected business and operating profit are set out in Section 9.1. An analysis by business sector is also available in the "Our customers" chapter of the business report.

9.2.2 MATERIAL CHANGES

None.

9.2.3 EXTERNAL EVENTS

None.

9.3 ALLOCATION OF EARNINGS

The General Meeting of Shareholders will be asked to approve the company financial statements for the year ended 31 December 2017, which closed with a profit of €76,526,486.81.

Source:

• net profit for the financial year:	€76,526,486.81;
• retained earnings:	€143,389,413.75;
• earnings to be allocated:	€219,915,900.56.

Allocation:

• legal reserve:	€13,907.12;
• dividends (33,825,747 ordinary shares):	€33,825,747.00;
• dividends (2,750 Preferred A Shares):	€1,375.00;
• retained earnings:	€186,074,871.44.

The gross dividend per ordinary share will be €1.

The gross dividend per Preferred A Share will be €0.50.

The dividend payment date is set for 27 June 2018.

The ex-dividend date is set for 25 June 2018.

9.4 NON-DEDUCTIBLE EXPENSES

The amount of sumptuary expenses and other non-deductible expenses referred to in Article 39-4 of the French General Tax Code came to €122,898 for ALTEN SA for the 2017 financial year.

9.5 DUE DATES FOR PAYMENT AND BREAKDOWN OF THE BALANCE OF TRADE PAYABLES AND CUSTOMER RECEIVABLES

	TRADE PAYABLES						CUSTOMER RECEIVABLES					
	Invoices received and not paid at 31 December 2017						Invoices issued and not paid at 31 December 2017					
	0 days	1-30 days	31-60 days	61-90 days	91 days and over	Total (1 day and over)	0 days	1-30 days	31-60 days	61-90 days	91 days and over	Total (1 day and over)
(A) Payment delay tranches												
Number of invoices concerned	11,668	-	-	-	-	689	8,704	-	-	-	-	2,739
Total amount of invoices concerned incl. tax (in €)	27,215,922.75	3,044,481.59	91,876.20	17,239.03	125,242.27	3,278,839.09	112,111,247.55	14,346,701.28	2,290,381.71	531,498.43	2,290,854.11	19,459,435.53
% of total amount of purchases in financial year incl. tax	11.64%	1.30%	0.04%	0.01%	0.05%	1.40%	-	-	-	-	-	-
% of revenue of financial year incl. tax	-	-	-	-	-	-	17.61%	2.25%	0.36%	0.08%	0.36%	3.06%
(B) Invoices excluded from (A) relating to payables and receivables that are disputed or have not been entered in the accounts												
Number of invoices excluded	2	1	0	0	6	7	0	3	10	1	110	124
Total amount of invoices excluded incl. tax	14,812.74	-53.36	0.00	0.00	25,955.92	25,902.16	0.00	68,501.16	31,524.00	9,198.00	2,454,411.18	2,563,634.34
(C) Reference due dates used												
Due dates for payment used for calculation of payment delays	Contractual periods: 60 days Legal periods: 60 days											

The information contained in the table above only relates to ALTEN SA.

9.6 TABLE OF RESULTS FOR THE PAST FIVE FINANCIAL YEARS

Financial table <i>(in thousands of euros)</i>	31/12/2017	31/12/2016	31/12/2015	31/12/2014	31/12/2013
Share capital	34,383	34,240	34,215	34,140	33,618
Number of ordinary shares	33,825,747	33,687,725	33,662,625	33,589,610	33,075,301
Number of Preferred Shares	2,750	-	-	-	-
Maximum number of future shares to be created:					
• by convertible bonds	-	-	-	-	-
• by exercising subscription rights	-	22,472	57,472	170,687	694,606
• by issuance of free shares and Preferred Shares	585,300	675,240	-	-	-
Revenue (net of tax)	522,190	505,595	465,268	434,762	442,091
EBITDA	79,077	65,688	68,652	38,410	64,842
Income tax	510	(3,001)	2,924	616	2,164
Employee profit-sharing	2,545	0	1,768	61	229
Net earnings	76,526	54,545	34,313	32,327	70,615
Distributed earnings	33,230	33,224	33,160	33,013	32,262
Earnings per share after tax and before depreciation and provisions	2.25	2.04	1.90	1.12	1.89
Earnings per share after tax, depreciation and provisions	2.26	1.62	1.02	0.96	2.13
Dividend per share	1.00	1.00	1.00	1.00	1.00
Dividend allocated to each Preferred Share	0.50	-	-	-	-
Average headcount during the financial year	5,535	5,223	4,940	4,738	4,812
Total payroll	206,490	194,501	183,678	176,462	179,523
Total payroll and employee benefits	92,319	83,185	80,619	79,532	86,093

CASH FLOW AND CAPITAL RESOURCES

10

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10.1 INFORMATION REGARDING CAPITAL

Information regarding capital is presented in Note 3.5.9 to the company financial statements under Section 20.3.2.

10.2 CASH FLOW

The ALTEN Group generated gross cash flow of €204.2 million at 31 December 2017 (10.3% of revenue), up 10% from 2016 (€185.7 million or 10.6% of revenue). Gross cash flow progressed slightly faster than operating profit on activity due to lower income tax expenses.

Net cash flow from operating activities stood at €91.3 million. It represented 4.6% of 2017 revenue (€112.4 million, or 6.4% in 2016). The strong growth in activity in the last quarter of 2017 generated significant growth in working capital requirements. The increase in receivables from Research tax credits (CIR) and Employment competitiveness tax credits (CICE) also weighed on working capital requirements.

Tangible and intangible investments (CAPEX) amounted to €13.4 million, *i.e.* 0.7% of revenue.

Net financial investments totalled -€19 million. They notably included acquisitions (-€43.3 millions) and income from the disposal of the AUSY investment securities (+€28 million).

Net cash flow from financing transactions amounted to -€69.9 million, made up mostly of dividends (-€33.2 million), capital increases (€0.2 million) and changes in current financial liabilities (€31.6 million).

Consequently, the change in cash position for the Group under IFRS was -€11 million in 2017.

Taking account of the debts of companies acquired and neutralising the change in financial liabilities, the change in net cash flow was €22.6 million.

At the end of 2017, the ALTEN Group thus had a net cash position of €27.2 million compared with €4.6 million at the end of 2016.

The cash flow tables may be found in Section 20.3.1 of the consolidated financial statements.

10.3 LENDING CONDITIONS AND FINANCING STRUCTURE

Lending conditions and financing structure are presented in Section 4.2 of the Registration Document.

10.3.1 FINANCING OF ACCOUNTS RECEIVABLE

The Company mostly finances its accounts receivable with shareholders' equity or occasionally uses credit lines as part of the Club Deal and/or lines of credit (see Section 4.2 of this Document) in respect of financing of working capital requirements.

10.3.2 FINANCING OF INVESTMENTS

See Section 4.2 of this Document.

10.4 RESTRICTIONS ON USE OF CAPITAL

None.

10.5 SOURCES OF FINANCING

The ALTEN Group has the sources of financing described in Section 4.2 of this Document to finance its future investments.

10

CASH FLOW AND CAPITAL RESOURCES

RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES

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ALTEN and some of its subsidiaries have a portfolio of brand names, filed on their own behalf, mainly with the INPI and the OHMI.

Moreover, ALTEN participates in research and development projects for its clients and also carries out research and development on its own behalf. ALTEN pursues an equity-financed research and development policy.

11.1 EQUITY-FINANCED RESEARCH AND DEVELOPMENT POLICY

11.1.1 AIM

Significant efforts are devoted to equity-financed research and innovation to reinforce the ALTEN Group's position:

- by developing qualitative and quantitative expertise;
- by promoting the Group's image to existing and prospective clients and to existing and prospective employees;
- by implementing an innovation policy that gives it access to in-house solutions used within the framework of its activity.

11.1.2 APPROACH

ALTEN structures this activity around four major themes:

- global security and risk control;
- sustainable mobility;
- energy performance;
- quality of life and consumer services.

11.1.3 STRUCTURE

These themes guide ALTEN's investment in major R&D programmes that combine innovative and sustainable development to design modern and effective solutions to deal with present and future problems.

Research and development programmes undertaken can thus be divided into four sector-based areas:

- drone networks;
- autonomous vehicles;
- buildings of the future;
- personal assistance.

As well as into two technology-based areas:

- Usage and Big Data;
- Ethics and Security.

Whenever possible, R&D programmes are carried out with academic partners, such as research foundations or big laboratories, and/or industrial partners, such as start-ups or multinationals, in order to accelerate the development of ALTEN's expertise.

11.1.4 METHODOLOGY

R&D programmes are broken down into technology projects with the dual objective of developing an innovative solution (modelling) and testing it through experimentation (prototyping or emulation). ALTEN's know-how in innovative development has enabled it to

perfect this methodology by combining applied research and experimental development to increase the scope of development of its expertise (applied research) and ground the skills thus developed in areas of interest to its clients (experimental testing prototyping).

These projects are grouped by technological research areas ensuring capitalisation, pooling and technical expertise. The areas include:

- modelling of Physical Systems;
- embedded and Mechatronic Systems;
- IOT⁽¹⁾ and Telecoms;
- algorithms;
- image processing;

- artificial intelligence;
- calculation architectures;
- big data;
- blockchain.

More detailed information on the programmes carried out by technological area is presented in the Chapter “ALTEN, technology partner” of the business report.

11.1.5 OVERSIGHT

The management of innovative development also rests on dedicated methods and tools elaborated by ALTEN to stimulate the emergence of new and effective concepts. These methods integrate, among other things, an “agile” approach that lays stress on the

thoroughness and flexibility needed to manage R&D projects. These R&D methods have been included in the Group’s CMMI Services level 3 guidelines since 2014.

(1) Internet of Things (IOT).

INFORMATION ON TRENDS

12

12.1 MAIN TRENDS

ALTEN will continue its development thanks to a dynamic acquisitions strategy and its capacity for organic growth, in line with its margin policy.

The ALTEN Group is thus optimistic on the implementation of its three-year plan, which should make it possible to reach a size of more than 28,000 engineers by the end of 2019.

12.2 ELEMENTS LIABLE TO HAVE A SIGNIFICANT IMPACT ON PROSPECTS

None.

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INFORMATION ON TRENDS

EARNINGS FORECASTS AND ESTIMATES

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None.

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EARNINGS FORECASTS AND ESTIMATES

ADMINISTRATIVE AND MANAGEMENT BODIES

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14.1 INFORMATION ABOUT OFFICERS

14.1.1 COMPOSITION OF THE BOARD OF DIRECTORS

The composition of the Board of Directors is presented in Chapter 16.4 of this Registration Document.

14.1.2 MANDATES AND POSITIONS HELD BY CORPORATE OFFICERS

SIMON AZOULAY

Chairman and Chief Executive Officer of ALTEN

Date of first appointment: 19 February 1997 (Director) - 22 September 1998 (Chairman and Chief Executive Officer)

Date appointment last renewed: 22 June 2017 (Director and Chairman and Chief Executive Officer)

Expiry of terms of office: General Meeting to be held in 2021 to approve the financial statements for the last financial year (Director, Chairman and Chief Executive Officer)

Simon AZOULAY, age 61, is a graduate of Supélec.

After having managed the R&D laboratory at Thalès, he founded ALTEN in 1988 with two associates who are also engineers.

Simon AZOULAY has French nationality.

Mandates and positions held at 31 December 2017

Within the ALTEN Group (excluding ALTEN SA)

- Permanent representative of ALTEN SA, a legal entity, Chairman of ALTEN SIR SAS (since 2002);
- Manager of:
 - ALTEN Training Center SARL (since 1996),
 - ALTEN Europe SARL (since 2004);

- Permanent representative of ALTEN Europe SARL, a legal entity, Secretary (United Kingdom) of Anotech Energy Ltd (since 2006);
- Permanent representative of SGTI SAS, a legal entity, Consejero (Spain) of ALTEN Soluciones, Productos, Auditoría e Ingeniería (2014);
- Chairman of ALTEN Fund for Engineering (since 2010).

Other mandates and positions held in any other company (excluding the ALTEN Group)

- Manager of:
 - Avenir Montmorency SCI,
 - Cakciv SC,
 - SEV 56 SC;
- Chairman of SGTI SAS (since 1998);
- Manager of Simalep SC.

Mandates and positions held during the past five years which are no longer held (excluding ALTEN Group)

- Director of des Systèmes et des hommes SA;
- Manager of ALT1 SC;
- SGTI 2 SAS.

GÉRALD ATTIA

Deputy Chief Executive Officer and Director of ALTEN

Date of first appointment: 23 January 1998 (Director) - 21 December 1998 (Deputy Chief Executive Officer)

Date appointment last renewed: 18 June 2014 (Director) - 22 June 2017 (Deputy Chief Executive Officer)

Expiry of terms of office: General Meeting to be held in 2021 to approve the financial statements for the last financial year (Deputy Chief Executive Officer) and the General Meeting to be held in 2018 to approve the financial statements for the last financial year (Director)

Gérald ATTIA, age 56, holds an MBA from Hartford.

He joined the founding partners of ALTEN in 1993.

He is currently a Director and Deputy Chief Executive Officer in charge of Business Development, Structured Projects and International Markets (Zone 2).

Gérald ATTIA has French nationality.

Mandates and positions held at 31 December 2017

Within the ALTEN Group (excluding ALTEN SA)

- Chairman of:
 - Avenir Conseil Formation SAS (since 2010),
 - ID APPS SAS (since 2011),
 - APTECH SAS (since 2011),
 - Hubsan SASU (since 2014) (formerly APTECH OP2);
- *Consejero del consejo de Administración* (Spain) of:
 - ALTEN Soluciones, Productos, Auditoría e Ingeniería SAU (since 2009);
- *Administrador* (Spain) of Avenir Conseil Formation Espana SL;

- *Consejero – Vocal* (Spain) of ALTEN Soluciones, Productos, Auditoría e Ingeniería SAU (since 2013);
- Director (India) of:
 - ALTEN India Private Ltd (since 2010),
 - ALTEN Calsoft Labs (India) Private Ltd (since 2011);
- Director (India) of:
 - ASM Entrepise Solutions Private Limited (since 2016),
 - Cresttek Engineering Solutions Private Limited (since 2016),
 - Premier Logic India Private Limited (since 2017);
- Chairman (India) of:
 - ALTEN Calsoft Labs (India) Private Ltd (since 2015);
- Manager (Romania) of:
 - ALTEN SI Techno Romania SRL (since 2012);
- Director (Romania) of:
 - KEPLER ROMINFO SA,
 - KEPLER ENGINEERING SRL;
- Sole Director (Canada) of:
 - ALTEN Canada Inc. (since 2012);
- Manager of:
 - ALTEN Canada Inc. (since 2012);
- Director (Canada) of:
 - Proex Inc. (since 2016);
- Secretary (Canada) of:
 - Proex Inc. (since 2016);
- Chairman (Canada) of:
 - Proex Inc. (since 2016);
- Director (United States) of:
 - Calsoft Labs Inc. (since 2011),
 - ALTEN USA Inc. (since 2013),
 - ALTEN Technology USA Inc. (since 2013),
 - Cprime (since 2014),
 - Abacus Business Solutions Inc. (since 2016),
 - Cresttek LLC (since 2016),
 - PVR Technologies Inc. (since 2016),
 - Sirilan Corporation (since 2016),
 - Statminds (since 2016),
 - Suhas Ahuja Computer Consultants Inc. (since 2016),
 - Synchroness Incorporated (since 2017),
 - Edison Ed Incorporated (since 2017),
 - XDIN Technology Inc (since 2017),
 - XDIN Inc (since 2017);
- Director (Japan) of:
 - Techno Like Us Co LTD;
- Chief Executive Officer (China) of:
 - ALTEN China Ltd (since 2014);
- Director (United Kingdom) of:
 - Calsoft Labs UK private Ltd (since 2014);
- President (USA) of:
 - ALTEN USA Inc. (since 2013),
 - ALTEN Technology USA Inc. (since 2013),
 - Cresttek LLC (since 2016),
 - PVR Technologies Inc. (since 2016),
 - Sirilan Corporation (since 2016),
 - Statminds (since 2016),
 - Premier Logic LLC (since 2017),
 - Synchroness Incorporated (since 2017),
 - XDIN Technology Inc (since 2017),
 - XDIN Inc (since 2017);
- Chairman of the Board of Directors (United States) of:
 - Calsoft Labs Inc. (since 2011),
 - ALTEN USA Inc. (since 2013),
 - Cprime (since 2014),
 - ALTEN Technology USA Inc. (since 2013),
 - Blue Agility LLC (since 2017),
 - Edison Ed Incorporated (since 2017);
- Sole Director (China/Hong Kong) of:
 - Sesame Beijing Co. Ltd. (since 2014),
 - Sesame Group Ltd (since 2014);
- Director (China/Hong Kong) of:
 - HINS Hong Kong Co. Ltd. (since 2014);
- President (Mexico) of:
 - ALTEN Ingeniería Mexico SA de C.V. (since 2016);
- Director (Singapore) of:
 - ALTEN calsoft labs private limited (since 2016).

Other mandates and positions held in any other company (excluding the ALTEN Group)

- Permanent representative of ALTEN SA, member of the Supervisory Board of X Ange Capital SA;
- Manager of:
 - ASA SC,
 - GMA SC.

Mandates and positions held during the past five years which are no longer held (excluding ALTEN Group)

- Manager of:
 - Proxym SARL;
- Permanent representative of ALTEN SA, Director of:
 - Smart Trade Technologies SA,
 - X Ange Capital 2 SA.

BRUNO BENOLIEL

Deputy Chief Executive Officer of ALTEN until 22 June 2017 and Director of ALTEN until 26 April 2017

Date of first appointment: 22 June 2011 (Director) - 27 September 2011 (Deputy Chief Executive Officer)

Date appointment last renewed: 18 June 2015 (Director) - 19 June 2013 (Deputy Chief Executive Officer)

Bruno BENOLIEL, age 53, graduated from ESC Reims in 1985.

He joined the ALTEN Group in 1997.

Bruno BENOLIEL has French nationality.

Mandates and positions held at 31 December 2017**Within the ALTEN Group (excluding ALTEN SA)**

- Manager of:
 - ALTEN Cash Management SARL (since 2011);
- Director of:
 - ALTEN SIR Global Security Services SAS (since 2014);
- *Consejero y Presidente del consejo de Administración* of:
 - ALTEN Soluciones, Productos, Auditoría e Ingeniería SAU (since 2009);
- *Consigliere* (Italy) of:
 - ALTEN Italia SPA (since 2012);
- Vice President (Italy) of:
 - ALTEN Italia SPA (since 2012);
- Director (the Netherlands) of:
 - ALTEN Nederland BV (since 2005),
 - ALTEN DDA BV (since 2006),
 - ORION Engineering BV (since 2012);
- Director (Sweden) of:
 - ALTEN Sverige AB (Publ) (since 2009),
 - Hot Swap Norden AB (since 2015);
- Director (Finland) of:
 - ALTE OY (since 2014);
- Member of Management Board (Poland) of:
 - ALTEN Polska SP ZOO (since 2013);
- Director (India) of:
 - ALTEN India Private Ltd (since 2012),
 - ALTEN Calsoft Labs (India) Private Ltd (since 2012);
- Director (India) of:
 - ASM Entreprise Solutions Private Limited (since 2016);
- Member of the Corporate Social Responsibility Committee (Poland) of:
 - ALTEN Calsoft Labs (India) private limited;
- Director (United Kingdom) of:
 - Anotech Energy Services Ltd (since 2017);
- Director (United States) of:
 - Calsoft Labs Inc. (since 2011),
 - ALTEN USA Inc. (since 2013),
 - ALTEN Technology USA Inc. (since 2013),
 - Anotech Energy USA Inc. (since 2013),
 - Cprime Inc. (since 2014),
 - Abacus Business Solutions Inc. (since 2016);
- Manager (United States) of:
 - Clover Corporate Services LLC (since 2016);
- Director and Chairman of:
 - Les institutions Or Raphaël (since 2016);
- Director (China/Hong Kong) of:
 - HINS Hong Kong Co. Ltd. (since 2014);
- Director (Singapore) of Antech Energy Singapore Pve Ltd. (since 2015);
- Treasurer (Mexico) of ALTEN Ingenieria Mexico SA de C.V. (since 2016);
- Supervisor (China) of ALTEN China Limited (since 2016).

Other mandates and positions held in any other company (excluding the ALTEN Group)

- Manager of:
 - Balantine SC,
 - Balantino SC,
 - Balantina SC.

Mandates and positions held during the past five years which are no longer held (excluding ALTEN Group)

None

PIERRE MARCEL

Deputy Chief Executive Officer of ALTEN

Date of first appointment: 28 January 2013 (Deputy Chief Executive Officer)

Date appointment last renewed: 22 June 2017 (Deputy Chief Executive Officer)

Expiry of the term of office: General Meeting to be held in 2021 to approve the financial statements for the last financial year (Deputy Chief Executive Officer)

Pierre MARCEL, age 56, joined the ALTEN Group in April 2000.

He has occupied various Operational Director functions within the Group.

He is currently Deputy Chief Executive Officer in charge of ALTEN France and the subsidiaries of the Solutions Division.

Pierre MARCEL has French nationality. He is not a member of the Board of Directors.

Mandates and positions held at 31 December 2017

Within the ALTEN Group (excluding ALTEN SA)

- Chairman of:
 - Elitys Consulting SAS (since 2009),
 - ATEXIS France SAS (since 2010),
 - Anotech Energy SAS (since 2014),
 - ALTEN Sud-Ouest SAS (since 2014),
 - Lincoln SASU (since 2016),
 - Abilene SASU (since 2016),
 - ALTEN Systèmes d'Information et réseaux Global Testing Services SAS (since 2016),
 - ALTEN Cyber Security SAS (since 2016),
 - Pegase Systèmes d'information SAS (since 2016),
 - Caduceum SAS (since 2016),
 - ALTEN Technologies SASU (since 2017);

- Director of:
 - ALTEN Cyber Security SAS (since 2016);
- Director (United Kingdom) of:
 - Anotech Energy Global Solutions Ltd (since 2006),
 - Anotech Energy Services Ltd (since 2017);
- Director and Chairman of the Board of Directors (Nigeria) of:
 - Anotech Energy Nigeria Ltd (since 2011);
- General Director (Congo) of:
 - Anotech Energy Congo SA (since 2015);
- Director (United States) of:
 - Anotech Energy USA Inc. (since 2013);
- President (Chief Executive Officer) (United States) of:
 - Anotech Energy USA Inc. (since 2014);
- *Administrador único* (Spain) of:
 - Geci Ingeniería SL (since 2014);
- Director (Singapore) of:
 - Anotech Energy Singapore Pte Ltd. (since 2015);
- Director (Qatar) of:
 - Anotech Energy Doha LLC. (since 2017);
- Manager (United States) of:
 - Clover Corporate Services LLC (since 2016).

Other mandates and positions held in any other company (excluding the ALTEN Group)

- Manager of:
 - Amarcis SC,
 - Lomaris SC.

Mandates and positions held during the past five years which are no longer held (excluding ALTEN Group)
None

EMILY AZOULAY

ALTEN Director - Member of the Remuneration and Nomination Committee

Date of first appointment: 22 June 2011

Date appointment last renewed: 18 June 2015

Expiry of the term of office: General Meeting to be held in 2019 to approve the financial statements for the last financial year.

Emily AZOULAY, age 69, has worked for the ALTEN Group since ALTEN SA was formed in 1988.

Among other positions, she was Sales Manager and Head of Administration and Finance.

Her involvement with the ALTEN Group no longer extends beyond her capacity as a Director.

Emily AZOULAY has French nationality.

Mandates and positions held at 31 December 2017

Within the ALTEN Group (excluding ALTEN SA)

None

Other mandates and positions held in any other company (excluding the ALTEN Group)

- Manager of Sicogex SC.

Mandates and positions held during the past five years which are no longer held (excluding ALTEN Group)

None

ANAËLLE AZOULAY

Director of ALTEN

Date of first appointment: 18 June 2014

Date appointment last renewed: N/A

Expiry of the term of office: General Meeting to be held in 2018 to approve the financial statements for the last financial year.

Anaëlle AZOULAY, age 27, earned a Master in Economics and Finance at Paris Dauphine.

She acquired a solid international experience at Regent's Business School London and the Havas Group in New York. She occupies the functions of Business Developer in a responsible crowdfunding platform.

Anaëlle AZOULAY has French nationality.

Mandates and positions held at 31 December 2017

Within the ALTEN Group (excluding ALTEN SA)

None

Other mandates and positions held in any other company (excluding the ALTEN Group)

- Cakciv SC;
- Avenir Montmorency SCL.

Mandates and positions held during the past five years which are no longer held (excluding ALTEN Group)

None

JANE SEROUSSI

Director of ALTEN

Date of first appointment: 18 June 2014

Date appointment last renewed: N/A

Expiry of the term of office: General Meeting to be held in 2018 to approve the financial statements for the last financial year.

Jane SEROUSSI, 52 years old, is a business leader.

She has successfully created her own brand. She has been her company's Managing and Financial Director since its inception. The Group is expanding in France and abroad through an exclusive network of branded boutiques.

Jane SEROUSSI has French nationality.

Mandates and positions held at 31 December 2017

Within the ALTEN Group (excluding ALTEN SA)

None

Other mandates and positions held in any other company (excluding the ALTEN Group)

- Manager of Cécile et Jeanne SARL;
- Manager of SIAM I SARL.

Mandates and positions held during the past five years which are no longer held (excluding ALTEN Group)

None

MARC EISENBERG

Director of ALTEN

Date of first appointment: 18 June 2014

Date appointment last renewed: N/A

Expiry of the term of office: General Meeting to be held in 2018 to approve the financial statements for the last financial year.

Marc EISENBERG, age 63, began his career as a management consultant.

In 1986, he formed a cost-reduction consultancy in France, which has since become a European leader in its field and of which he was Operating Manager until 2012. He remains a major shareholder to this day.

He also sat on the Nanterre Employment Tribunal from 1995 to 1999 and on the Bobigny Commercial Court from 2000 to 2001.

Marc EISENBERG has French nationality.

Mandates and positions held at 31 December 2017

Within the ALTEN Group (excluding ALTEN SA)

None

Other mandates and positions held in any other company (excluding the ALTEN Group)

- Manager of:
 - Almanagers SC,
 - Almalabar SC,
 - Allice SC,
 - Société Civile Allifond SC,
 - La Bruyère - Pigalle - Trinité SC,
 - SCI MAZAL.

Mandates and positions held during the past five years which are no longer held (excluding ALTEN Group)

- Chairman of Almarkup SAS.

EVELYNE FELDMAN

ALTEN independent director - Chairman of the Remuneration and Nomination Committee

Date of first appointment: 24 May 2016

Date appointment last renewed: N/A

Expiry of the term of office: General Meeting to be held in 2020 to approve the financial statements for the last financial year.

Evelyne FELDMAN, age 60, began her career with a human resources consulting firm, then joined the Human Resources Department of one of the leading French retailers (15,000 employees), where she was responsible for recruitment, training, internal mobility and career management over a ten-year period.

She then founded a human resources consulting firm, offering recruitment and training services for clients in a wide range of sectors.

Finally, in 2006, she joined Pôle Emploi, where she provided consulting and support services to engineering and consulting companies in the science sector.

Ms FELDMAN is an active member of Syntec Recrutement.

Evelyne FELDMAN has French nationality.

Mandates and positions held at 31 December 2017

Within the ALTEN Group (excluding ALTEN SA)

None

Other mandates and positions held in any other company (excluding the ALTEN Group)

None

Mandates and positions held during the past five years which are no longer held (excluding ALTEN Group)

None

PHILIPPE TRIBAUDEAU

Independent director of ALTEN – Member of the Audit Committee

Date of first appointment: 24 May 2016

Date appointment last renewed: N/A

Expiry of the term of office: General Meeting to be held in 2020 to approve the financial statements for the last financial year.

Philippe TRIBAUDEAU, age 56, has more than 25 years of experience in the Corporate Finance, Investment Banking and M&A fields.

He is authorised by the Financial Services Authority in the United Kingdom.

He spent several years at Merrill Lynch – Bank of America in the United Kingdom, where he served as First Vice-President.

Philippe TRIBAUDEAU has French nationality.

Mandates and positions held at 31 December 2017

Within the ALTEN Group (excluding ALTEN SA)

None

Other mandates and positions held in any other company (excluding the ALTEN Group)

None

Mandates and positions held during the past five years which are no longer held (excluding ALTEN Group)

None

ALIETTE MARDYKS

Independent director of ALTEN – Chairman of the Audit Committee

Date of first appointment: 22 June 2017

Date appointment last renewed: N/A

Expiry of the term of office: General Meeting to be held in 2021 to approve the financial statements for the last financial year.

Ms MARDYKS, 62 years old, has held operational and functional positions at the Airbus Group. She originated the accounting integration project at the Group within a Shared Service launched in November 2008, covering four of the Group's main countries (France, Germany, United Kingdom and Spain). Ms Mardyks has not held a position at Airbus Group since the end of 2016.

Ms MARDYKS is a French national.

Mandates and positions held at 31 December 2017

Within the ALTEN Group (excluding ALTEN SA)

None

Other mandates and positions held in any other company (excluding the ALTEN Group)

None

Mandates and positions held during the past five years which are no longer held (excluding ALTEN Group)

None

JÉRÔME VALAT

Director representing ALTEN employees until 30 September 2017

Date of first appointment: 23 October 2014

Date appointment last renewed: N/A

Mr VALAT, 48 years old, had been employed at ALTEN since June 1999.

He joined ALTEN after a nine-year stint in software development and network & telecoms administration when the fixed-line Internet was taking shape.

In his 11 years as an ALTEN consultant, he worked with the R&D Division of a telecoms equipment manufacturer on the design of 2G and 3G mobile internet before managing successive projects at the three French telecoms operators.

In 2010, he became Project Manager in the Technical Telecoms Unit of the Structured Projects Division where he oversaw major service contracts for telecoms operators.

He resigned from his functions on 30 September 2017.

Jérôme VALAT has French nationality.

Mandates and positions held at 31 December 2017

Within the ALTEN Group (excluding ALTEN SA)

None

Other positions held in any other company (excluding the ALTEN Group)

None

Mandates and positions held during the past five years which are no longer held (excluding ALTEN Group).

None

MARWANE METIOUI

Director representing ALTEN employees

Date of first appointment: 21 December 2017

Date appointment last renewed: N/A

Expiry of the term of office: 22 October 2018

Mr METIOUI, 42 years old, has been employed at ALTEN since June 2010.

He joined the ALTEN Group as a consultant in 2010, carrying out various assignments in Logistics and Quality.

In 2013, he joined the Structured Projects Department as Project Quality Assurance manager within the Group.

Mr METIOUI is a French national.

Mandates and positions held at 31 December 2017

Within the ALTEN Group (excluding ALTEN SA)

None

Other mandates and positions held in any other company (excluding the ALTEN Group)

None

Mandates and positions held during the past five years which are no longer held (excluding ALTEN Group)

None

To the Company's knowledge, the Corporate Officers of ALTEN SA do not hold office in any other listed companies.

14.1.3 DECLARATIONS PERTAINING TO MEMBERS OF THE BOARD OF DIRECTORS AND GENERAL MANAGEMENT

To the Company's knowledge, at the time this document was prepared and during the last five years: (i) no conviction for fraud has been pronounced against a member of the Board or the General Management, (ii) no member of the Board or General Management has been disqualified by a court from acting as a member of an administrative, management or supervisory body or an issuer or from

acting in the management or conduct of the affairs of an issuer, (iii) no conviction and/or official public sanction has been imposed on a member of the Board or the General Management by statutory or regulatory authorities, and (iv) no member of the Board or General Management has been involved in a bankruptcy, receivership or liquidation.

14.1.4 SPECIFIC INFORMATION REGARDING CORPORATE OFFICERS

Emily AZOULAY, Anaëlle AZOULAY and Jane SEROUSSI have family ties with Simon AZOULAY.

There are no other related family members among the Company's Corporate Officers.

For the purpose of their corporate mandates, the Members of the Board of Directors and General Management are domiciled at the Company's registered office.

Transactions in the Company's securities by Executive Officers during the 2017 financial year

Consolidated summary statement of transactions referred to under Article L. 621-18-2 of the French Monetary and Financial Code conducted during the past financial year:

Name of Executive Officer and/or the person cited in Article L. 621-18-2 of the French Monetary and Financial Code	Duties performed at ALTEN	Type of transaction	Total number of instruments	Total amount of transactions (in euros)
Simon AZOULAY	Chairman and Chief Executive Officer	Disposal	46,654	3,654,641
Gérald ATTIA	Chief Executive Officer	Disposal	5,500	440,063.53
GMA Société Civile	Legal entity related to Gérald ATTIA, Chief Executive Officer	Disposal	9,276	692,416

14.2 CONFLICTS OF INTEREST

To the Company's knowledge and at the date on which this Document was prepared, no conflicts of interests have been identified between the duties of each of the members of the Board of Directors and General Management in relation to their capacity as Corporate Officers and their private interests or other duties.

To the Company's knowledge and at the date on which this Document was prepared, there are no pacts or agreements concluded with the main shareholders, customers or suppliers under which a member of the Board of Directors or General Management has been designated as such.

To the Company's knowledge and at the date on which this Document was prepared, no restriction has been agreed to by the members of the Board of Directors and the other members of General Management concerning the sale of their interests in the Company's share capital.

Because ALTEN SA refers to the Middennext Code of Corporate Governance, it complies with the second recommendation in the Code on the prevention, identification and management of conflicts of interest that may arise on the Board of Directors. Members of the Board have each signed a declaration so as to prevent any conflicts of interest. According to the terms of this declaration, in accordance with the Board's Internal Rules and the first, second and seventh recommendations of the Middennext Corporate Governance Code, a Director facing such a conflict of interest is obliged to immediately notify the Board and comply with whatever the consequence may be for the performance of his or her corporate office. Thus, depending on the case, he or she will have to refrain from voting on the corresponding deliberation, or not attend the meeting of the Board of Directors during which he or she is in a situation of conflict of interest, or, at the extreme, resign from his or her duties as a Director.

COMPENSATION AND BENEFITS

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15.1 COMPENSATION POLICY

15.1.1 COMPENSATION CRITERIA AND PRINCIPLES FOR CORPORATE OFFICERS AND EXECUTIVE MANAGEMENT

Pursuant to Article L. 225-37-2 of the French Commercial Code, the General Meeting of 20 June 2018 will be asked to approve (on the basis of this Section 15.1.1) the principles and criteria for deciding, allocating and awarding the fixed, variable and exceptional elements composing the overall compensation and benefits of any kind that may be awarded to the Executive Corporate Officers (the Chairman and Chief Executive Officer and the Deputy Chief Executive Officers) in respect of their office.

ALTEN has summarised these items in the "Compensation policy" described below. This policy applies to the Corporate Officers of ALTEN SA (the Chairman and Chief Executive Officer and the Deputy Chief Executive Officers) and to the Group's senior executives, *i.e.* members of the Executive Committee and their direct reports. Together they represent the executive management of the ALTEN Group.

For the avoidance of doubt, only the principles and criteria set out below for Executive Corporate Officers are subject to shareholder approval (*ex ante* vote).

This compensation policy aims to offer attractive compensation to recruit and retain a high calibre of executive management who will

be able to implement the Group's strategy, and to provide compensation in keeping with the position held.

This objective is part of a process to build a link between compensation levels and the company's overall performance, and accordingly to create value for shareholders. It also takes individual performance into account.

The Group's multi-year development plan is based on profitable growth (both organic and through acquisitions). For this reason, executive management compensation is in part based on the Group's economic performance.

In addition, to ensure that the interests of executive management align with those of the shareholders over the long-term, ALTEN has implemented three and four-year performance share plans (in the form of free Preferred Shares) ("LTIP" below).

ALTEN has therefore endeavoured to create a simple, transparent and understandable compensation framework for all stakeholders (beneficiaries, employees and shareholders).

The key compensation components for the Group's executive management and corporate officers are:

Purpose and connection with the strategy	Description	Performance indicators
<p>Base salary</p> <p>To recruit and retain a high calibre of executive management able to implement the Group's strategy, and to provide compensation in keeping with the position held.</p>	<p>The base salary (and subsequent increases) reflects the level of responsibility in relation to the position held, the value of the individual in terms of performance, skills and experience. It also takes the company's overall performance into account, along with its size, organisation and complexity.</p> <p>The base salary is subject to an annual review, which considers the compensation levels within the Group, the results of the business, market conditions and the impact on overall compensation.</p> <p>A review of compensation levels at companies of similar size, complexity and activities is conducted to determine market trends.</p> <p>An exceptional review may take place during the year to reflect an increase in the scope of responsibility or account for an expansion of the individual's role, etc.</p> <p>The base salary includes compensation in respect of any appointments held within the Group, such as directors' fees paid by ALTEN's subsidiaries.</p>	N/A

Purpose and connection with the strategy	Description	Performance indicators
<p>Benefits of any kind</p> <p>To recruit and retain a high calibre of executive management to implement the strategy by offering competitive benefits in kind.</p>	<p>Benefits are determined by taking into account local practice in the country where the duties are performed. They include a company vehicle (including insurance, fuel and related costs) in keeping with the position held, company housing when the employee must frequently work at a location a long distance from where they were hired, enrolment in health insurance plans established within the entity where the duties are performed, under the same terms as those enjoyed by employees.</p> <p>Travel expenses may be paid when incurred during the performance of duties. Extraordinary cash compensation may be paid to cover reasonable expenses.</p> <p>Tables set the maximum authorised levels of benefits in kind for managerial staff. There is no maximum level for Corporate Officers. However, the Board of Directors ensures that benefits in kind are appropriate and proportional.</p> <p>If assignments are performed outside of the country, daily subsistence allowances may be allocated. They are payable in cash, with the annual amount capped at 40% of basic salary⁽¹⁾.</p>	
<p>Pension/retirement</p> <p>To offer market-level compensation and support the recruitment and retention of executive management.</p>	<p>No specific scheme has been established, aside from statutory plans open to all employees, for which participation is authorised for executive management of the entity in question.</p> <p>Corporate Officers do not benefit from top hat retirement benefits.</p>	N/A

(1) This cap only covers persons linked to a French company who receive compensation as a result.

Purpose and connection with the strategy	Description	Performance indicators
Performance-based compensation		
<p>Annual bonus</p> <p>Incentives to achieve short and long-term objectives (financial and non-financial).</p> <p>Align compensation costs to the value created for shareholders.</p>	<p>Bonuses are paid in cash at the end of reference periods.</p>	<p>The Board of Directors has not established short-term variable compensation for Corporate Officers.</p> <p>This policy is justified by the fact that for many years they have carried out the Group strategy and have successfully demonstrated their ability to do so without compensation based on short-term objectives. In addition, most Corporate Officers are shareholders and benefit from a three-year motivation and incentive plan, which awards free Preferred A Shares (see below).</p> <p>Other executive management benefits from a four-year motivation and incentive plan which awards free Preferred B Shares (see below) and variable annual compensation based on achieving individual performance goals.</p> <p>These performance goals are based on creation of value as measured by financial (increasing operating margins) and non-financial criteria (project implementation, improved operational indicators).</p> <p>The objectives are weighted annually and take into account the operational and financial challenges in the coming year.</p> <p>A scale to assess progress toward achieving these goals is established and consequently triggers the bonus level.</p>
<p>Extraordinary bonus</p> <p>To reward an executive manager's completion of an exceptional project in line with the Group's strategy.</p>	<p>The Board of Directors, after hearing the opinion of the Remuneration and Nomination Committee (for Corporate Officers) or General Management (for other executive management), may award an extraordinary bonus for completion of an exceptional project in line with the Group's strategy (such as closing a key acquisition).</p> <p>The bonus is paid in cash and may not exceed 100% of basic salary.</p> <p>The payment of any exceptional bonus awarded to Executive Corporate Officers in respect of their office for a given financial year is subject to approval by the Ordinary General Meeting of the compensation paid or allocated to them for that year (<i>ex post</i> vote).</p>	<p>N/A</p>

Purpose and connection with the strategy	Description	Performance indicators
<p>Long Term Incentive Plan (LTIP)</p> <p>To align the interests of executive management and shareholders by promoting value creation over the long term.</p>	<p>LTIPs operate by free awards of:</p> <p>(a) Preferred Shares, convertible into a maximum of 100 ordinary shares for one Preferred Share based on the achievement of performance criteria over three or four years (Preferred A or B Shares).</p> <p>The conversion rules and the associated performance criteria were approved by the company shareholders at the Combined Ordinary and Extraordinary General Meeting held on 24 May 2016.</p> <p>Executive Corporate Officers' obligation to keep a percentage of ordinary shares from the conversion of Preferred Shares increases the alignment of the long-term interests of directors with those of the shareholders.</p> <p>(b) shares (to the employees of the Group, excluding the Corporate Officers of ALTEN SA): These shares will vest at the end of four years (with no lock-up period), subject to the attainment of Group performance conditions defined by the Board of Directors and to the continued employment of the beneficiaries at the end of this vesting period.</p> <p>The principle and manner of awarding these actions free of cost will be submitted to the General Meeting of 20 June 2018.</p>	<p>(a) Vesting of the Preferred A or B Shares is subject to continued employment within the Group on the anniversary date of the Preferred Shares (one year for class A and two years for class B).</p> <p>The Preferred Shares may then be converted at the end of a two-year lock-up period. The conversion ratio for a Preferred Share is based on achievement of financial performance criteria and on continued employment on the date the conversion period begins. Departure after the start of the conversion period shall result in a division of the conversion ratio, by up to 100.</p> <p>The financial criteria include an increase in consolidated revenue (weighted 20%) and growth of operating profit on activity (weighted 80%) between the reference years stated in the plan (at three years for Preferred A Shares and four years for Preferred B Shares).</p> <p>A range of objectives is set for each criteria, with a floor and a ceiling. It is capped at a 100% conversion rate.</p> <p>The range is based on the ALTEN strategic plan, with more demanding criteria.</p> <p>(b) The final award of free shares will be subject to the attainment of objectives that will be defined by the Board of Directors (after hearing the opinion of the Remuneration and Nomination Committee) when the plan is set up based on budgets.</p>

The principles and criteria relating to Corporate Officers, presented below, will be submitted for approval by the General Meeting of 20 June 2018.

15.1.2 COMPENSATION OF CORPORATE OFFICERS IN 2018

In 2018, the corporate officers of ALTEN will benefit from the following items of compensation:

Items of compensation 2018	Simon AZOULAY	Gérald ATTIA	Pierre MARCEL
Fixed compensation 2018	€120,000	€206,000	€323,264 ⁽²⁾
Directors' fees paid by controlled companies	€450,000 ⁽¹⁾	€84,000	-

(1) Directors' fees paid to SGTI, itself controlled by Simon AZOULAY.

(2) This amount breaks down into a fixed compensation component of €179,264 received under the employment contract that links Mr MARCEL to ALTEN Sud-Ouest and fixed compensation of €144,000 received under the employment contract that links Mr MARCEL to a subsidiary of the Group.

15.2 COMPENSATION PAID AND BENEFITS IN KIND**SUMMARY TABLE OF COMPENSATION PAID AND OPTIONS AND SHARES AWARDED TO EACH CORPORATE OFFICER (AMF TABLE NO. 1)**

<i>Simon AZOULAY</i> Chairman and Chief Executive Officer	2017	2016
Compensation due for the financial year	€575,811	€575,811
Value of options awarded during the financial year	None	None
Value of multi-year variable compensation awarded during the financial year	None	None
Value of performance shares awarded during the financial year	None	None
TOTAL	€575,811	€575,811

<i>Gérald ATTIA</i> Deputy Chief Executive Officer	2017	2016
Compensation due for the financial year	€291,421	€293,270
Value of options awarded during the financial year	None	None
Value of multi-year variable compensation awarded during the financial year	None	None
Value of performance shares awarded during the financial year ⁽¹⁾	None	€2,906,744
TOTAL	€291,421	€3,200,014

(1) Value of the shares when allotted under the three-year LTIP, calculated in accordance with IFRS 2 before deferral of the liability. Moreover, you are reminded that no LTIP (stock options, free shares, etc.) has been set up for Executive Corporate Officers since 2008.

COMPENSATION AND BENEFITS
COMPENSATION PAID AND BENEFITS IN KIND

Bruno BENOLIEL (Deputy Chief Executive Officer until 22/06/2017)	2017	2016
Compensation due for the financial year	€160,614	€249,157
Value of options awarded during the financial year	None	None
Value of multi-year variable compensation awarded during the financial year	None	None
TOTAL	€160,614	€249,157

Pierre MARCEL Deputy Chief Executive Officer	2017	2016
Compensation due for the financial year	€328,658	€329,260
Value of options awarded during the financial year	None	None
Value of multi-year variable compensation awarded during the financial year	None	None
Value of performance shares awarded during the financial year ⁽¹⁾	None	€2,906,744
TOTAL	€328,658	€3,236,004

(1) Value of the shares when allotted under the three-year LTIP, calculated in accordance with IFRS 2 before deferral of the liability. Moreover, you are reminded that no LTIP (stock options, free shares, etc.) has been set up for Executive Corporate Officers since 2008.

SUMMARY TABLE OF COMPENSATION PAID TO EACH CORPORATE OFFICER (AMF TABLE NO. 2)

	2017		2016		2015	
	Amount paid	Amount due	Amount paid	Amount due	Amount paid	Amount due
Simon AZOULAY						
Fixed compensation	€120,000	€120,000	€120,000	€120,000	€120,000	€120,000
Variable compensation	None	None	None	None	None	None
Multi-year variable compensation	None	None	None	None	None	None
Extraordinary compensation	None	None	None	None	None	None
Directors' fees paid to SGTI by controlled companies	€412,500 ⁽¹⁾	€450,000 ⁽¹⁾	€412,500 ⁽²⁾	€450,000 ⁽²⁾	€75,000 ⁽³⁾	€225,000 ⁽³⁾
Benefits in kind ⁽⁴⁾	€5,811	€5,811	€5,811	€5,811	€5,811	€5,811
TOTAL	€538,311	€575,811	€538,311	€575,811	€200,811	€350,811

(1) Directors' fees received by SGTI, a company of which Mr AZOULAY is Chairman and sole shareholder; He is still to receive €37,500 in 2018 for the 2017 financial year.

(2) Directors' fees received for the 2016 financial year by SGTI, a company of which Mr AZOULAY is Chairman and sole shareholder, and SGTI 2, a company of which Mr AZOULAY was Chairman and sole shareholder and which was dissolved in May 2016; in January 2017, SGTI received €37,500 for the 2016 financial year.

(3) Directors' fees received by SGTI 2, a company of which Mr AZOULAY was Chairman and sole shareholder, dissolved in May 2015, for the 2015 financial year.

(4) Company vehicle.

	2017		2016		2015	
	Amount paid	Amount due	Amount paid	Amount due	Amount paid	Amount due
Gérald ATTIA						
Fixed compensation	€203,269	€203,269	€205,118 ⁽⁶⁾	€205,118	€178,224	€178,224
Variable compensation	None	None	None	None	None	None
Multi-year variable compensation	None	None	None	None	None	None
Extraordinary compensation	None	None	None	None	None	None
Directors' fees paid by controlled companies	€84,000 ⁽²⁾	€84,000 ⁽¹⁾	€84,000 ⁽³⁾	€84,000 ⁽²⁾	€84,000 ⁽⁴⁾	€84,000 ⁽³⁾
Benefits in kind ⁽⁵⁾	€4,152	€4,152	€4,152	€4,152	€4,148	€3,873
TOTAL	€291,421	€291,421	€293,270	€293,270	€266,372	€266,097

(1) Directors fees received in January 2018 for the 2017 financial year.

(2) Directors fees received in January 2017 for the 2016 financial year.

(3) Directors fees received in January 2016 for the 2015 financial year.

(4) Directors fees received in January 2015 for the 2014 financial year.

(5) Company vehicle.

(6) Mr ATTIA's fixed compensation was raised in 2016 to take into account his increased operational responsibilities.

	2017		2016		2015	
	Amount paid	Amount due	Amount paid	Amount due	Amount paid	Amount due
Bruno BENOLIEL <i>(Deputy Chief Executive Officer until 22/06/2017)</i>						
Fixed compensation	€159,150	€159,150	€249,157 ⁽¹⁾	€249,157 ⁽¹⁾	€249,157 ⁽¹⁾	€249,157 ⁽¹⁾
Variable compensation	None	None	None	None	None	None
Multi-year variable compensation	None	None	None	None	None	None
Extraordinary compensation	None	None	None	None	None	None
Directors' fees paid by controlled companies	-	-	-	-	-	-
Benefits in kind ⁽²⁾	€1,464	€1,464	None	None	None	None
TOTAL	€160,614	€160,614	€249,157	€249,157	€249,157	€249,157

(1) Taking into account Mr BENOLIEL's compensation under the employment contract he has had with ALTEN SA since 29 September 1997, as Head of the Financial, Legal and Information Systems Departments. Between 2014 and 2016 Mr BENOLIEL also had an employment contract with a subsidiary of the Group which ended on 31 December 2016.

(2) Company vehicle.

	2017		2016		2015	
	Amount paid	Amount due	Amount paid	Amount due	Amount paid	Amount due
Pierre MARCEL						
Fixed compensation ⁽¹⁾	€323,264	€323,264	€324,006	€324,006	€324,006	€324,006
Variable compensation	None	None	None	None	None	None
Multi-year variable compensation	None	None	None	None	None	None
Extraordinary compensation	None	None	None	None	None	None
Directors' fees paid by controlled companies	-	-	-	-	-	-
Benefits in kind ⁽²⁾	€5,394	€5,394	€5,254	€5,254	€4,973	€4,973
TOTAL	€328,658	€328,658	€329,260	€329,260	€328,979	€328,979

(1) Taking into account Mr MARCEL's compensation under his employment contract with ALTEN Sud-Ouest, a wholly-owned subsidiary of ALTEN SA since 1 April 1996. Mr MARCEL also has an employment contract with a Group subsidiary, in respect of which he received a sum of €144,000 in 2017.

(2) Company vehicle.

DIRECTORS' FEES AND OTHER COMPENSATION PAID TO NON-EXECUTIVE CORPORATE OFFICERS

During the General Meeting of Shareholders of 22 June 2017, the amount of the Directors' fees was set at €150,000 for the 2017 financial year and subsequent financial years until a decision by the General Meeting to modify this amount.

The Board of Directors has determined, in accordance with the Board's Internal Regulations, objective rules for the distribution of attendance fees between Directors, based on the effective participation of the Director and on his or her status (an Independent director will receive a larger fee). Directors linked to ALTEN by an employment contract or a management mandate do not receive directors' fees.

These rules are regularly reviewed by the Remuneration and Nomination Committee, which may make proposals to the Board about them.

The rules on the distribution of directors' fees are:

- €1,500 per Board meeting attended is allocated to each Independent director, and the amount is increased to €3,000 for each attendance by the Director beyond the threshold of 75% attendance;

- €1,000 per Board meeting attended is allocated to each Non-executive director, and the amount is increased to €2,000 for each attendance by the Director beyond the threshold of 75% attendance;
- no directors' fees for Executive directors (linked to ALTEN by a Director mandate and/or an employment contract);
- €1,500 per Director, with an annual limit of €3,000 per Director, is allocated for each Remuneration and Nomination Committee meeting attended;
- €1,500 per Director, with an annual limit of €3,000 per Director, is allocated for each Audit Committee meeting attended;
- in the event of the creation of new specialised committees, the Board, at the suggestion of the Remuneration and Nomination Committee, may add to these rules.

Amounts due to each Director for the 2017 financial year are indicated in the table below.

Lastly, ALTEN reimburses Directors' travel expenses on presentation of receipts.

**DIRECTORS' FEES AND OTHER COMPENSATION RECEIVED BY NON-EXECUTIVE CORPORATE OFFICERS
(AMF TABLE NO. 3)**

Non-Executive Corporate Officers	Amounts paid during 2017 financial year (for the 2016 financial year)	Amounts paid during 2018 financial year (for the 2017 financial year)
Evelyne FELDMAN		
Directors' fees	€6,000	€15,000
Other compensation	None	None
Philippe TRIBAUDEAU		
Directors' fees	€4,500	€10,500
Other compensation	None	None
Aliette MARDYKS (Director since 22 June 2017)		
Directors' fees	N/A	€9,000
Other compensation	N/A	None
Marc EISENBERG		
Directors' fees	€1,500	6,000
Other compensation	None	None
Jane SEROUSSI		
Directors' fees	€0	€0
Other compensation	None	None
Emily AZOULAY		
Directors' fees	-	-
Other compensation	None	None
Anaëlle AZOULAY		
Directors' fees	€2,000	€8,000
Other compensation	None	None
Jérôme VALAT (Director until 30 September 2017)		
Directors' fees	€0	€0
Other compensation	Compensation received under the employment contract	Compensation received under the employment contract
Marwane METIOUI (Director since 21 December 2017)		
Directors' fees	€0	€0
Other compensation	Compensation received under the employment contract	Compensation received under the employment contract
TOTAL	€17,000	€56,500

SHARE SUBSCRIPTION OR PURCHASE OPTIONS AWARDED TO EACH EXECUTIVE CORPORATE OFFICER DURING THE FINANCIAL YEAR BY THE ISSUER AND ANY GROUP COMPANY (AMF TABLE NO. 4)

None.

SHARE SUBSCRIPTION OR PURCHASE OPTIONS EXERCISED BY EACH EXECUTIVE CORPORATE OFFICER DURING THE FINANCIAL YEAR (AMF TABLE NO. 5)

None.

PERFORMANCE SHARES AWARDED DURING THE FINANCIAL YEAR TO EACH CORPORATE OFFICER (AMF TABLE NO. 6)

None.

PERFORMANCE SHARES MADE AVAILABLE DURING THE PERIOD TO EACH CORPORATE OFFICER (AMF TABLE NO. 7)

None.

EMPLOYMENT CONTRACTS OF EXECUTIVE CORPORATE OFFICERS, COMPENSATION AND/OR BENEFITS DUE OR LIKELY TO BE DUE ON ACCOUNT OF TERMINATION OR CHANGE IN THEIR DUTIES OR OTHER (AMF TABLE NO. 11)

Executive Corporate Officers	Employment contract	Supplementary pension plan	Compensation or benefits owed or likely to be owed due to termination or change in duties	Compensation related to a non-competition provision
Simon AZOULAY Chairman and Chief Executive Officer Date appointment last renewed: 22/06/2017 Expiry of term of office: General Meeting to be held in 2021 to approve the financial statements for the last financial year	None	None	None	None
Gérald ATTIA Deputy Chief Executive Officer Date appointment last renewed: 22/06/2017 Term of office expires: General Meeting to be held in 2021 to approve the financial statements for the last financial year	None	None	None	None
Pierre MARCEL Deputy Chief Executive Officer Date appointment last renewed: 22/06/2017 Term of office expires: General Meeting to be held in 2021 to approve the financial statements for the last financial year	Yes ⁽¹⁾	None	None	None
Bruno BENOLIEL Deputy Chief Executive Officer until 22/06/2017	Yes ⁽²⁾	None	None	None

(1) Pierre MARCEL's employment contract with ALTEN Sud-Ouest, a wholly-owned subsidiary of ALTEN SA, established prior to his appointment as Deputy Chief Executive Officer, relates to his role as Director at ALTEN Sud-Ouest since 1 April 1996. Mr MARCEL also has an employment contract binding him to one of the Group's subsidiaries.

(2) Bruno BENOLIEL's employment contract with ALTEN SA, established prior to his appointment as Director and Deputy Chief Executive Officer, is for performing the duties of Director in charge of the Finance, Legal and Information Systems Departments, a position he has occupied within the ALTEN Group since 29 September 1997. Mr BENOLIEL has not held any director mandate within ALTEN SA since 22 June 2017. Between 2014 and 2016 Mr BENOLIEL also had an employment contract with a subsidiary of the Group which ended on 31 December 2016.

SHARE SUBSCRIPTION OR PURCHASE OPTIONS GRANTED TO THE TEN EMPLOYEES (OTHER THAN CORPORATE OFFICERS) WITH THE HIGHEST NUMBER OF OPTIONS, AND OPTIONS EXERCISED BY THESE BENEFICIARIES (AMF TABLE NO. 9)

Share subscription or purchase options granted to the ten employees (other than Corporate Officers) with the highest number of options, and options exercised by these beneficiaries	Total number of options granted/shares subscribed for or purchased	Weighted average price (in euros)	Plan date
Options granted during the financial year by ALTEN and any company within its Group granting options, to the ten employees of the issuer and all companies included in the group which grant options, with the highest number of options granted. (Comprehensive information)	N/A	N/A	N/A
Options for ALTEN and other aforementioned companies previously exercised during the financial year by the ten employees of the issuer and such other companies, with the highest number of options thus purchased or subscribed. (Comprehensive information)	9,145	71.33 76.01	07/09/2009 19/10/2010

HISTORY OF PAST STOCK OPTION GRANTS AT 31 DECEMBER 2017 (AMF TABLE NO. 8)

At 31 December 2017, there were no longer any stock options allocated. It is also specified that no ALTEN Corporate Officers were awarded any stock options.

HISTORY OF PAST FREE SHARE GRANTS AT 31 DECEMBER 2017 (AMF TABLE NO. 8)

	Allocation of free shares		Allocation of Preferred A Shares		Allocation of Preferred B Shares					
	Plan 1	Plan 2	Plan 1	Plan 4	Plan 2	Plan 3	Plan 5	Plan 6	Plan 7	Plan 8
Under the delegation of authority given by the General Meeting held on 24 May 2016										
Date of the Board of Directors' meeting	27/07/2016	20/09/2016	27/07/2016	23/12/2016	27/07/2016	27/10/2016	26/04/2017	26/07/2017	19/09/2017	25/10/2017
Total number of shares awarded free of charge of which ⁽¹⁾ :	99,880	74,800	2,520	230	1,572	500	18	167	729	200
Gérald Attia	-	-	840	-	-	-	-	-	-	-
Pierre Marcel	-	-	840	-	-	-	-	-	-	-
Vesting date of shares	27/07/2017	20/09/2017	27/07/2017	23/12/2017	27/07/2018	27/10/2018	26/04/2019	26/07/2019	19/09/2019	25/10/2019
Date on which lock-up period ends ⁽²⁾	27/07/2018	20/09/2018	27/07/2019	23/12/2019	27/07/2020	27/10/2020	26/04/2021	26/07/2021	19/09/2021	25/10/2021
Number of shares subscribed at 31 December 2017	49,830	74,800	2,520	230	0	0	0	0	0	0
Cumulative number of cancelled or void shares (at 31/12/2017)	50,050	0	0	0	83	0	0	0	0	0
Remaining shares awarded free of charge at the end of the financial year	0	0	0	0	1,489	500	18	167	729	200

(1) ALTEN's Corporate Officers are not eligible for free share plans. Mr AZOULAY has not received any bonus award of Preferred shares. No bonus award of shares or Preferred Shares has been made to ALTEN's non-Executive Corporate Officers. Furthermore, Executive Corporate Officers eligible for Preferred Shares are required to retain 2% of the ordinary shares resulting from the conversion until the end of their mandates.

The number of shares indicated for awards of class A and B Preferred Shares corresponds to the number of performance shares awarded, with a conversion ratio of a maximum of 100 ordinary shares for each Preferred Share (class A or B).

(2) The performance conditions are described below as well as in chapter 21.2.3.5 of this Registration Document.

Restatement of the performance conditions attached to the Preferred A Shares

The conversion of Preferred A Shares into ordinary shares will take place at the earliest on 28 July 2019 on the basis of a conversion ratio determined by the attainment:

- of a **consolidated revenue growth criterion for the period ending 31 December 2018** compared to 31 December 2015 (**20% weighting**), adjusted by a coefficient reflecting the employee's length of service;
- a **consolidated operating profit on activity criterion for the period ending 31 December 2018** compared to 31 December 2015 (**80% weighting**), adjusted by a coefficient reflecting the employee's length of service; and
- an **employment criterion** (presence coefficient).

One Preferred A Share will entitle the holder to a maximum of 100 ordinary shares. Accordingly, for one Preferred Share, the number of ordinary shares will be determined by applying the following formula:

$$CR1 + CR2$$

Where

$$CR1 = CR \times 20\% \times M \times RevCoef \text{ and}$$

$$CR2 = CR \times 80\% \times M \times OPACoef$$

The performance criteria and associated coefficients are presented below:

2018 revenue (€M)	Growth in relation to 2015	Conversion coefficient linked to revenue growth (RevCoef)	2018 OPA ⁽¹⁾ (€M)	Growth in relation to 2015	Conversion coefficient linked to OPA growth ⁽¹⁾ (OPACoef)	Presence-based multiplying coefficient (M) Issue = issue of the Preferred Share	
1,850	20.0%	100%	183	20.0%	100%	By default	0.01
1,810	17.5%	80%	179	17.4%	80%	Presence on 2 nd anniversary of the issue	0.02
1,772	15.0%	60%	175	15.0%	60%		
1,734	12.5%	40%	171	12.1%	40%	Presence on 3 rd anniversary of the issue	1.00
1,695	10.0%	20%	168	10.0%	20%		
<1,695	<10%	0%	<168	<10%	0%		

(1) Operating profit on activity.

Between levels, the coefficient is determined on a straight-line basis.

HISTORY OF PAST AWARDS OF SHARE WARRANTS

As of this date, there are no share warrant plans in progress.

SHARE WARRANTS GRANTED TO THE TOP TEN NON-CORPORATE OFFICER EMPLOYEES AND THE SHARE WARRANTS THEY HAVE EXERCISED

None.

15.3 PROVISIONS FOR PENSIONS AND RETIREMENT

No specific scheme benefiting corporate officers has been put in place. Corporate Officers do not benefit from top hat retirement benefits.

A retirement benefit of €87,670 has been provisioned for Mr Marcel. This amount corresponds to the statutory retirement benefits in the SYNTEC Collective Agreement.

15 COMPENSATION AND BENEFITS

OPERATION OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

16

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16.1 EXPIRY DATE OF TERMS OF OFFICE

See Section 14.1.2.

16.2 SERVICE LEVEL AGREEMENTS BINDING MEMBERS OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

There are no service level agreements binding members of administrative or management bodies with ALTEN or any of its subsidiaries or stipulating the granting of advantages under such a contract.

16.3 INFORMATION ON COMMITTEES

See Section 16.4.2 below.

16.4 CORPORATE GOVERNANCE

16.4.1 GOVERNANCE

ALTEN refers to the Middelnext Corporate Governance Code revised in September 2016 (hereafter the "Reference Code").

The Middelnext Code is available on the Middelnext website at www.middelnext.com.

The Reference Code contains nineteen recommendations that specifically concern executive Corporate Officers and the Board of Directors.

ALTEN complies with all the recommendations of the Reference Code.

Methods of organising governance

As the founding partner of ALTEN, Simon AZOULAY still has a key operational role in the Company's management and development. On this subject, the Board of Directors decided it was necessary for ALTEN's proper governance that the same person hold the positions of Chairman and Chief Executive Officer. Since 2002 ALTEN's Board of Directors has opted to combine the duties of Chairman of the Board of Directors and Chief Executive Officer. The General Management of the Company is exercised by Simon AZOULAY.

16.4.2 BOARD OF DIRECTORS

Composition of the board of directors

Article 16 of the Company's Articles of Association provides that the Board of Directors is composed of no fewer than 3 and no more than 18 members.

At 31 December 2017, the Board consisted of nine Directors appointed by the General Meeting and One Director representing employees, appointed by the Works Council.

Directors appointed by the General Meeting are appointed for a term of four years. The appointment of each Director is the subject of a separate resolution.

Director	Age	Gender	Independent	Number of mandates in listed companies (excluding ALTEN)	Audit Committee	Remuneration and Nomination Committee	1 st Start of mandate	End of current mandate	Years on Board	Attendance rate in 2017
Simon AZOULAY	61	M	No	0			19/02/1997	30/06/2021	20	100%
Gérald ATTIA	56	M	No	0			23/01/1998	30/06/2018	19	88%
Emily AZOULAY	69	F	No	0		Yes	22/06/2011	30/06/2019	6	88%
Anaëlle AZOULAY	27	F	No	0			18/06/2014	30/06/2018	3	88%
Jane SEROUSSI	52	F	No	0			18/06/2014	30/06/2018	3	88%
Marc EISENBERG	63	M	Yes	0			18/06/2014	30/06/2018	3	50%*
Evelyne FELDAMN	60	F	Yes	0		Yes (Chairman)	24/05/2016	30/06/2020	1	100%
Philippe TRIBAUDEAU	56	M	Yes	0	Yes		24/05/2016	30/06/2020	1	75%
Aliette MARDYKS	62	F	Yes	0	Yes (Chairman)		22/06/2017	30/06/2021	0	75%
Marwane METIOUI	42	M	No	0			21/12/2017	22/10/2018	0	N/A

* This rate would be 63% if you were to take account of Mr EISENBERG's attendance during the Board meeting to approve the annual financial statements and management report of ALTEN SA and the ALTEN Group. This rate is explained by the fact that Mr EISENBERG is a foreign resident and consequently, it is more difficult for him to participate in meetings of the Board of Directors, making teleconferencing the favoured option. At the time of writing, in 2018 Mr EISENBERG had participated in all meetings of the Board of Directors using this method.

Changes in the composition of the board of directors in 2017

Name of Boardmembers	Nature of the change	Effective date	Diversification of Board membership
Simon AZOULAY	Renewal	Combined Ordinary and Extraordinary General Meeting of 22 June 2017	-
Aliette MARDYKS	Appointment	Combined Ordinary and Extraordinary General Meeting of 22 June 2017	Feminisation Independence Skills: Finance Management International Corporate
Bruno BENOLIEL	Resignations	26 April 2017	-
Marwane METIOUI (Director representing employees)	Appointment	Works Council of 21 December 2017	Engineering and Technology Consulting
Jérôme VALAT (Director representing employees)	Resignations	30 September 2017	-

Independent members of the Board of Directors

Note that for purposes of reading the table setting forth the composition of the Board of Directors, the independence criteria used by the ALTEN Board of Directors are defined in the Reference Code as follows:

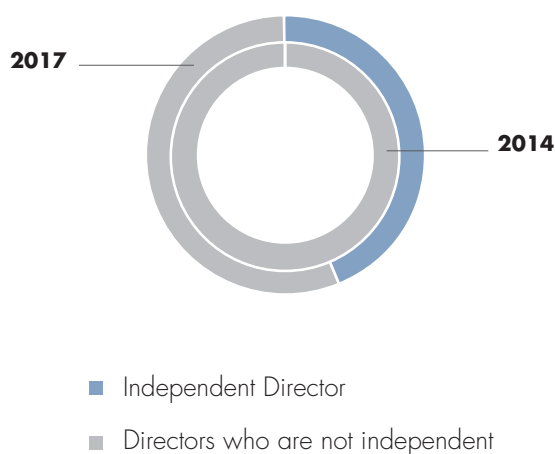
- the Director has not been, over the past five years, and is not an employee or executive Corporate Officer of the Company or of a company within the Group and has not held such position during the past three years;
- does not have and has not had, in the last two years, a significant business relationship with the Company or Group (e.g. customer, supplier, competitor, service provider, creditor, banker, etc.);
- the Director is not a leading shareholder of the Company and does not hold a significant percentage of voting rights;
- the Director does not have close ties or a close family relationship with a Corporate Officer or a leading shareholder;
- the Director has not been a Statutory Auditor of the Company during the past six years.

Independence criteria	Marc EISENBERG	Evelyne FELDMAN	Philippe TRIBAUDEAU	Aliette MARDYKS
Is not and has not been, in the last five years, an employee or Executive Corporate Officer of the Company or another company in the same Group, nor was this the case in the last three years	✓	✓	✓	✓
Does not have and has not had, in the last two years, a significant business relationship with the Company or Group (e.g. customer, supplier, competitor, service provider, creditor, banker, etc.)	✓	✓	✓	✓
Is not a leading shareholder of the Company and does not hold a significant percentage of the voting rights	✓	✓	✓	✓
Has no close or family ties with a Corporate Officer or leading shareholder	✓	✓	✓	✓
Has not served as a Statutory Auditor of the Company in the last six years	✓	✓	✓	✓

At 31 December 2017, the Board of Directors had four independent members out of a total of nine members, *i.e.* 44% independent members (not taking into account the Director representing employees) and is therefore in compliance with the proportion of independent members recommended by the Reference Code.

The Board of Directors has undergone significant changes over the last four years, incorporating four independent Directors. Whilst the Board aims to increase this rate of independence, having tasked the Remuneration and Nomination Committee with examining the make-up of the Board, the latter is also looking for stability, with a view to the long-term integration of its new members and further improvement of operations.

The diagram below summarises the change in the proportion of independent members on the ALTEN SA Board of Directors in just three years, going from zero to 44%.

INDEPENDENCE OF THE BOARD OF DIRECTORS

Expertise of Directors

For new appointments by the General Meeting, the Remuneration and Nomination Committee aims to propose to the Board Director

candidates whose expertise complements existing expertise, while also respecting gender parity and increasing the ratio of Independent Directors.

The table below summarises the expertise of Board Directors. The biography of each of the Directors is in chapter 14 of the Registration Document.

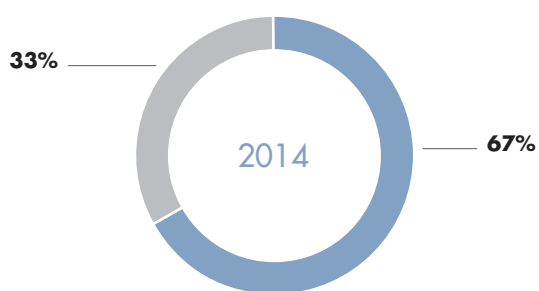
	Engineering and Technology Consulting	Corporate Management	Mergers & Acquisitions	International experience	Human Resources	Finance	Management
Simon AZOULAY	✓	✓	✓	✓	✓	✓	✓
Gérald ATTIA	✓	✓	✓	✓	✓		✓
Emily AZOULAY	✓	✓					✓
Anaëlle AZOULAY				✓		✓	
Jane SEROUSSI		✓					✓
Marc EISENBERG		✓	✓	✓		✓	✓
Evelyne FELDMAN					✓		
Philippe TRIBAUDEAU			✓	✓		✓	✓
Aliette MARDYKS		✓		✓		✓	✓
Marwane METIQUI, Director representing employees	✓						

Balanced representation of men and women on the Board of Directors

At 31 December 2017, the ALTEN Board of Directors had five women, *i.e.* a proportion of 56% women (not including the Director representing employees).

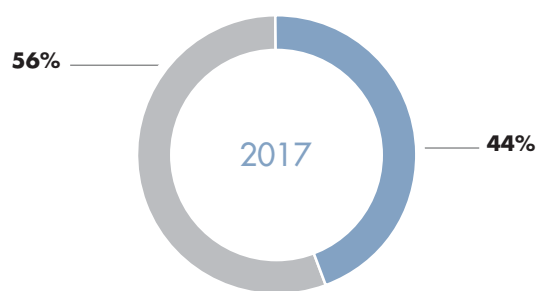
The two charts below present the evolution of parity on the Board of Directors over the last three years.

GENDER BALANCE ON BOARD OF DIRECTORS IN 2014



■ Women ■ Men

GENDER BALANCE ON BOARD OF DIRECTORS IN 2017



■ Women ■ Men

Term and plurality of offices

The term of office for members of the Board of Directors is set in the Internal Rules at four years. This term complies with the suggestions in the ninth Recommendation of the Reference Code, adapted for the specificities of the Company.

The Directors' terms of office are staggered.

The list of offices held by members of the Board of Directors during the 2017 financial year is found in Chapter 14.1.2 of this Registration Document. Members of ALTEN's Board of Directors do not hold an office in any listed company other than ALTEN.

Professional ethics of Directors

Every Director must respect the rules set out in the Internal Rules of the Board, particularly those regarding insider trading.

Members of the Board have also each signed a declaration so as to prevent any conflicts of interest. Under the terms of this declaration, in accordance with the Board's Internal Rules and the first, second and seventh recommendations of the Reference Code, a Director facing such a conflict of interest is obliged to immediately notify the Board and comply with whatever the consequence may be for the performance of his or her corporate office. Thus, depending on the case, he or she will have to refrain from voting on the corresponding deliberation, or not attend the meeting of the Board of Directors during which he or she is in a situation of conflict of interest, or, at the extreme, resign from his or her duties as a Director.

The Board carries out an annual review of known conflicts of interest, in accordance with Article 4.2 of its Internal Rules and the Reference Code. There are currently no conflicts of interest identified between the duties of any member of the Board of Directors with regard to the Company and their private interests.

Ownership of shares

The Internal Rules of the Board recommend the registration of the shares held by Directors.

In addition, ALTEN Executive Corporate Officers all have significant shareholdings (see Chapter 18 of the Registration Document on the positions of each of the Corporate Officers regarding ALTEN shares).

In addition, in accordance with Article L. 225-197-1 of the French Commercial Code, the Board has decided that ALTEN Executive Corporate Officers benefiting from Preferred A Shares must retain on the named register 2% of the shares resulting from the conversion of these Preferred Shares, until the end of their terms as Executive Corporate Officers.

Expertise of the Board of Directors

The Internal Rules of the Board of Directors specify the manner in which the Board operates, in addition to applicable legal and regulatory provisions and the Company's Articles of Association.

During its meeting on 25 January 2017, the Board of Directors amended its Internal Rules, which set forth the manner in which the

Board is organised and operates. It also revised the rules applicable to securities transactions involving Corporate Officers, as well as legal and regulatory provisions and the Company's Articles of Association.

The Board of Directors is involved in the following areas:

- the approval of the annual Company and consolidated financial statements, the interim financial statements and forecast management documents;
- the compensation policy for directors and the main executive managers of the Group;
- calling and setting the agenda for General Meetings of Shareholders;
- implementation of a share buyback programme;
- strategic direction for ALTEN and Group strategy, notably discussing major operations envisaged by the Company and keeping abreast of all important events concerning the Company;
- delegations of authority to issue sureties, guarantees and securities subject to certain conditions and limits;
- Company governance, notably the appointment of the Statutory Auditors;
- review and authorisation of proposed acquisitions.

Operation of the Board of Directors

Directors are convened by ordinary letter, fax, e-mail or orally.

Representatives to the Works Council (one management and two non-management representatives) (supervisors and employees) were invited to all meetings of the Board of Directors by e-mail and by registered letter with acknowledgement of receipt.

The Company's Statutory Auditors are invited to all meetings of the Board of Directors in order to allow them to carry out their duties in the best way. Notably, in 2017, they were able to attend the meetings to review or approve the interim or annual financial statements, in accordance with Article L. 823-17 of the French Commercial Code, and the annual Ordinary General Meeting of Shareholders.

To enable members of the Board of Directors to effectively prepare for meetings, the Chairman gives the Directors all information within a reasonable and adequate period of time as required to make decisions and, more generally to carry out their duties in an independent manner. Each Director is able to obtain additional information necessary to perform his or her duties.

The Directors are kept regularly informed between meetings of the Board, whenever Company news so warrants, in accordance with the fourth Recommendation of the Reference Code.

The representatives from the Works Council received the same information within the same time frame as the members of the Board of Directors.

Minutes of Board Meetings are drafted following each meeting and are subject to approval by the Board of Directors at its next meeting.

Work of the Board of Directors

In 2017, the Board of Directors met eight times. The average attendance rate of Directors was 84%, a sharp rise compared with 2016 (67%).

Like every year, the Board notably approved the annual and interim financial statements, as well as the revenue of the first and third quarters of 2017.

It approved the Group's strategic orientations.

It debated external growth and development transactions occurring during the financial year.

It decided to award Preferred Shares to the Group's managerial staff.

It prepared and approved the General Meeting resolutions and notably those regarding the renewal of existing mandates and the appointment of new Directors.

It carried out the annual examination of regulated agreements and commitments.

It reviewed all 19 areas of the Reference Code requiring particular attention.

Finally it approved the compensation policy of Corporate Officers following the proposal of the Remuneration and Nomination Committee, debated the professional and wage equality policy, and reviewed the distribution of Directors' fees.

Committees of the Board

The Board has two ad hoc Committees: the Audit Committee and the Remuneration and Nomination Committee.

The Audit Committee

The Board decided, from 26 April 2017, to create an ad hoc Audit Committee with the appointment of an Independent Director with the necessary financial expertise and availability to chair this Committee. Alette Mardyks was appointed by the General Meeting of 22 June 2017 as ALTEN Director. As Independent Director in the sense given in the Reference Code, and due to her professional experience (35 years spent in the Airbus Group, where she successively held a

number of operational and functional positions, in various Airbus Group entities: Director of Management Control or Operational Head of Management Control Department), Ms Mardyks was appointed Chairman of the Audit Committee. On 26 July 2017 the Board acknowledged the definitive constitution of the Audit Committee.

Duties of the Audit Committee

The duties of the Committee, as defined in the Audit Committee Operation Charter, are as follows:

- monitoring the process for preparing financial information and, where necessary, making recommendations to ensure its integrity;
- monitoring the effectiveness of the internal control, risk management and, where applicable, internal audit systems with respect to the procedures for preparing and processing accounting and financial information, without compromising its independence;
- making a recommendation on the Statutory Auditors nominated for appointment by the General Meeting;
- monitoring completion by Statutory Auditors of their duties, taking account of the notes and conclusions of the French High Council of Statutory Auditors after controls carried out in accordance with regulations;
- ensuring respect by Statutory Auditors of conditions of independence, under the conditions and using the methods provided for under regulations;
- approval of the provision of services other than certification of accounts (SOCA): a limited number of SOCA are approved upstream by the Audit Committee; the Committee is informed every year of the SOCA effectively provided. The budget of the assignment involving SOCA is approved by the Financial Director of the entity concerned, up to €20,000. Beyond this amount, the budget must receive the approval of the Group Financial Director;
- regularly report to the board on the performance of its duties. It also reports on the results of its accounts certification mission, the way in which this mission has contributed to the integrity of financial information and the role it has played in this process. It immediately informs the Board of any difficulty encountered.

Composition of the Audit Committee

Name	Duties performed in the Committee	Independence
Aliette MARDYKS	Chairman of the Audit Committee	✓
Philippe TRIBAUDEAU	Member of the Audit Committee	✓

The Audit Committee met twice during the last financial year:

Date of the meeting	Agenda
19 September 2017	<ul style="list-style-type: none"> • Presentation of the Group's interim consolidated financial statements, particularly looking at the significant events of the financial year and the comments of the Statutory Auditors on the results; • Presentation of the work of the Statutory Auditors regarding the production of audits of the financial statements and specific examinations, notably of the interim financial statements; • Review of the Group's financial communication.
19 December 2017	<ul style="list-style-type: none"> • Update from the Committee on the compliance challenges for the Group (anti-corruption, protection of personal data, duty of care plan etc.); • Report of the Review of Internal Control by the Statutory Auditors; • Update on Financial Internal Control within the Group; • Review and approval of the list of SOCA and report of SOCA actually provided during the financial year (details of these SOCA are given in note 16.4.1 to the consolidated financial statements).

The attendance rate of Audit Committee members at these two meetings was 100%.

	Meeting of 19/09/2017	Meeting of 19/12/2017
Aliette MARDYKS	✓	✓
Philippe TRIBAUDEAU	✓	✓
TOTAL	100%	100%

These meetings took place in the presence of the ALTEN Statutory Auditors and the Group Financial Director. Certain Group executives (the Legal Director and the Head of Financial Internal Control) also participated in the meetings on an ad hoc basis. The meetings gave rise to several discussions between members of the Audit Committee and the Statutory Auditors.

The recommendations of the Audit Committee were implemented in full by the Board of Directors.

The Audit Committee met again on 20 February 2018 for the presentation of the Group's annual results to the market on 21 February 2018. It also met before the meeting of the Board of Directors of 25 April 2018 called to approve the notes to the company and consolidated financial statements, as well as all of the reports that were to be presented to shareholders.

This latter meeting notably covered the drafting of the new report of the Statutory Auditors for the Audit Committee and on the independence of the Statutory Auditors.

Remuneration and Nomination Committee

At its meeting on 21 February 2017, the Board of Directors decided to form a specialised Remuneration and Nomination Committee.

Duties of the Remuneration and Nomination Committee

This Committee is tasked with assisting the Board on issues related to compensation and appointments, specifically on the following issues:

- compensation policy for officers, members of the Executive Committee and the principal Directors;
- individual compensation for officers, members of the Executive Committee and the principal Directors;
- discretionary profit-sharing and shareholding schemes;
- career management;
- candidate selection process;
- individual appointments;
- composition of the Board of Directors and its committees;
- succession of officers.

Composition of the Remuneration and Nomination Committee

Name	Duties performed in the Committee	Independence
Evelyne FELDMAN	Chairman of the Remuneration and Nomination Committee	✓
Emily AZOULAY	Member of the Remuneration and Nomination Committee	

The first task given by the Board of Directors to the Remuneration and Nomination Committee, which had not led to a formal meeting of the Committee in 2017, was to propose candidates to serve as Independent Directors for ALTEN, in anticipation of the formation of an Audit Committee in 2017.

The first meeting of the Remuneration and Nomination Committee took place on 26 January 2018 in the presence of its two members. Simon Azoulay and the Group Legal Director attended on this occasion.

This meeting notably dealt with:

- the compensation policy regarding Corporate Officers, members of the Executive Committee and the main Group officers with a view to issuing its recommendations to the Board prior to the adoption of the compensation policy for 2018;
- the succession of officers (in the presence of Simon Azoulay): the Committee initiated, in collaboration with Mr Azoulay, a discussion on the succession of officers (Mr Azoulay and the two Deputy Chief Executive Officers);
- composition of the Board of Directors: examination of the composition of the Board with a view to issuing recommendations on the advisability of renewing the terms of the Directors whose terms expire at the next General Meeting; The Remuneration and Nomination Committee once again met ahead of the Board of Directors meeting of 25 April 2018 in order to definitively approve its recommendations to the Board on this matter.

Evaluation of the Board

In accordance with the provisions of the eleventh Recommendation of the Reference Code, the Board of Directors regularly, and at least

once per year, discusses subjects such as the methods of functioning, composition and organisation of the Board of Directors and any Committees, its work, its delegations of powers and its decisions. These deliberations are transcribed in minutes.

In 2017, for the first time, a formal assessment process was drawn up involving a self-assessment questionnaire with over forty questions covering four themes (i) composition and independence of the Board (ii) rights and responsibilities of Directors (iii) duties of the Board (iv) discussions of the Board

The questionnaire was submitted to Directors during the Board meeting on 26 April 2017. Since it was the first time this has been done, there is room for improvement in the response rate to the questionnaire.

The results of this questionnaire were debated during the Board meeting of October 2017. Certain areas for improvement emerged, mainly to do with the independence of the Board and Directors' knowledge of their duties. There was unanimous agreement amongst Directors who answered the questionnaire that discussions carried out during Board meetings were satisfactory and no items of the questionnaire were deemed to be unsatisfactory.

This exercise will be repeated in 2018 in order to note achievements.

Training

The Board's self-assessment questionnaire highlighted demand on the part of Directors for better knowledge of their roles and duties. The Board therefore decided to encourage the training of all its Directors, offering Directors dedicated training within the Middlednext training body.

16.4.3 ORGANISATION OF GENERAL MANAGEMENT

General Management leads the Company and represents it to third parties. It consists of the General Manager, Simon Azoulay, assisted by two Deputy Chief Executive Officers:

- Gérald ATTIA, who joined the Group in 1993 and who currently occupies the position of Director Responsible for Commercial Development, Structured Projects and International activities (zone 2);
- Pierre MARCEL, who joined the Group in 2000 and currently occupies the positions of Director of ALTEN France and of certain Solutions subsidiaries.

Limitation of the powers of General Management

The Chief Executive Officer and the Deputy Chief Executive Officers are vested with the broadest possible powers to act on behalf of the Company in all circumstances. They exercise their powers within the limit of the corporate purpose and subject to those which the law expressly allocates to meetings of shareholders and of the Board of Directors. They represent the Company in its relations with third parties and before the courts.

The Board's Internal Rules also impose limitations on the powers of the General Management. For example, the Board retains sole responsibility for examining and authorising external growth, development and divestment transactions.

16.4.4 ADDITIONAL INFORMATION

Terms of participation of shareholders at the General Meeting

The Company's Articles of Association (see chapter 21) define the terms of participation of shareholders at the General Meeting.

Under the terms of Article 23 of the Articles of Association, the right to take part in General Meetings is granted by registration of shares in the books under the shareholder's or agent's name (in application of paragraph 7 of Article L. 228-1 of the French Commercial Code) by no later than zero hours, Paris time, on the second banking day preceding the General Meeting, either in registered accounts managed by the company or in bearer accounts managed by an authorised agent.

Registration of bearer shares is recorded through a shareholding certificate issued by the authorised agent.

If unable to attend the meeting in person, shareholders may select one of the following three options: (i) give a proxy to a natural person or legal entity of his/her choice in accordance with the conditions of Article 225-106 of the French Commercial Code; (ii) send a proxy to the Company without identifying an agent; (iii) vote by post.

Requests by shareholders to submit draft resolutions or items for the agenda must be sent to the registered office by registered letter with acknowledgement of receipt or by electronic telecommunication and be received no later than 25 days before the General Meeting. They may not be sent more than 20 days after the publication of the convening notice in the BALO.

16.4.5 SUMMARY TABLE OF DELEGATIONS AND AUTHORISATIONS TO INCREASE THE SHARE CAPITAL

	Date of the O&EGM	Delegation's expiry date	Amount authorised	Increases(s) and issue(s) carried out in previous financial years	Increases(s) and issue(s) carried out during the financial year	Residual amount at 31/12/2017
Delegation of authority for the purpose of increasing capital through capitalisation of reserves, earnings or premiums ⁽⁵⁾	22/06/2017	21/08/2019	10% of the share capital at 22/06/2017	None	None	10% of the share capital at 22/06/2017
Delegation for purposes of increasing the share capital through the issue of ordinary shares which, if applicable, confer a right to ordinary shares or to the allocation of debt securities (of the Company or a Group company), and/or securities conferring a right to ordinary shares to be issued (by the Company or by a Group company), with pre-emptive subscription rights ⁽⁵⁾	22/06/2017	21/08/2019	25% of the share capital at 22/06/2017 (Nominal amount of shares) €280,000,000 (nominal amount of debt securities)	None	None	25% of the share capital at 22/06/2017 (Nominal amount of shares) €280,000,000 (nominal amount of debt securities)
Delegation for purposes of increasing the share capital through the issue of ordinary shares giving, where applicable, access to ordinary shares or the allocation of debt securities (of the Company or a Group company) and/or securities (excluding debt securities) giving access to ordinary shares (of the Company or a Group company) with removal of the pre-emptive subscription right and compulsory priority period by public offering ⁽⁵⁾	22/06/2017	21/08/2019	10% of the share capital at 22/06/2017 (nominal amount of shares) ⁽¹⁾⁽²⁾ €280,000,000 (nominal amount of debt securities) ⁽²⁾	None	None	10% of the share capital at 22/06/2017 (nominal amount of shares) ⁽¹⁾⁽²⁾ €280,000,000 (nominal amount of debt securities) ⁽²⁾
Delegation for purposes of increasing company capital through the issuance of debt securities conferring a right to ordinary shares to be issued (of the Company or a Group company), with removal of the pre-emptive subscription right by public offering ⁽⁵⁾	22/06/2017	21/08/2019	10% of the share capital at 22/06/2017 (nominal amount of shares) ⁽¹⁾⁽²⁾ €280,000,000 (nominal amount of debt securities) ⁽²⁾	None	None	10% of the share capital at 22/06/2017 (nominal amount of shares) ⁽¹⁾⁽²⁾ €280,000,000 (nominal amount of debt securities) ⁽²⁾
Delegation for purposes of increasing the share capital by issuing ordinary shares which, if applicable, confer a right to ordinary shares or to the allocation of debt securities (of the Company or a Group company), and/or securities (with the exception of debt securities) confer a right to ordinary shares to be issued (by the Company or by a Group company), with removal of pre-emptive subscription rights, by an offering referenced in II of Article L. 411-2 of the French Monetary and Financial Code ⁽⁵⁾	22/06/2017	21/08/2019	5% of the amount of the capital at 22/06/2017 (nominal amount of shares) ⁽¹⁾⁽³⁾ €160,000,000 (nominal amount of debt securities) ⁽³⁾	None	None	5% of the amount of the capital at 22/06/2017 (nominal amount of shares) ⁽¹⁾⁽³⁾ €160,000,000 (nominal amount of debt securities) ⁽³⁾
Delegation for purposes of issuing debt securities conferring a right to ordinary shares to be issued (by the Company or by a Group company), without pre-emptive subscription rights, by an offering referenced in II of Article L. 411-2 of the French Monetary and Financial Code ⁽⁵⁾	22/06/2017	21/08/2019	5% of the amount of the capital at 22/06/2017 (nominal amount of shares) ⁽¹⁾⁽³⁾ €160,000,000 (nominal amount of debt securities) ⁽³⁾	None	None	5% of the amount of the capital at 22/06/2017 (nominal amount of shares) ⁽¹⁾⁽³⁾ €160,000,000 (nominal amount of debt securities) ⁽³⁾

	Date of the O&EGM	Delegation's expiry date	Amount authorised	Increases(s) and issue(s) carried out in previous financial years	Increases(s) and issue(s) carried out during the financial year	Residual amount at 31/12/2017
Delegation with a view to increasing share capital to remunerate contributions in kind of shares or securities ⁽⁵⁾	22/06/2017	21/08/2019	5% of capital at 22/06/2017 ⁽¹⁾	None	None	5% of capital at 22/06/2017 ⁽¹⁾
Delegation for purposes of increasing the capital by the issuance of ordinary shares and/or securities conferring a right in the share capital, without pre-emptive subscription rights, to the benefit of those belonging to a company savings plan, in accordance with Articles L. 3332-18 et seq. of the French Labour Code	22/06/2017	21/08/2019	2% of capital at the date of the Board's decision to carry out this capital increase	None	None	2% of capital at the date of the Board's decision to carry out this capital increase
Authorisation to award ordinary shares free of charge to salaried employees	24/05/2016	23/07/2019	250,000 ordinary shares	174,680 free shares	None	75,320 ordinary shares
Authorisation to award preferred shares free of charge, known as "Preferred B shares" to employees and to some Corporate Officers	24/05/2016	23/07/2019	400,000 ordinary shares ⁽⁴⁾	2,072 Preferred B Shares which could result in a maximum of 207,200 ordinary shares being awarded	1,114 Preferred B Shares which could result in a maximum of 111,400 ordinary shares being awarded	814 Preferred B Shares which could result in a maximum of 81,400 ordinary shares being awarded ⁽⁴⁾

(1) Charged against the maximum amount of capital increases set at 10% of share capital by the General Meeting of 22 June 2017.

(2) Common ceiling for delegations with removal of the pre-emptive subscription right by public offering.

(3) Common ceiling for delegations with removal of the pre-emptive subscription right by private placement.

(4) The General Meeting of 24 May 2016 set a limit of 252,000 ordinary shares for Executive Corporate Officers; taking into account the bonus awards of 1,680 Preferred A Shares to two Executive Corporate Officers on 27 July 2016 (see Section 15.2), which could result in a maximum of 168,000 ordinary shares being awarded, only 840 Preferred B Shares may be awarded to Executive Corporate Officers on the basis of the authorisation listed in the table above.

(5) Suspension during a public offer.

EMPLOYEES

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EMPLOYEES HEADCOUNT BREAKDOWN

17.1 HEADCOUNT BREAKDOWN

ALTEN GROUP HEADCOUNT, YEAR-END

	31/12/2017	31/12/2016	31/12/2015
Consultants ⁽¹⁾	24,700	21,300	18,000
Internal staff ⁽²⁾	3,300	2,700	2,400
TOTAL	28,000	24,000	20,400

(1) Salaried headcount performing technical projects on customer premises, for which services are billed to clients.

(2) Internal operating headcount not billed to clients.

DISTRIBUTION OF EMPLOYEE ENGINEERS BY GEOGRAPHICAL ZONE

	December 2015	December 2016	June 2017	December 2017	Change 12 months	
France	8,900	9,550	9,950	10,200	650	6.8%
Europe (excluding France)	7,130	8,195	9,220	10,130	1,935	23.6%
Africa & Middle East	220	450	480	450	0	0%
Asia/India/China	1,300	2,155	2,500	2,660	505	23.4%
USA/Canada	450	950	1,050	1,260	310	32.6%
TOTAL	18,000	21,300	23,200	24,700	3,400	16.0%

17.2 PROFIT-SHARING AND STOCK OPTIONS

See Sections 15.2 and 18.1.

17.3 AGREEMENT ON EMPLOYEE PROFIT-SHARING

17.3.1 DISCRETIONARY PROFIT-SHARING PLAN

ALTEN has not implemented any discretionary employee profit-sharing plans.

17.3.2 MANDATORY PROFIT-SHARING PLAN

With regard to mandatory employee profit-sharing plans, Group companies with more than 50 employees and which record a profit have implemented profit-sharing plans as required by law.

Companies	Date of agreement	Date of most recent amendment
ALTEN SA	27/05/1992	Amendment No. 11 dated 29/06/2017
ALTEN SIR	12/02/2009	Amendment No. 2 dated 25/10/2011
ALTEN Sud-Ouest	15/12/2001	Amendment No. 3 dated 07/12/2009
Anotech Energy	06/12/2007	Amendment No. 1 dated 01/03/2010
MI-GSO	15/11/2006	Amendment No. 4 dated 19/11/2014
AVENIR CONSEIL FORMATION	20/01/2009	Amendment No. 1 dated 18/03/2010
ATEXIS France	14/12/2009	-
Elitys Consulting	11/03/2011	-
ALTEN Technologies	24/05/2017	
AIXIAL	07/06/2013	
APTECH	27/01/2016	
CADUCEUM	30/06/2017	
LINCOLN	28/06/2011	

In addition, all companies benefit from the Multipar Sécurité and Multipar Solidaire Dynamique FCPs.

Employee profit sharing can be allocated to a company savings plan (PEE) and used to acquire FCPE shares.

For a majority of Group companies, the FCPEs available under the company savings plan (PEE) are:

- FCP ALTEN;
- FCPE Multipar Sécurité;
- FCPE Multipar Diversifié Modéré — Part I;
- FCPE Multipar Équilibre Socialement Responsable — Part C;
- FCPE Multipar Solidaire Dynamique Socialement Responsable — Part C;

All of these funds have been approved by the AMF.

AMOUNTS PAID TO EMPLOYEES UNDER EMPLOYEE PROFIT-SHARING PLANS OVER THE PAST THREE YEARS

ALTEN SA	2017	2016	2015
Employee profit-sharing (<i>in thousands of euros</i>)	1,915	0	1,768

17.4 COLLECTIVE AGREEMENTS

ALTEN SA	Alten SIR	ALTEN SUD-OUEST	MI-GSO
Amendment no. 11 to the employee profit-sharing plan (see Section 17.3.2): 29/06/2017	No agreement was signed in 2017	No agreement was signed in 2017	Agreement relating to the right to disconnect 16/10/2017

17.5 EMPLOYEE-RELATED AND ENVIRONMENTAL CONSEQUENCES OF ALTEN SA'S ACTIVITY

17.5.1 EMPLOYMENT WITHIN ALTEN SA

	Headcount	
Total headcount as of 31/12/2017	5,380	
Employees recruited on permanent contracts	2,560	
Employees recruited on fixed-term contracts	95	
Employees recruited on vocational training and internship contracts	63	
Total departures	2,825	%
Resignations	1,469	52.00%
Redundancies	140	4.96%
End of trial period	447	15.82%
End of fixed-term employment contract	85	3.01%
End of vocational training and internship contract	37	1.31%
Other (including transfers)	647	22.90%

17.5.2 EMPLOYMENT AND RECRUITMENT OF FOREIGN EMPLOYEES

At 31 December 2017, there were 457 employees of foreign nationality, including 245 from outside the European Union, in ALTEN SA's headcount.

	Headcount
French employees	4,923
Foreign employees	457
EU	212
Non-EU	245

17.5.3 EMPLOYMENT AND INTEGRATION OF EMPLOYEES WITH DISABILITIES WITHIN ALTEN SA

In 2017, 21 of its employees were declared as having a disability.

The Company pursued its initiatives for raising of awareness, intended for all employees. A communication unit for disability was put into place. It is open to any employee wishing to obtain information on the subject, and makes it possible to have an appointment, in full confidentiality, with a person who is specialised in the area of disability.

In parallel, ALTEN SA is pursuing its partnerships with businesses in the sheltered sector, by entering into contracts with them for the provision of subcontracting and services.

ALTEN SA paid a contribution of €1,559,646.08 to the French disability agency AGEFIPH for 2017.

17.5.4 WORKING TIME

	Number	
Full-time employees	5,324	
Part-time employees	56	
> 20 hours	49	
< 20 hours	7	
Overtime worked	12,225.04	
Absenteeism:	Number (days)	%
Sabbaticals, paternity leave, family events	7,778	15.94%
Maternity leave	6,150	12.60%
Sick leave	19,772	40.52%
Work accident	245	0.50%
Commuting accidents	502	1.03%
Other causes (unpaid leave)	14,349	29.41%
TOTAL Absenteeism	48,796	An average 8.84 days of absence per absent employee

17.5.5 EMPLOYEE RELATIONS

At ALTEN SA, 21 Works Council meetings and 12 meetings with staff representatives took place during 2017.

17.5.6 HEALTH AND SAFETY

ALTEN SA's Health and Safety Committee met six times in 2017. The Health and Safety Committees of Group subsidiaries that have reached regulatory thresholds meet at legally mandated intervals.

The majority of consultants work on customer premises, in laboratories or offices. Other employees working on Company premises provide functional services.

Given ALTEN SA's business activities, and also in principle, its employees are not subject to difficult working conditions or the performance of repetitive tasks.

17.5.7 COMPENSATION, MANDATORY AND DISCRETIONARY PROFIT-SHARING AND SAVINGS PLANS

At 31 December 2017, payroll taxes amounted to €99,266 thousand.

Most of the Group companies — those with more than 50 employees — have implemented mandatory profit-sharing plans and

company savings plans with the possibility of voluntary payments. Employees may choose to invest in the ALTEN FCPE or in mutual funds with specific profiles (money market – conservative – growth).

17.5.8 CHARITABLE AND CULTURAL WORK

The budget allocated to welfare benefits represented 0.8% of the total payroll.

17.5.9 SUBCONTRACTING AND TEMPORARY STAFF

ALTEN SA mainly uses subcontractors from within the Group. For 2017, subcontracting costs came to €107,319 thousand.

The ALTEN Group ensures that its subsidiaries comply with the fundamental provisions of national and international labour laws in their relations with subcontractors.

ALTEN SA ensures that its subcontractors and affiliates comply with a Code of Ethics, especially the provisions of the ILO, given that

most engineers are from European Union member countries that have adopted the ILO's fundamental principles.

Expenditure related to the use of temporary workers by ALTEN SA amounted to €295 thousand in 2017.

The social and environmental impacts of the ALTEN Group's business are presented in Chapter 3 of the business report, "Operational Excellence and Sustainable Development".

MAIN SHAREHOLDERS

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18.1 SHAREHOLDING STRUCTURE

18.1.1 SHAREHOLDING

18.1.1.1 Position as of 31 March 2018

	Number of ordinary shares	% of capital	Theoretical voting rights	% theoretical voting rights	Voting rights in GM	% of voting rights in GM
PUBLIC	22,920,176	67.76%	23,011,473	59.21%	23,011,473	59.92%
-	-	-	-	-	-	-
SGTI ⁽¹⁾	3,498,962	10.34%	6,997,924	18.00%	6,997,924	18.22%
Simon AZOULAY and related parties ⁽²⁾	1,599,051	4.73%	3,048,102	7.84%	3,048,102	7.94%
SUBTOTAL (SIMON AZOULAY AND RELATED PARTIES)	5,098,013	15.07%	10,046,026	25.85%	10,046,026	26.16%
International Value Advisors LLC	2,850,427	8.43%	2,850,427	7.33%	2,850,427	7.42%
FMR LLC	1,928,430	5.70%	1,928,430	4.96%	1,928,430	5.02%
Treasury shares	464,730	1.37%	464,730	1.20%	-	-
Gérald ATTIA ⁽³⁾	249,166	0.74%	249,166	0.64%	249,166	0.65%
Employees	124,630	0.37%	124,630	0.32%	124,630	0.32%
ALTEN FCPE	188,025	0.56%	188,025	0.48%	188,025	0.49%
Emily AZOULAY	2,150	0.01%	4,300	0.01%	4,300	0.01%
TOTAL	33,825,747	100.00%	38,867,207	100.00%	38,402,477	100.00%
Number of Preferred A Shares (without voting rights)	2,750 ⁽⁴⁾					

(1) Company controlled at the highest level by Simon AZOULAY.

(2) Including (i) 1,133,550 shares held in bare ownership by Simon AZOULAY and related parties under Article L. 233-9(I)(6) of the French Commercial Code, for which Simon AZOULAY transferred the usufruct to ENIO as part of a temporary gift of usufruct due to be returned on 31 July 2020 (see AMF Decision No. 217C1398); ENIO represents 3.35% of the capital and 5.90% of the OGM voting rights, (ii) 150,000 ALTEN shares held in bare ownership by Simon AZOULAY and related parties under Article L. 233-9(I)(6) of the French Commercial Code, for which Simon AZOULAY transferred the usufruct to FJF as part of a temporary gift of usufruct due to be returned on 30 June 2018, and (iii) 301,500 ALTEN shares held in bare ownership by Simon AZOULAY and related parties under Article L. 233-9(I)(6) of the French Commercial Code, for which Simon AZOULAY transferred the usufruct to FJF as part of a temporary gift of usufruct due to be returned on 30 June 2019.

(3) Including 182,582 ALTEN shares held by GMA, a company controlled at the highest level by Gérald ATTIA.

(4) Including 840 held by Gérald ATTIA and 840 held by Pierre MARCEL, Deputy Chief Executive Officers.

There have been no significant changes in the position of capital and voting rights since 31 March 2018.

To the Company's knowledge, none of the shareholders, other than those mentioned in the above table or its references, hold directly or indirectly, individually or in concert, more than 3%⁽¹⁾ of the Company's capital or voting rights.

Cash management shares

As of 31 December 2017, no ALTEN subsidiary held any ALTEN shares.

(1) Internal threshold detailed in Article 9 of the Articles of Association.

18.1.1.2 Position as of 31 December 2017

ALTEN carried out an Identifiable Bearer Shares procedure dated 31 March 2017.

This procedure, carried out on shareholders representing 93% of the ALTEN share capital (some 200 shareholders), showed that on this date ALTEN was 43% held by French residents and 57% by foreign residents, and 70% by institutional investors and 30% by private shareholders.

Persons who, as of 31 December 2017, directly or indirectly held more than 3%, 5%, 10%, 15%, 20%, 25%, 30%, 33.33%, 50%, 66.66%, 90% or 95% of the Company's share capital or voting rights at General Meetings are named below.

	Number of ordinary shares	% of capital	Theoretical voting rights	% theoretical voting rights	Voting rights in GM	% of voting rights in GM
PUBLIC	22,892,018	67.68%	22,983,733	59.12%	22,983,733	59.84%
SGTI ⁽¹⁾	3,498,962	10.34%	6,997,924	18.00%	6,997,924	18.22%
Simon AZOULAY and related parties ⁽²⁾	1,599,051	4.73%	3,048,102	7.84%	3,048,102	7.94%
SUBTOTAL (SIMON AZOULAY AND RELATED PARTIES)	5,098,013	15.07%	10,046,026	25.84%	10,046,026	26.16%
International Value Advisors LLC	2,850,427	8.43%	2,850,427	7.33%	2,850,427	7.42%
FMR LLC	1,928,430	5.70%	1,928,430	4.96%	1,928,430	5.02%
Treasury shares	471,758	1.39%	471,758	1.21%	-	-
Gérald ATTIA ⁽³⁾	264,666	0.78%	275,351	0.71%	275,351	0.72%
ALTEN FCPE	193,655	0.57%	193,655	0.50%	193,655	0.50%
Employees	124,630	0.37%	124,630	0.32%	124,630	0.32%
Emily AZOULAY	2,150	0.01%	4,300	0.01%	4,300	0.01%
TOTAL	33,825,747	100.00%	38,878,310	100.00%	38,406,552	100.00%
Number of Preferred A Shares (without voting rights)	2,750 ⁽⁴⁾					

(1) Company controlled at the highest level by Simon AZOULAY.

(2) Including (i) 1,133,550 shares held in bare ownership by Simon AZOULAY and related parties under Article L. 233-9(I)(6) of the French Commercial Code, for which Simon AZOULAY transferred the usufruct to ENIO as part of a temporary gift of usufruct due to be returned on 31 July 2020 (see AMF Decision No. 217C1398); ENIO represents 3.35% of the capital and 5.90% of the OGM voting rights, (ii) 150,000 ALTEN shares held in bare ownership by Simon AZOULAY and related parties under Article L. 233-9(I)(6) of the French Commercial Code, for which Simon AZOULAY transferred the usufruct to FJF as part of a temporary gift of usufruct due to be returned on 30 June 2018, and (iii) 301,500 ALTEN shares held in bare ownership by Simon AZOULAY and related parties under Article L. 233-9(I)(6) of the French Commercial Code, for which Simon AZOULAY transferred the usufruct to FJF as part of a temporary gift of usufruct due to be returned on 30 June 2019.

(3) Including 183,582 ALTEN shares held by GMA, a company controlled at the highest level by Gérald ATTIA.

(4) Including 840 held by Gérald ATTIA and 840 held by Pierre MARCEL, Deputy Chief Executive Officers.

18.1.2 CHANGE IN SHAREHOLDING STRUCTURE**18.1.2.1 Changes to the capital structure over the past three years**

	Position as of 31 December 2017			Position as of 31 December 2016			Position as of 31 December 2015		
	Number of shares	% of capital	% of actual voting rights	Number of shares	% of capital	% of actual voting rights	Number of shares	% of capital	% of actual voting rights
Public	22,892,018	67.68%	59.84%	22,765,770	67.58%	59.49%	20,750,426	61.65%	55.20%
Simon AZOULAY*	5,098,013	15.07%	26.16%	5,144,667	15.27%	26.32%	5,430,667	16.13%	26.00%
International Value Advisers LLC	2,850,427	8.43%	7.42%	2,850,427	8.46%	7.44%	3,354,402	9.96%	8.90%
FMR LLC	1,928,430	5.70%	5.02%	1,928,430	5.73%	5.03%	1,928,430	5.73%	5.12%
Harris Associates Ltd	-	-	-	-	-	-	1,148,231	3.41%	3.05%
Treasury shares	471,758	1.39%	-	462,956	1.37%	-	467,397	1.39%	-
Bruno BENOLIEL	-	-	-	52,800	0.16%	0.28%	52,800	0.16%	0.28%
Pierre MARCEL	-	-	-	-	-	-	14,000	0.04%	0.04%
Emily AZOULAY	2,150	0.01%	0.01%	2,780	0.01%	0.01%	3,000	0.01%	0.02%
Gérald ATTIA**	264,666	0.78%	0.72%	279,477	0.83%	0.91%	279,477	0.83%	0.77%
ALTEN FCPE	193,655	0.57%	0.50%	200,418	0.59%	0.52%	233,795	0.69%	0.62%
Employees	124,630	0.37%	0.32%	-	-	-	-	-	-
TOTAL	33,825,747	100%	100%	33,687,725	100%	100%	33,662,625	100%	100%

* Simon AZOULAY and related parties (including SGTI which he controls and the shares whose usufruct was temporarily given to ENIO, FJF and the ARBRE fund).

** including ALTEN shares held by GMA, a company controlled at the highest level by Gérald ATTIA.

18.1.2.2 Public tender or exchange offer

No public tender or exchange offers were launched by third parties on the Company's shares.

In addition, the Company has launched no public exchange offer on the shares of another company on a regulated market.

18.1.2.3 Shareholders' agreements

To the best of the Company's knowledge, there are currently no shareholders' agreements in effect.

18.1.3 THRESHOLD CROSSING

To the Company's knowledge, the only reporting thresholds breached during the 2017 financial year were the following:

Declarant's name	Transaction date	AMF Reference	Type of threshold breach
Simon AZOULAY	31/05/2016		Falling below threshold of 25% of voting rights in EGM
SGTI	15/11/2016	217C1398	Exceeding threshold of 25% of voting rights in EGM ⁽¹⁾⁽²⁾
Moneta	05/04/2017	-	Falling below threshold of 3% of voting rights

(1) Simon AZOULAY did not breach any threshold on this occasion. The following declaration of intent was made by SGTI:

The company SGTI, controlled and managed by Simon AZOULAY, declares: 1/ that it has exceeded the thresholds of 10% of the share capital and 15% of the voting rights as a result of the merger of SGTI 2, which was in turn controlled and managed by Mr AZOULAY (which did not require funding). This merger resulted in the transfer of the ALTEN shares held by SGTI 2 to SGTI. The merger was carried out to simplify and rationalise the indirect ownership structure of Mr AZOULAY's shareholdings in ALTEN. Consequently, Mr AZOULAY's direct and indirect shareholdings in ALTEN remain unaffected by this merger 2/ that neither it nor Mr AZOULAY are acting in concert with another shareholder of the Company 3/ that neither it nor Mr AZOULAY intend to increase their shareholding in ALTEN or acquire control of it 4/ that it does not intend to alter its strategy towards ALTEN, nor to engage in any of the transactions referred to in Article 223-17(I)(6) of the AMF General Regulation, it being specified that ALTEN's Board of Directors (on which Mr AZOULAY sits) has decided to ask the General Meeting of 24 May 2016 for permission to award bonus Preferred Shares under the eighteenth to twenty-first resolutions, which could entail an amendment to the Company's Articles of Association in the terms set forth in those resolutions 5/ that it does not hold any of the financial instruments or agreements referred to in Article L. 233-9(I)(4) and (4-bis) of the French Commercial Code 6/ that it has not directly entered into any temporary sale agreement concerning ALTEN's shares and/or voting rights, it being specified that Mr AZOULAY proceeded: - on 11 June 2014 with a temporary gift of usufruct of 1,133,550 ALTEN shares he holds to ENIO, a registered public foundation, with the usufruct due to be returned on 30 June 2017, and on 12 June 2015 with a temporary gift of usufruct of 150,000 ALTEN shares he holds to FJF, a registered public foundation, with the usufruct due to be returned on 30 June 2018 7/ that it does not plan to seek its own appointment or the appointment of one or more persons to the Board, given that ALTEN's Board of Directors (on which Simon AZOULAY sits) has decided to recommend the appointment of two new directors at the General Meeting of 24 May 2016 (Evelyne FELDMAN and Philippe TRIBAUDEAU) under the fifth and sixth resolutions.

(2) Declaration made for purposes of regularisation.

No thresholds were breached since the close of the 2017 financial year.

18.2 ELEMENTS LIABLE TO INFLUENCE A PUBLIC OFFER

ALTEN's capital structure and the Company's known direct and indirect equity interests and all other information on this matter, set forth in Section 18.1, show that the leading shareholders (Simon AZOULAY and related parties including SGTI and including the shares whose usufruct was temporarily given by Simon AZOULAY to ENIO, to FJF and the ARBRE fund) together hold 26.16% of actual voting rights at 31 March 2018.

There are no statutory restrictions on transferring the shares.

There are no statutory restrictions on the exercising of voting rights, except for the removal of voting rights from shares, which were not the subject of a statutory threshold breach declaration, which can be requested by one or more shareholders holding at least 3% of the share capital (Article 9 of the Articles of Association).

There are no shares giving special control rights other than those conferring double voting rights.

Moreover, Article 14 of ALTEN's Articles of Association stipulates that "all fully paid-up shares which have been registered in the same name for a continuous period of at least four years are assigned double voting rights. In the event of an increase in capital by the incorporation of reserves, profits or issue premiums, this double voting right is also conferred from the time of issue to new shares awarded free of charge to a shareholder by virtue of former shares for which the shareholder had already been granted this right".

The rules governing the appointment and dismissal of members of the Board of Directors and rules governing amendment of the Articles of Association are governed by common law.

There are no specific agreements stipulating the payment of compensation should a Board member cease to be in office or

should an employee cease to be in office due to resignation or redundancy without real or serious grounds or due to loss of employment due to a public offering.

Delegations and authorisations granted by the Board of Directors which are currently in effect are described in Section 16.4.5.

ALTEN is also duly informed of any significant investments (direct or indirect) in its share capital:

- pursuant to Articles L. 233-7 and L. 233-12 of the French Commercial Code;
- pursuant to Article 9 of the Company's Articles of Association which provides that "any natural person or legal entity acting individually or in concert that crosses the threshold (upwards or downwards) of 3% of the share capital or voting rights must inform the Company of the total number of shares and voting rights owned by registered letter with acknowledgement of receipt within 15 days from the date on which such 3% threshold was crossed".

To the Company's knowledge, there are no shareholders' agreements.

The Club Deal contract concluded by the ALTEN Group on 20 March 2015 contains a change of control clause according to which the lenders may request, under certain conditions, the compulsory repayment of the advances granted and/or refuse to grant further advances.

Voting rights attached to ALTEN shares held by employees through ALTEN FCPE shares are exercised by a representative appointed by the FCPE Supervisory Board to represent it at the General Meeting.

18.3 DIRECT OR INDIRECT CONTROL

The Company is not controlled (see Section 18.1).

18.4 AGREEMENTS WHICH, WHEN IMPLEMENTED, COULD CAUSE A CHANGE IN CONTROL

None.

TRANSACTIONS WITH RELATED PARTIES

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19.1 AGREEMENTS STIPULATED BY ARTICLE 225-38 OF THE FRENCH COMMERCIAL CODE

19.1.1 NEW AGREEMENTS ENTERED INTO DURING THE PAST FINANCIAL YEAR

None

19.1.2 AGREEMENTS ENTERED INTO DURING A PREVIOUS FINANCIAL YEAR BUT THE EFFECTS OF WHICH CONTINUED DURING THE FINANCIAL YEAR

These agreements, concluded and authorised during previous financial years, and executed during the last financial year, were examined by the Board of Directors on 20 February 2018.

19.1.2.1 Service provision

SGTI and ALTEN entered into a service provision agreement on 3 July 2009. Under this agreement, ALTEN performs administrative services for SGTI. This agreement was approved by the Ordinary and Extraordinary Shareholders' Meeting of 19 June 2012. ALTEN invoiced a flat-fee sum of €15,000 excluding tax in respect of the 2017 financial year.

ALTEN's interest:

Given the financial gain generated by ALTEN under this agreement, it is proposed that the Board authorise the renewal of this agreement entered into in a previous year.

19.1.2.2 Tax consolidation

A tax consolidation agreement was signed on 7 May 2008 between ALTEN and its 99.96% subsidiary Avenir Conseil Formation SAS. This agreement was approved during the Ordinary and Extraordinary Shareholders' Meeting of 27 June 2008.

ALTEN's interest:

Given the fiscal attractiveness for ALTEN of the creation of a tax consolidation group, it is proposed that the Board authorise the renewal of this agreement entered into in a previous year.

19.1.2.3 Lease of premises

1. A commercial lease was signed on 28 July 2011 between ALTEN and SIMALEP, a non-trading company (Société Civile) with share capital of €1,524.49, whose registered office is located at 221 Boulevard Jean-Jaurès, 92100 Boulogne-Billancourt, registered with the Nanterre Trade and Companies Register under number 329 341 101, whereby SIMALEP subleases office space for annual rent of €96,000 excluding tax, adjusted annually according to the reference

index, but without exceeding the change in the quarterly cost of construction index published by INSEE.

SIMALEP is 75% owned by Mr AZOULAY, also Manager of SIMALEP. Emily AZOULAY, a Director of ALTEN SA, also holds a 25% stake in SIMALEP.

The signing of this lease was approved by the Ordinary and Extraordinary Shareholders' Meeting of 19 June 2012.

In 2017, the amount billed to ALTEN SA for this lease came to €155,863.49 excluding tax.

ALTEN's interest:

Given the rental terms of this commercial lease, specifically the amount of rent invoiced to ALTEN by SIMALEP, consistent with that generally charged by third party lessors for this type of property, it is proposed that the Board authorise the renewal of this agreement.

2. A sub-lease was agreed on 18 January 2017 between ALTEN and SEV 56, a non-trading company (Société Civile) with share capital of €3,000, whose registered office is located at 40 avenue André Morizet in Boulogne-Billancourt, registered in the Nanterre Trade and Companies Register under number 792 946 782, relating to 2,947 sq.m. of property and 106 parking spaces, located at 77 to 83 avenue Edouard Vaillant (Boulogne-Billancourt), 80 to 84 rue Marcel Dassault, 4 to 18 rue Danjou in Boulogne Billancourt, for an annual rental of €320 per square metre excluding tax and €1,050 per parking space, adjusted annually based on changes in the national commercial rent index.

SEV 56 is managed and owned by Simon AZOULAY.

The signing of this sub-lease agreement was approved by the Ordinary and Extraordinary Shareholders' Meeting of 22 June 2017.

In 2017, the amount billed to ALTEN SA for this lease came to €1,054,244.00 excluding tax.

ALTEN's interest:

Given the rental terms of this agreement, specifically the amount of rent invoiced to ALTEN by SEV 56, consistent with that generally charged by third party lessors for this type of property, as well as the significant rental space made available to ALTEN and its subsidiaries, it is proposed that the Board authorise the renewal of this agreement.

19.1.3 AGREEMENTS CONCLUDED BETWEEN A CORPORATE OFFICER OR A SHAREHOLDER HOLDING MORE THAN 10% OF SHARE CAPITAL AND A SUBSIDIARY

None.

19.2 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

GENERAL MEETING TO APPROVE THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

In our capacity as Statutory Auditors of your Company, we hereby present to you our report on regulated agreements and commitments.

It is our responsibility to communicate to you, based on information provided to us, the principal terms and conditions and the basis for the Company's interest in those agreements and commitments indicated to us or those we may have discovered during the course of our audit, without expressing an opinion on their utility and appropriateness or identifying such other agreements, if any. It is your responsibility, in compliance with Article R. 225-31 of the French Commercial Code, to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

Moreover, it is our responsibility, where necessary, to forward you the information specified in Article R. 225-31 of the French Commercial Code relating to execution of the agreements and commitments during the past financial year, already approved by the General Meeting.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement. These procedures entailed verifying the consistency of the information provided to us with the appropriate source documents.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR THE APPROVAL OF THE GENERAL MEETING

Agreements and commitments authorised and signed during the period

We have not been advised of any agreements or commitments authorised and signed during the past financial year to be submitted to the General Meeting pursuant to Article L. 225-38 of the French Commercial Code.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING

Agreements and commitments approved in prior years

And executed during the past financial year

Pursuant to Article R. 225-30 of the French Commercial Code, we have been advised that the following agreements and commitments already authorised by the General Meeting in previous financial years were still in effect during the period.

Service agreement with SGTI SAS

Persons involved:

Directors and shareholders involved: Mr Simon AZOULAY and SGTI.

Nature:

Under an agreement signed on 3 July 2009, ALTEN provides SGTI with general and administrative services.

Terms:

For the year ended 31 December 2017, these services amounted to €15,000 (excluding taxes). This agreement, which did not receive prior authorisation by the Board of Directors, was submitted for approval at the Combined Ordinary and Extraordinary General Meeting of Shareholders held on 19 June 2012.

Tax consolidation agreement with AVENIR CONSEIL FORMATION SAS

Persons involved:

Directors and shareholders involved: Mr Simon AZOULAY and Mr Gérald ATTIA.

Nature:

A tax consolidation agreement was signed on 7 May 2008 between your company and AVENIR CONSEIL FORMATION SAS. It took effect as from 1 January 2008.

Terms:

This agreement had no impact on your company's financial statements for the year ended 31 December 2017 in the absence of tax losses at AVENIR CONSEIL FORMATION SAS.

This agreement received the prior authorisation of the Alten Board of Directors during its meeting of 6 May 2008, and was approved by the General Meeting of 23 June 2009.

Signing of a commercial lease with SIMALEP S.C.I.**Persons involved:**

Directors and shareholders involved: Mr Simon AZOULAY, Chairman and CEO of ALTEN SA and Ms Emily AZOULAY, Board member of ALTEN SA.

Nature:

A commercial lease was signed on 28 July 2011 with SIMALEP, a non-trading company (Société Civile) with share capital of €1,524.49, whose registered office is located at 221 Boulevard Jean-Jaurès, 92100 Boulogne-Billancourt, registered with the Nanterre Trade and Companies Register under number 329 341 101, whereby SIMALEP subleases office space for annual rent of €96,000 excluding tax, adjusted annually according to the reference index, but without exceeding the change in the quarterly cost of construction index published by INSEE.

Paris La Défense, 27 April 2018

KPMG Audit IS

Jean-Pierre Valensi

Partner

Terms:

The expense recognized during the period was €155,863.49 excluding tax. This agreement received the prior authorisation of the Board of Directors during its meeting of 28 July 2011, and was approved by the Combined Ordinary and Extraordinary General Meeting of 19 June 2012.

Sub-lease signed between ALTEN SA and SEV 56.**Persons involved:**

Directors and shareholders involved: Mr Simon AZOULAY, Chairman and CEO of ALTEN SA and SEV 56, a corporation.

Nature:

A sublease was signed on 18 January 2017 with SEV 56, a non-trading company (Société Civile) with share capital of €3,000 whose registered office is located at 40, avenue André Morizet, Boulogne-Billancourt and registered with the Nanterre Trade and Companies Register under number 792 946 782, concerning 2,947 square metres of space and 106 parking spaces located at 77-83 avenue Edouard Vaillant, Boulogne-Billancourt, 80 to 84 rue Marcel Dassault, and 4 to 18 rue Danjou, Boulogne Billancourt, for an annual rent of €320 per square metre, excluding tax, and €1,050 per parking space, indexed yearly to changes in the national index of commercial rents.

Terms:

In 2017 the expense recognized during the period in respect of this lease was €1,054,244 excluding tax.

This agreement received the prior authorisation of the Alten Board of Directors during its meeting of 23 December 2016, and was approved by the General Meeting of 22 June 2017.

Neuilly-sur-Seine, 27 April 2018

Grant Thornton

Vincent Frambourt

Partner

FINANCIAL INFORMATION

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20.1 HISTORICAL FINANCIAL INFORMATION

Pursuant to Article 28 of European Regulation 809/2004, the following information is incorporated by reference in this Registration Document:

- the company and consolidated financial statements at 31 December 2016, and our Statutory Auditors' reports, found on pages 209 to 259 of the Registration Document No. D.17-0463 filed with the AMF on 28 April 2017;
- the company and consolidated financial statements at 31 December 2015, and our Statutory Auditors' reports, found on pages 195 to 247 of the Registration Document No. D.16-0395 filed with the AMF on 25 April 2016;

20.2 PRO FORMA FINANCIAL INFORMATION

None.

20.3 FINANCIAL STATEMENTS

20.3.1 2017 CONSOLIDATED FINANCIAL STATEMENTS

1. CONSOLIDATED FINANCIAL STATEMENTS

1.1 Consolidated statement of financial position

ASSETS

<i>(in thousands of euros)</i>	Notes	31/12/2017	31/12/2016
Goodwill	3.1	436,740	411,200
Intangible assets	3.2	10,970	11,816
Property, plant and equipment	3.2	24,631	23,107
Investments in associates	3.3	19,136	12,716
Non-current financial assets	3.4	50,454	80,122
Deferred tax assets	3.18	12,930	13,368
NON-CURRENT ASSETS		554,860	552,329
Trade receivables	3.5	647,287	579,164
Other current assets	3.5	50,514	43,680
Current tax assets		81,686	58,809
Cash and cash equivalents	3.6	83,966	94,986
CURRENT ASSETS		863,453	776,638
TOTAL ASSETS		1,418,313	1,328,967

EQUITY AND LIABILITIES

<i>(in thousands of euros)</i>	Notes	31/12/2017	31/12/2016
Share capital		34,383	34,240
Additional paid-in capital		54,375	46,749
Consolidated reserves		596,796	545,353
Consolidated earnings		147,025	112,405
Shareholders' equity (Group share)	1.5	832,580	738,747
Non-controlling interests	1.5	1,653	374
TOTAL EQUITY		834,232	739,120
Employee benefits	3.9	23,081	21,622
Provisions	3.9	1,866	2,098
Non-current financial liabilities	3.7	8,063	9,766
Other non-current liabilities	3.8	12,537	18,418
Deferred tax liabilities	3.18	83	1,091
NON-CURRENT LIABILITIES		45,631	52,995
Provisions	3.9	9,572	11,263
Current financial liabilities	3.7	49,283	80,971
Trade payables		63,662	67,844
Other current liabilities	3.8	409,241	372,451
Current tax liabilities		6,694	4,322
CURRENT LIABILITIES		538,451	536,851
TOTAL EQUITY AND LIABILITIES		1,418,313	1,328,967

1.2 Consolidated income statement

<i>(in thousands of euros)</i>	Notes	31/12/2017	31/12/2016
REVENUE	3.19	1,975,427	1,748,306
Purchases consumed	3.10	(183,603)	(164,940)
Personnel expenses	3.11	(1,417,105)	(1,214,756)
External charges	3.12	(154,681)	(159,029)
Other taxes and levies	3.13	(10,578)	(9,516)
Depreciation and amortisation charges		(13,031)	(11,788)
Other operating expenses	3.14	(8,686)	(10,234)
Other operating income	3.14	6,496	2,887
OPERATING PROFIT ON ACTIVITY		194,240	180,930
Share-based payments	3.15	(12,848)	(9,004)
PROFIT FROM ORDINARY ACTIVITIES		181,392	171,925
Other operating expenses	3.16	(4,953)	(16,981)
Other operating income	3.16	1,497	2,444
Impairment of goodwill	3.1	(1,323)	0
OPERATING PROFIT		176,613	157,389
Net borrowing costs	3.17	(847)	(1,366)
Other financial expenses	3.17	(11,424)	(5,338)
Other financial income	3.17	28,438	6,606
Income tax expense	3.18	(50,196)	(49,854)
EARNINGS OF CONSOLIDATED ENTITIES		142,585	107,437
Earnings from associates	3.3	5,735	5,310
NET OVERALL EARNINGS		148,320	112,746
including:			
• Non-controlling interests		1,295	342
• Group share		147,025	112,405
Earnings per share in euros (Group share)	3.20	4.42	3.38
Diluted earnings per share in euros (Group share)	3.20	4.36	3.34

1.3 Consolidated statement of comprehensive income

<i>(in thousands of euros)</i>	Notes	31/12/2017	31/12/2016
Net income, Group share		147,025	112,405
Net income, non-controlling interests' share		1,295	342
CONSOLIDATED NET INCOME		148,320	112,746
Change in fair value of sellable financial assets (net of income tax)	3.4	(20,369)	3,319
Translation adjustments		(11,797)	1,242
ITEMS THAT MAY BE RECLASSIFIED TO INCOME		(32,166)	4,561
Actuarial differences on employee benefits (net of income tax)		1,483	(266)
ITEMS THAT MAY NOT BE RECLASSIFIED TO INCOME		1,483	(266)
TOTAL INCOME FOR THE PERIOD		117,637	117,041
including:			
• Group share		116,370	116,724
• Non-controlling interests		1,267	318

1.4 Statement of consolidated cash flows

<i>(in thousands of euros)</i>	Notes	31/12/2017	31/12/2016
Consolidated net income		148,320	112,746
Earnings from associates	3.3	(5,735)	(5,310)
Depreciation, provisions and other calculated expenses	3.22	18,331	18,723
Share-based payments	3.15	12,848	9,004
Income tax expense	3.18	50,196	49,854
Capital gains or losses from disposals		(21,141)	40
Net borrowing costs	3.17	847	1,366
Financial cost on update and provisions	3.17	521	(763)
Gross cash flow before borrowing costs and tax		204,186	185,660
Taxes paid	3.22	(52,331)	(52,309)
Change in working capital requirements	3.22	(60,521)	(20,946)
NET CASH FLOW FROM OPERATING ACTIVITIES		91,335	112,405
Acquisitions of tangible and intangible assets		(13,802)	(14,268)
Acquisitions of financial assets		(6,197)	(9,238)
Impact of changes in scope and earn-outs	3.22	(43,305)	(86,611)
Disposals of tangible and intangible assets		380	13,099
Reductions in financial assets		30,543	10,908
NET CASH FLOW FROM INVESTING ACTIVITIES		(32,380)	(86,111)
Net financial interest paid		(321)	(945)
Dividends paid to shareholders		(33,233)	(33,224)
Capital increase	3.22	239	503
Acquisitions and disposals of treasury shares		(632)	201
Changes in non-current financial liabilities		(1,607)	(11,546)
Change in current financial liabilities	3.7	(31,575)	22,577
NET CASH FLOW FROM FINANCING TRANSACTIONS		(67,128)	(22,433)
CHANGE IN CASH POSITION		(8,173)	3,861
Impact of exchange rate variations		(2,847)	(794)
Cash at beginning of period		94,986	91,918
Cash at end of period		83,966	94,986

In accordance with IAS 7 identifying bank borrowings and loans with financing transactions, the table above shows the change in positive cash flow items.

The Group's net cash position breaks down as follows:

<i>(in thousands of euros)</i>		31/12/2017	31/12/2016
Cash at end of period	3.6	83,966	94,986
+ Bank borrowings and related debt	3.7	(45,826)	(88,275)
+ Bank overdrafts		(10,919)	(2,133)
= Net cash position/(Net debt)		27,221	4,578

1.5 Change in consolidated shareholders' equity

CHANGE IN CONSOLIDATED EQUITY, GROUP SHARE

<i>(in thousands of euros)</i>	Number of shares in circulation	Number of shares issued	Capital	Additional paid-in capital	Reserves	Treasury shares	Translation reserve	Earnings	Shareholders' equity
AT 31 DECEMBER 2015	33,195,228	33,662,625	34,215	46,272	466,309	(9,102)	4,079	106,262	648,035
2015 allocation of earnings					106,262			(106,262)	0
Capital increase ⁽¹⁾	25,100	25,100	26	477					503
Dividends paid to shareholders					(33,224)				(33,224)
Other changes ⁽²⁾					(1,120)				(1,120)
Treasury shares	4,441					201			201
Share-based payments					7,629				7,629
Transactions with shareholders	33,224,769	33,687,725	34,240	46,749	545,856	(8,901)	4,079	0	622,023
Total income for the year					3,053		1,266	112,405	116,724
AT 31 DECEMBER 2016	33,224,769	33,687,725	34,240	46,749	548,909	(8,901)	5,345	112,405	738,747
2016 allocation of earnings					112,405			(112,405)	0
Capital increase ⁽¹⁾	140,772	140,772	143	7,627	(7,530)				240
Dividends paid to shareholders					(33,231)				(33,231)
Other changes ⁽²⁾					(16)				(16)
Treasury shares	(8,802)					(632)			(632)
Share-based payments					11,103				11,103
Transactions with shareholders	33,356,739	33,828,497	34,384	54,376	631,640	(9,533)	5,345	0	716,210
Total income for the year					(18,886)		(11,769)	147,025	116,369
AT 31 DECEMBER 2017	33,356,739	33,828,497	34,384	54,376	612,753	(9,533)	(6,425)	147,025	832,580

(1) Capital increases associated with the exercise of stock options and with free share awards.

(2) Transactions on minority interests.

CHANGE IN SHAREHOLDERS' EQUITY, NON-CONTROLLING INTERESTS

<i>(in thousands of euros)</i>	Reserves	Translation reserve	Earnings	Shareholders' equity
AT 31 DECEMBER 2015	1,304	(9)	482	1,777
2015 allocation of earnings	482		(482)	0
Change in scope	(1,721)			(1,721)
Capital increase				0
Total income for the year		(24)	342	318
AT 31 DECEMBER 2016	65	(33)	342	374
2016 allocation of earnings	342		(342)	0
Change in scope	12			12
Capital increase				0
Total income for the period		(28)	1,295	1,267
AT 31 DECEMBER 2017	420	(62)	1,295	1,653

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2. NOTES TO THE FINANCIAL STATEMENTS

2.1 Significant events for the financial year

2.1.1 Change in the scope of consolidation

The main changes to the scope of consolidation resulted from acquisitions during the financial year:

KS ENGINEERING (revenue: €6 million; 75 consultants)

On 3 April 2017, ALTEN Europe acquired 100% of the shares and voting rights of the company KS Engineering, specialising in the automotive sector and with a subsidiary in Poland.

TECHNO LIKE US (revenue: €6 million; 70 consultants)

On 15 May 2017, ALTEN Europe acquired 51% of the shares of Techno Like US, a Japanese engineering consultancy. Since the Group does not control this company, it was consolidated under the equity method at 30 June 2017.

PREMIER LOGIC (revenue: €10 million; 75 consultants)

On 14 July 2017, Calsoft Labs Inc acquired 100% of the share capital and voting rights of the US company Premier Logic LLC. This in turn owns 99% of the Indian company Premier Logic India Private Ltd, which specialises in the telecoms sector.

SYNCRONESS (revenue: €12 million; 75 consultants)

On 19 July 2017, ALTEN USA acquired 100% of the share capital and voting rights of the US company Synchroness, specialising in the industrial sector.

HELVETING (revenue: €14 million; 95 consultants)

On 24 July 2017, ALTEN Switzerland AG acquired 100% of the share capital and voting rights of the Swiss companies Helveting AG, Helveting Engineering AG and Helveting International AG. These companies specialise in the automotive sector, and in embedded systems in particular.

BLUE AGILITY (revenue: €5 million; 30 consultants)

On 24 August 2017, CPRIME acquired 100% of the share capital and voting rights of the US consultancy BLUE AGILITY.

EDISON ED INCORPORATED (revenue: €5 million; 25 consultants)

On 11 September 2017, CPRIME acquired 100% of the share capital and voting rights of the US consultancy Edison Ed Incorporated.

The revenue of the acquired companies, indicated above, are the latest known corporate figures presented on an annual basis.

2.1.2 Other key events

During the first half of the year, €33.2 million in dividends were paid to ALTEN SA shareholders for the financial year ended 31 December 2016.

ALTEN SA contributed its AUSY shares to the public tender offer launched by Randstad France in the first half of 2017. This disposal led the Group to recognise a capital gain of €21.5 million in financial income for the period.

ALTEN SA's Board of Directors awarded free shares during the financial year, within the framework of an authorisation granted by the General Meeting held on 24 May 2016 (see Note 3.15).

2.1.3 Events after the reporting period

The Group made several acquisitions at the beginning of 2018:

- an Austrian ETC company in the automotive sector (revenue: €5.5 million; 95 consultants),
- a Chinese ETC company in the automotive sector (revenue: €7 million; 175 consultants),
- a Spanish multi-sector IT company (revenue: €8.5 million; 150 consultants).

2.2 Group accounting standards

ALTEN SA is a French limited company (Société Anonyme) with a Board of Directors and registered office at 40 avenue André Morizet in Boulogne-Billancourt.

ALTEN SA's consolidated financial statements include:

- the financial statements for ALTEN SA;
- the financial statements for companies controlled by ALTEN SA and fully consolidated either directly or indirectly;
- investments in associates and joint ventures, consolidated using the equity-accounted method.

The economic unit is referred to as the "ALTEN Group".

The ALTEN Group is the European leader in the engineering and technology consulting (ETC) market. ALTEN carries out design and research projects for the Technical and information systems divisions of major customers in the industrial, telecommunications and service sectors.

The consolidated financial statements presented in this document were approved by the Board of Directors on 25 April 2018 and will be submitted for the approval of the General Meeting of 20 June 2018. They are presented in thousands of euros, unless otherwise indicated.

The consolidated financial statements of ALTEN SA included in the Registration Document are also available on its website page dedicated to financial statements: <http://www.alten.com/investors>.

2.2.1 Standards applied

In accordance with European Regulation No. 1606/2002 of 19 July 2002, the ALTEN SA Group's consolidated financial statements at 31 December 2017 were prepared in compliance with international accounting standards as published by the IASB and approved by the European Union on the date these financial statements were prepared. These international standards include IAS (International Accounting Standards), IFRS (International Financial Reporting Standards) and interpretations (SIC and IFRIC).

The accounting principles and rules used to prepare the consolidated financial statements for the year ended 31 December 2017 are identical to those used for the financial year ended 31 December 2016, with the exception of the new standards, amendments, and interpretations mandatory as of 1 January 2017, applied by the Group. These provisions do not require a substantial change to the financial statements to 31 December 2017.

Moreover, the Group did not apply in advance the latest standards, amendments or interpretations published by the IASB and adopted at European level but whose application was not mandatory at 1 January 2017.

The Group has notably completed its qualitative and quantitative assessment of the impact of adopting IFRS 15 “Revenue from contracts with customers” (pertaining to the recognition of revenue) on future financial statements, assuming a constant scope of consolidation. This standard applies from the financial year beginning 1 January 2018. The application of this standard will have no material impact on the presentation of its future financial statements.

The Group has continued to assess the impact of the new IFRS 16, “Leases”, adopted by the European Union. This standard will primarily affect the handling of real estate leases within the Group. The quantitative impact is still to be assessed in more detail.

2.2.2 Use of estimates and judgements

The preparation of financial statements in accordance with IFRS standards requires that certain estimates and assumptions be made which may affect the amounts shown in these financial statements. These estimates and assessments are continuously made on the basis of past experience and other factors considered reasonable.

The main estimates provided by management in the preparation of the consolidated position involve assessing the recoverable value of assets of cash-generating units, including goodwill (Note 3.1), securities held for sale (Note 3.4), deferred taxes (Note 3.18), earn-outs (Note 3.8), employee benefits and provisions (Note 3.9), share-based payments (Note 3.15) and research tax credits (Note 2.2.5.18).

Management revises these estimates if the circumstances on which they were based change, or in the light of new information or experience. As a result, the estimates applied at 31 December 2017 could be significantly modified at a later stage.

2.2.3 Restatement of financial information for previous years

None

2.2.4 Financial indicators

The key performance indicators used by the Group are described in the business report.

2.2.5 Summary of the main accounting and evaluation methods

2.2.5.1 Operating segments

According to IFRS 8 “Operating Segments”, segment information reflects the internal information system used by the Group management to assist the decision-making process. Group activity is presented by geographic region, distinguishing between France and overseas (see Note 3.19).

2.2.5.2 Translation of foreign currency accounts

The items included in the financial statements of each of the Group’s entities are valued according to the currency of the main economic environment in which the entity operates (functional currency). The

consolidated financial statements are presented in euros, the parent company’s functional currency.

The financial statements of foreign entities located outside the euro zone are prepared using the entity’s functional currency and translated according to the following principles:

- balance sheet items (with the exception of equity) are translated at closing rates;
- equity is translated at the historical rate;
- the income statement is translated using the average rate for the period. This average rate is an approximation of the rate on the transaction date, provided that there are no major fluctuations;
- translation differences are recognised in other comprehensive income.

2.2.5.3 Goodwill

Goodwill is initially recognised during a business combination according to the method of acquisition:

- the cost of an acquisition is measured at the fair value of the consideration transferred, including any earn-out as of the date of the takeover;
- if the Group owes conditional payments to the transferring party and earn-outs in particular, these are included in the costs of the business combination. These debts are valued at their fair value based on non-measurable data (level 3). Any change in the fair value of these debts after the allocation period (one-year period as from the date of acquisition) is reported in earnings in accordance with IFRS 3;
- the goodwill recognised under assets in the statement of financial position corresponds to the difference between the consideration transferred and the fair value of the identifiable assets acquired and liabilities assumed as of the takeover date;
- the adjustments to the fair value of identifiable assets acquired and of liabilities assumed, recorded on a provisional basis (due to audit processes and additional reviews still in progress at the reporting date), are recognised as retrospective goodwill adjustments if they take place during the allocation period, and if they are the result of existing factors and circumstances at the date of acquisition. Beyond this period, the effects are recognised directly under earnings.

Goodwill is allocated to cash-generating units (CGUs) or groups of cash-generating units that could benefit from the consortium that generated the goodwill. The ALTEN Group performs impairment tests of goodwill as soon as an indication of impairment is identified and at least once a year. Goodwill impairment losses are not reversible (see Note 2.2.5.6).

When the acquisition cost is less than the fair value of the share belonging to the Group in the net assets of the subsidiary acquired, the difference is recorded directly in the income statement over the vesting period, after verification of the process of identifying and evaluating various factors taken into account in its calculation.

2.2.5.4 Intangible assets

According to IAS 38 "Intangible Assets", development costs are considered intangible assets if the Company is able to demonstrate:

- the technical feasibility necessary to complete the development project in anticipation of its placement into service or sale;
- its intention and technical and financial ability to complete the development project;
- that the future economic benefits to be derived from these development expenses are likely to go to the Company;
- and that the cost of the asset can be measured reliably.

All expenses directly attributable to the creation, production and preparation of the asset in view of its planned use are fixed.

These expenses are amortised on a straight-line basis according to the applicable asset's probable useful life.

Information systems are amortised over three to ten years.

Useful life is reviewed at least annually and adjusted accordingly if the expectations differ significantly from previous estimates.

2.2.5.5 Property, plant and equipment

Gross value

According to IAS 16 "Property, Plant and Equipment", the gross value of property, plant and equipment corresponds to their acquisition cost. They are not subject to any revaluation.

Estimated useful life is reviewed at least annually and adjusted accordingly if the expectations differ significantly from previous estimates.

Depreciation

The depreciation period is based on the estimated useful lives of each of the different categories of assets, depreciated on a straight-line basis:

- computer equipment 1.5 to 5 years;
- transport equipment 3 to 5 years;
- office equipment 3 to 5 years;
- fixtures and fittings 3 to 10 years;
- buildings 25 years.

2.2.5.6 Impairment of fixed assets

According to IAS 36, "Impairment of Assets", the value in use of tangible and intangible assets with a fixed lifespan is tested as soon as an indication of loss of value is noted and reviewed at each reporting date. For goodwill, which has an indefinite lifespan, impairment tests are conducted at least annually.

For the purpose of this test, assets and liabilities are grouped into cash-generating units (CGUs).

CGUs are homogeneous groups of assets that generate cash inflows through continuous use which are largely independent of the cash inflows from other assets or groups of assets. CGUs mainly correspond to legal entities or groups of legal entities.

The value in use of these units is the present value of discounted future net cash flow.

When this value is less than the net book value of the CGU, the difference is recorded under operating profit; any impairment is first allocated to goodwill.

Whether such impairment loss is recognised is determined on the basis of the discounted cash flow, for which the Group expects to obtain flows from the cash-generating unit. This projection is based on the following assumptions (see Note 3.1):

- a four-year financial budget prepared by the entity and validated by the Group's Financial Department, updated when the year-end budget is prepared. The cash flow beyond the four-year period is extrapolated, taking the growth rate to infinity into consideration;
- perpetual growth rate: this growth rate does not exceed the long-term average growth rate for the business sector;
- discount rate: this rate corresponds to the weighted average cost of capital, derived from risk-free interest rates, country and market risk premium, beta coefficient and the cost of debt.

The discount rates used to discount cash flow after taxes are net of taxes.

2.2.5.7 Leases

Any agreements for the lease of tangible and intangible assets under which the ALTEN Group incurs almost all risks and advantages related to the ownership of the property in question are considered lease-financing agreements. A lease agreement is appraised on the basis of criteria stipulated under IAS 17 "Leases".

Assets and liabilities are recognised for an amount corresponding to the value of the underlying asset; the liability is subsequently reduced, as payments are made, and a financial cost allocated to liabilities is recognised.

Operating leases are recognised as financial commitments (Note 4.5).

2.2.5.8 *Investments in associates*

Application of IAS 28, "Investments in Associates", requires that investments in associates are recognised using the equity method and are presented separately under non-current assets. Profit from these investments, Group share is recognised separately in the income statement.

Under the equity method, the investment is initially recognised at cost. After the acquisition, the book value is:

- increased or decreased to account for the share of income of the associate,
- reduced by the dividends paid to the Group by the associate.

2.2.5.9 *Financial assets*

Financial assets include loans and receivables, sometimes not related to investments, financial assets available for sale and financial assets held to maturity (deposits and guarantees, etc.), and trade receivables.

ALTEN owns minority interests in certain entities over which it does not exercise notable influence or control. These unconsolidated investment securities are treated as securities held for sale and are thus valued at their fair value at each year-end closure. They are included in non-current assets unless the Group has to sell within twelve months following the closing date. The fair value is determined by reference to the last quoted share price for listed securities. In the absence of an active market, they are kept in the balance sheet at the amount which the Group believes represents their fair value, which is determined based on criteria such as equity share, the net revalued asset and/or forecasts. Changes in fair value are recognised in other comprehensive income or in profit or loss when the impairment is deemed to be irreversible.

Trade receivables are assessed initially at fair value, then at the amortised cost.

2.2.5.10 *Deferred taxes*

In accordance with IAS 12 "Income Taxes", deferred taxes are recognised whenever there is a temporary difference between the book value of assets and liabilities and their taxation values, and on any recoverable tax losses, according to the liability method.

Tax-loss carry-forwards are the object of a deferred tax asset in the balance sheet when they are likely to be recovered. Recoverability of

these taxes is calculated according to the entity's budgets and the applicable tax regulations in the country.

Deferred taxes are measured at the rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the rates adopted or substantively adopted at the reporting date.

In accordance with IAS 12, deferred tax assets and liabilities are not discounted.

2.2.5.11 *Cash and cash equivalents*

Cash includes bank balances, investments in money market funds and marketable, short-term debt securities (initial maturity of less than three months) and present no material risk in terms of loss of value should interest rates fluctuate. In accordance with IAS 7, bank borrowings are treated like financing items in the cash flow statement.

2.2.5.12 *Treasury shares*

All treasury shares held by the Group are deducted at acquisition cost from equity.

Any gains on the disposal of treasury shares directly increase equity and therefore, any gains/losses on disposals do not affect year-end earnings.

2.2.5.13 *Provisions*

In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", a provision is recognised whenever the Group has an obligation towards a third party and it is probable or certain to result in an outflow of resources for the benefit of such a third party. The Group's legal advisors assess the probability of the risks being realised and estimate the provisions for litigation and disputes.

Provisions are discounted when their maturity is estimated to be over one year and when their amount represents a significant factor for the Group.

A restructuring provision is recognised when the Group has approved a formal restructuring plan and has either begun to put it into effect or made it public.

A provision for loss-making contracts is recognised whenever the economic benefits expected to flow from a contract are less than the direct costs of meeting the contracted commitments.

2.2.5.14 Employee benefits

The Group offers certain benefits in the form of defined contribution pension plans. With regard to these plans, the Group's only other commitment is the payment of premiums carried as a charge on the income statement for the financial year.

The Group has not established employee benefits as part of defined benefit plans. Its commitment mainly consists of retirement benefits which, pursuant to IAS 19, "Employee Benefits", are valued by an independent actuary according to the projected unit credit method.

According to this method, each period of service results in an additional right to benefits and each of these units is valued separately in order to determine the final obligation.

This final obligation is then discounted. These calculations incorporate two types of assumptions (see Note 3.9):

- **financial assumptions:**
 - a financial discount rate;
 - an inflation rate;
 - a salary revaluation rate;
 - an employer contribution rate.
- **demographic assumptions:**
 - the assumption of a retirement age of 65, the age at which a French employee will have reached the number of years of contributions entitling the employee to the full pension amount granted under the national pension plan;
 - INSEE mortality tables;
 - average staff turnover rates, by age and employment category;
 - age of first employment;
 - number of retiring employees.

These estimates take place every year.

Expenses are recognised:

- under Operating Profit for the part relating to cost of services;
- under Net Financial Income for the part relating to discounting.

Actuarial gains and losses (actuarial differences) are recognised directly in Other Comprehensive Income.

2.2.5.15 Financial liabilities

Financial liabilities concern borrowings, long-term financial debt and bank overdrafts. Such financial liabilities are initially assessed at fair value, and then at the amortised cost.

Current and non-current financial liabilities are broken down based on whether the items constituting these sections mature in under one year or over one year.

2.2.5.16 Other liabilities

Other liabilities include social security, tax, other debt and deferred income and earn-outs.

Non-current liabilities mainly include time savings accounts and debts owed to former shareholders of certain subsidiaries acquired during prior years (earn-out clause). At the date on which the debt is recognised, the fair value corresponds to the value of future outflows discounted at the market rate if such amount is material.

Other current and non-current liabilities are broken down based on whether the items in question mature in less than or more than one year.

2.2.5.17 Recognition of revenue

Group revenue is recognised over the period in which services are rendered and made up of invoiced services (issued or to be issued):

- on a time-worked basis: income is equal to time spent multiplied by an hourly, daily or monthly rate;
- on a fixed-rate basis: income is recognised according to the percentage of completion method, proportionally to the expenses incurred. Loss-making contracts give rise to recognition of a contract loss provision corresponding to the total expected loss less any losses already recorded in advance. Services for which a fixed rate is charged account for around 10% of revenue;
- workpackage method: recognition of revenue varies according to the nature of the resource commitment. When the workpackage is part of a global cost-based scheme, income is equal to time spent multiplied by an hourly, daily or monthly sales rate; when it is part of an outsourced platform for which billing is on a monthly or quarterly fixed-price basis, income is recognised on a monthly basis according to the amount of the agreement, independent of the actual time spent by the consultants; lastly, when it is part of a service commitment package (workpackage), revenue is recognised as and when deliverables and/or performance indicators (work units) are received/validated by the customer and for which the price has been fixed in the workpackage contract.

2.2.5.18 Subsidies, tax credits and CVAE

Operating subsidies and tax credits are recorded as deductions under the expenses they are intended to offset (mainly personnel expenses for research tax credits and the tax credit for encouraging competitiveness and jobs (CICE)).

The company value-added contribution (CVAE) in France is recognised under income tax expense.

2.2.5.19 Share and free share subscription plan

Some of the Group's employees qualify for share options or free shares. In accordance with IFRS 2 "Share-based payments", free options or shares are valued at their fair value on the date on which they are awarded, by an external valuer, based on the Black and Scholes or binomial models. Changes in value after the date on which they are awarded have no impact on this initial valuation.

The overall expenses are recorded on a straight-line basis over the rights vesting period, with a counterparty in shareholders' equity.

2.2.5.20 Other operating income and expenses

Other operating income and expenses include non-recurring transactions and significant amounts that could potentially misrepresent the Group's operating performance. These might include:

- restructuring costs for recent acquisitions;
- acquisition fees;
- other non-recurring income and expenses of a significant amount which are not intrinsically linked to the business activity.

2.2.5.21 Net financial income

Net financial income comprises net debt costs and other financial income and expenses.

Net debt costs

This includes:

- income from cash and cash equivalents (interest income, income from the disposal of cash equivalents);
- the gross debt costs (interest charges on financing transactions).

Other financial income and expenses

Other financial income and expenses includes financial income and expenses not included in net debt costs:

- financial income (dividends, profits on the disposal of unconsolidated shares, interest income and income from the disposal of other financial assets (excluding cash and cash equivalents), translation gains, discounted financial income, increase in the fair value of financial assets and liabilities measured at fair value through profit or loss, other financial income);
- financial expenses (impairment of unconsolidated securities, losses on disposals of unconsolidated securities, impairment and losses on the disposal of other financial assets (excluding cash and cash equivalents), translation losses, discounted financial expenses, decrease in the fair value of financial assets and liabilities measured at fair value through profit or loss, other financial expenses).

2.2.5.22 Information on net earnings per share and diluted earnings per share

Earnings per share is obtained from the ratio of the Group share of net earnings to the annual weighted average number of ordinary shares outstanding during the period, excluding treasury shares.

Diluted earnings per share is obtained from the ratio of net earnings to the potential weighted average number of shares, adjusted for the effect of any potentially dilutive shares (stock options, free shares). The dilution effect is obtained by the number of potential shares that would result from the diluted instruments, less the number of shares that could be bought back at market rates using the funds gained from exercising the instruments concerned, including services to be rendered by employees. The market price retained is that of the average share price during the financial year. The dilutive effect of

the equity instrument is taken into account when the exercise price is less than the average market price of the ordinary shares, adjusted for services to be rendered by employees.

2.3 Financial risk factors

Liquidity risk

Identification of the risk

A prudent liquidity management plan involves keeping a sufficient level of liquid assets and having financial resources through appropriate credit facilities. The Group ensures that it always has sufficient liquidity to meet its commitments, in particular to realise investment opportunities.

Managing risk/Exposure

The Group has:

- centralised cash management when local legislation permits;
- internal procedures to optimise average client payment periods;
- credit lines set up for €160 million, as part of the "Club Deal" for a maximum seven-year term (from 2015), and renewable short-term lines of credit for €29.6 million.

This Club Deal requires the following ratios to be met for each 6-month and 12-month period while the contract is in force and an advance is outstanding:

- Ratio 1 – "Consolidated net financial debt/Consolidated operating profit on activity". This ratio must be less than 2.5;
- Ratio 2 – "Consolidated net financial debt/Consolidated equity". This ratio must be less than 0.7.

At 31 December 2017, these ratios were met.

The Company performed a specific review of its liquidity risk and considers that it is in a position to meet its future commitments.

Interest rate risk

Identification of the risk

The Group's interest rate risk relates to the "Club Deal" agreed in December 2015 and indexed to the Euribor for the corresponding period. It therefore incurs an interest rate risk based on changes in the reference index.

Managing risk/Exposure

Due to low debt levels, the Group did not consider it necessary to arrange interest rate hedging, especially since its financing is short term. The Group's exposure remains limited. At 31 December 2017, financial debt at variable rate amounted to €37.8 million.

An average increase of 100 basis points in the reference variable rate over a year would increase the Group's debt costs by €0.4 million.

Customer credit risk

Identification of the risk

Credit risk represents the risk of financial loss in the event that a client does not fulfil its contractual obligations.

Managing risk/Exposure

The Group's customers include major European customers: close to 90% of revenue is generated by this type of customer, thus limiting the risk of insolvency. See Note 3.5 Current assets — breakdown of the portfolio of trade receivables by age of the account. The average customer account collection period is 92 days (94 days in 2016).

The Group has established internal procedures to assess the risk of customer insolvency during the pre-sales process and subsequently to efficiently collect these receivables.

The ALTEN Group derives 31.9% (33.4% in 2016) of its revenue from its ten main customers, with its largest customer representing 10.2% (10.6% in 2016) of Group revenue, within various legal entities in several countries. There is no identified risk of dependency with regard to a specific client.

Foreign exchange risk

Identification of the risk

Operating foreign exchange risk: Although the Group has a broad international presence, the currency flows linked to its activity, with a few exceptions, are limited to each subsidiary's internal market and primarily converted into local currencies.

Foreign exchange risk: The financing needs of subsidiaries outside the euro zone and some of the Group's financing transactions expose certain entities to a foreign exchange risk (risk linked to the change in value of debts or receivables in currencies other than the operating currency of the lending or borrowing entity). In general, the Group's external financing is denominated in euros. However, certain external growth transactions may have resulted in refinancing by the Group in foreign currencies but remain limited and are completely or partially covered by bank borrowings in foreign currencies.

Foreign exchange translation risk: The Group's subsidiaries are primarily based in the United States, Sweden and the UK. The financial statements of these subsidiaries, when translated into the consolidation currency, are subject to changes in exchange rates.

Managing risk/Exposure

The Group's exposure to operational and financial foreign exchange risk is limited. Translation risk constitutes the Group's main exposure to foreign exchange risk:

BALANCE SHEET EXPOSURE

<i>(in millions of euros)</i>	2017					
	USD	SEK	GBP	CAD	CHF	Other currencies
Trade receivables	44.2	38.0	12.8	6.3	11.6	25.9
Trade payables	10.0	5.4	1.4	1.5	0.7	5.8
Cash and cash equivalents	12.8	5.3	3.1	1.3	3.5	18.2
Bank overdrafts	0.8		0.0	0.0		0.3
Bank borrowings	0.0		1.4			0.1

REVENUE EXPOSURE

<i>(in millions of euros)</i>	2017	
	Amount	% of revenue
Revenue denominated in USD	191.4	9.7%
Revenue denominated in SEK	128.3	6.5%
Revenue denominated in GBP	43.2	2.2%
Revenue denominated in CAD	26.0	1.3%
Revenue denominated in CHF	25.4	1.3%
Revenue denominated in other currencies	84.3	4.3%
REVENUE EXPOSURE	498.6	25.2%
Total consolidated revenue	1,975.4	100.0%

Equity risk

Treasury shares and other equity instruments

The risk relating to stock market prices is low. In addition to treasury shares held under the liquidity contract (11,736 shares), ALTEN SA holds 460,022 treasury shares, representing 1.36% of its share capital at 31 December 2017.

The free shares awarded by the Board of Directors of ALTEN SA during the financial year and in the previous year and not yet issued represent a maximum potential dilution of 1.70% of the share capital at 31 December 2017.

2.4 Scope of consolidation

The percentages of interests and control mentioned below include the firm or conditional commitments for the disposal of interests attached to non-controlling holdings, even if the said disposals have not yet occurred, in compliance with standard IFRS 10.

The two tables show the scope of consolidation respectively for France and abroad:

Company name	SIRET NO.	31/12/2017			31/12/2016		
		Basis of consolidation ^(*)	% interest	% control	Basis of consolidation ^(*)	% interest	% control
ALTEN SA	34860741700055	FC	-	-	FC	-	-
ALTEN SIR	40035788500021	FC	100.00	100.00	FC	100.00	100.00
ALTEN TRAINING CENTER	35390354500062	FC	100.00	100.00	FC	100.00	100.00
ALTEN SUD-OUEST	40419144700048	FC	100.00	100.00	FC	100.00	100.00
MI-GSO SAS	38054561600050	FC	100.00	100.00	FC	100.00	100.00
ALTEN CASH MANAGEMENT	48011617700019	FC	100.00	100.00	FC	100.00	100.00
ALTEN EUROPE	48016830100012	FC	100.00	100.00	FC	100.00	100.00
ELITYS CONSULTING	48420799800010	FC	100.00	100.00	FC	100.00	100.00
PEGASE SI	48484024400012	FC	100.00	100.00	FC	100.00	100.00
ATEXIS FRANCE	43904555000019	FC	100.00	100.00	FC	100.00	100.00
ALTEN AEROSPACE	48761023100019	FC	100.00	100.00	FC	100.00	100.00
AVENIR CONSEIL FORMATION	40246017400038	FC	100.00	100.00	FC	100.00	100.00
ANOTECH ENERGY France	49304667600018	FC	100.00	100.00	FC	100.00	100.00
HPTI	49967035400012	FC	100.00	100.00	FC	100.00	100.00
ALTEN SIR GTS	52190314600012	FC	100.00	100.00	FC	100.00	100.00
ID.APPS	52910153700015	FC	100.00	100.00	FC	100.00	100.00
APTECH SAS	53296422800011	FC	100.00	100.00	FC	100.00	100.00
HOREX	79890660800012	EM	37.50	37.50	EM	37.50	37.50
LINCOLN	37934230600063	FC	100.00	100.00	FC	100.00	100.00
ABILENE	40421019700020	FC	100.00	100.00	FC	100.00	100.00
AIXIAL	75210813400020	FC	100.00	100.00	FC	100.00	100.00
HPA	80160860500011	FC	100.00	100.00	FC	100.00	100.00
ALT02	80405155500014	FC	100.00	100.00	FC	100.00	100.00
ALT03	80405212400018	FC	100.00	100.00	FC	100.00	100.00
ALTEN LIFE SCIENCES HOLDING	80863080000015	FC	100.00	100.00	FC	100.00	100.00
ALTEN TECHNOLOGIES	80863082600010	FC	100.00	100.00	FC	100.00	100.00
ALTEN SIR GSS	80863758100014	FC	51.00	51.00	FC	51.00	51.00
HUBSAN	80946486000018	FC	100.00	100.00	FC	100.00	100.00
CADUCEUM	79934031000033	FC	100.00	100.00	FC	100.00	100.00
LMACP	82376788400039	FC	90.00	90.00	-	-	-

(*) FC = Full Consolidation/EM = Equity-accounted Method.

Company name	Country of operation	31/12/2017			31/12/2016		
		Basis of consolidation ⁽¹⁾	% interest	% control	Basis of consolidation ⁽¹⁾	% interest	% control
MI-GSO GMBH	Germany	FC	100.00	100.00	FC	100.00	100.00
ALTEN TECHNOLOGY GMBH	Germany	FC	100.00	100.00	FC	100.00	100.00
ATEXIS GMBH	Germany	FC	100.00	100.00	FC	100.00	100.00
ALTEN GMBH	Germany	FC	100.00	100.00	FC	100.00	100.00
PROGRAM PLANNING PROFESSIONALS GMBH	Germany	FC	100.00	100.00	FC	100.00	100.00
DO PROFESIONAL SERVICES GMBH	Germany	FC	100.00	100.00	FC	100.00	100.00
ALTEN SW GMBH	Germany	FC	100.00	100.00	FC	100.00	100.00
CREATIVE DATA PROJECTS	Germany	FC	100.00	100.00	FC	100.00	100.00
BEONE GROUP GMBH	Germany	FC	100.00	100.00	FC	100.00	100.00
BEONE STUTTGART	Germany	EM	59.00	59.00	EM	59.00	59.00
CLEAR IT GMBH	Germany	FC	100.00	100.00	FC	100.00	100.00
CLEAR IT ENGINEERING GMBH	Germany	FC	100.00	100.00	FC	100.00	100.00
HOTSWAP DEUTSCHLAND GMBH	Germany	FC	100.00	100.00	-	-	-
CLEAR CONSULT GMBH	Germany	FC	100.00	100.00	-	-	-
CLEAR SOLUTION GMBH	Germany	FC	100.00	100.00	-	-	-
ALTEN DIGITAL GMBH	Germany	-	-	-	FC	100.00	100.00
PROGRAM PLANNING PROFESSIONALS PTY LTD	Australia	FC	100.00	100.00	FC	100.00	100.00
ALTEN AUSTRIA	Austria	FC	100.00	100.00	-	-	-
ALTEN BELGIUM	Belgium	FC	100.00	100.00	FC	100.00	100.00
AIXIAL SPRL	Belgium	FC	100.00	100.00	FC	100.00	100.00
CORALIUS	Belgium	-	-	-	FC	100.00	100.00
ANOTECH DO BRASIL	Brazil	FC	100.00	100.00	FC	100.00	100.00
ALTEN CANADA	Canada	FC	100.00	100.00	FC	100.00	100.00
PROGRAM PLANNING PROFESSIONALS CANADA	Canada	FC	100.00	100.00	FC	100.00	100.00
PROEX	Canada	FC	100.00	100.00	FC	100.00	100.00
ALTEN CHINA	China	FC	100.00	100.00	FC	100.00	100.00
NUO DAI BUSINESS CONSULTING	China	FC	85.00	100.00	-	-	-
ANOTECH ENERGY CONGO	Congo	FC	100.00	100.00	FC	100.00	100.00
ALTEN SPAIN	Spain	FC	100.00	100.00	FC	100.00	100.00
ATEXIS SPAIN	Spain	FC	100.00	100.00	FC	100.00	100.00
MI GSO EMP SPAIN	Spain	FC	100.00	100.00	FC	100.00	100.00
ACF SPAIN	Spain	FC	100.00	100.00	FC	100.00	100.00
HELVETING INTERNATIONAL SPAIN	Spain	FC	100.00	100.00	-	-	-
ALTEN USA	United States	FC	100.00	100.00	FC	100.00	100.00
ANOTECH ENERGY USA	United States	FC	100.00	100.00	FC	100.00	100.00
ALTEN TECHNOLOGY USA	United States	FC	100.00	100.00	FC	100.00	100.00
X-DIN INC	United States	FC	100.00	100.00	FC	100.00	100.00
X-DIN TECHNOLOGY INC	United States	FC	100.00	100.00	FC	100.00	100.00
CALSOFT LABS INC. (USA)	United States	FC	100.00	100.00	FC	100.00	100.00
PROGRAM PLANNING PROFESSIONALS INC	United States	FC	100.00	100.00	FC	100.00	100.00
SACC Inc	United States	FC	100.00	100.00	FC	100.00	100.00
C PRIME	United States	FC	100.00	100.00	FC	100.00	100.00
CRESTTEK LLC	United States	FC	100.00	100.00	FC	100.00	100.00
PVR TECHNOLOGIES INC	United States	FC	100.00	100.00	FC	100.00	100.00
SIRILAN CORPORATION	United States	FC	100.00	100.00	FC	100.00	100.00

Company name	Country of operation	31/12/2017			31/12/2016		
		Basis of consolidation ⁽¹⁾	% interest	% control	Basis of consolidation ⁽¹⁾	% interest	% control
STATMINDS LLC	United States	FC	100.00	100.00	FC	100.00	100.00
ABACUS BUSINESS SOLUTIONS	United States	FC	100.00	100.00	FC	100.00	100.00
CLOVER GLOBAL SOLUTIONS	United States	FC	100.00	100.00	FC	100.00	100.00
CLOVER CORPORATE SERVICES	United States	FC	100.00	100.00	FC	100.00	100.00
EDISON ED INCORPORATED	United States	FC	100.00	100.00	-	-	-
SYNCRONESS INC	United States	FC	100.00	100.00	-	-	-
PREMIER LOGIC LLC	United States	FC	100.00	100.00	-	-	-
BLUE AGILITY LLC	United States	FC	100.00	100.00	-	-	-
ALTE OY	Finland	FC	100.00	100.00	FC	100.00	100.00
ALTE VISETEC OY	Finland	-	-	-	FC	100.00	100.00
TSS GROUP OY	Finland	-	-	-	FC	100.00	100.00
ANOTECH ENERGY UK	Great Britain	FC	100.00	100.00	FC	100.00	100.00
MI-GSO LTD	Great Britain	-	-	-	FC	100.00	100.00
ALTEN LTD	Great Britain	FC	70.00	70.00	FC	70.00	70.00
PROGRAM PLANNING PROFESSIONALS LTD	Great Britain	FC	100.00	100.00	FC	100.00	100.00
CALSOTF LABS UK PRIVATE LTD	Great Britain	FC	100.00	100.00	FC	100.00	100.00
SESAME GROUP LIMITED	Hong Kong	FC	100.00	100.00	FC	100.00	100.00
HINS HONG KONG CO LTD	Hong Kong	FC	100.00	100.00	FC	100.00	100.00
ANOTECH ENERGY HONG KONG	Hong Kong	FC	85.00	100.00	-	-	-
ALTEN INDIA	India	FC	100.00	100.00	FC	100.00	100.00
ALTEN CALSOFT LABS INDIA	India	FC	100.00	100.00	FC	100.00	100.00
CRESTTEK ENGINEERING SOLUTIONS PRIVATE LTD	India	FC	99.98	99.98	FC	99.98	99.98
ASM ENTERPRISE SOLUTIONS	India	FC	100.00	100.00	FC	100.00	100.00
PREMIER LOGIC INDIA PRIVATE LTD	India	FC	99.00	99.00	-	-	-
TECHNO LIKE US	Japan	EM	51.00	51.00	-	-	-
PROGRAM PLANNING PROFESSIONALS INDONESIA	Indonesia	FC	100.00	100.00	FC	100.00	100.00
ALTEN ITALIA	Italy	FC	100.00	100.00	FC	100.00	100.00
POSITECH SRL	Italy	FC	100.00	100.00	FC	100.00	100.00
NEXSE SRL	Italy	-	-	-	FC	100.00	100.00
PTC (ex CTL PARTICIPATIONS)	Luxembourg	EM	33.24	33.24	EM	30.00	30.00
G-FIT MAROC SARL	Morocco	FC	100.00	100.00	FC	100.00	100.00
ANOTECH ENERGY NIGERIA	Nigeria	FC	100.00	100.00	FC	100.00	100.00
ALTEN NEDERLAND	The Netherlands	FC	100.00	100.00	FC	100.00	100.00
ALTEN DDA	The Netherlands	FC	100.00	100.00	FC	100.00	100.00
ORION	The Netherlands	FC	100.00	100.00	FC	100.00	100.00
ALTEN POLSKA	Poland	FC	100.00	100.00	FC	100.00	100.00
KS AUTOMOTIVE PLM	Poland	FC	100.00	100.00	-	-	-
CLEAR INTEC SP ZOO	Poland	FC	100.00	100.00	-	-	-
CLEAR INTEC SP ZOO SP K	Poland	FC	100.00	100.00	-	-	-
IMP POLAND	Poland	-	-	-	FC	100.00	100.00
ALTEN SI TECHNO ROMANIA	Romania	FC	100.00	100.00	FC	100.00	100.00
ATEXIS SRL	Romania	FC	100.00	100.00	FC	100.00	100.00
GECI ENGINEERING SERVICES SRL	Romania	FC	100.00	100.00	FC	100.00	100.00
KEPLER ROMINFO	Romania	FC	100.00	100.00	FC	100.00	100.00
KEPLER ENGINEERING SRL	Romania	FC	100.00	100.00	FC	100.00	100.00

Company name	Country of operation	31/12/2017			31/12/2016		
		Basis of consolidation ^(*)	% interest	% control	Basis of consolidation ^(*)	% interest	% control
ADC ROMANIA	Romania	FC	100.00	100.00	-	-	-
PROGRAM PLANNING PROFESSIONALS PTE LTD	Singapore	FC	100.00	100.00	FC	100.00	100.00
ANOTECH ENERGY SINGAPORE	Singapore	FC	70.00	70.00	FC	70.00	70.00
ALTEN CALSOFT LABS SINGAPORE	Singapore	FC	100.00	100.00	FC	100.00	100.00
APROVA SRO	Czech Republic	FC	100.00	100.00	FC	100.00	100.00
ALTEN SVERIGE AB	Sweden	FC	100.00	100.00	FC	100.00	100.00
HOTSWAP NORDEN	Sweden	FC	100.00	100.00	FC	100.00	100.00
HELVETING AG	Switzerland	FC	100.00	100.00	-	-	-
HELVETING ENGINEERING AG	Switzerland	FC	100.00	100.00	-	-	-
HELVETING INTERNATIONAL AG	Switzerland	FC	100.00	100.00	-	-	-
ALTEN SWITZERLAND SARL AG	Switzerland	FC	100.00	100.00	FC	100.00	100.00

(*) FC = Full Consolidation/EM = Equity-accounted Method.

3. DETAILS OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.1 Goodwill

Goodwill, allocated by country, is broken down as follows:

<i>(in thousands of euros)</i>	France	UK	Belgium	The Netherlands	Spain	Germany	Switzerland
31/12/2015	112,026	4,236	12,690	21,097	19,991	57,671	0
Acquisitions	14,298					16,566	
Disposals/withdrawals							
Earn-out adjustments			(5)			173	1,600
Translation adjustments							
Other	1,072					77	
Reclassifications						(8,577)	8,577
Impairments							
31/12/2016	127,396	4,236	12,686	21,097	19,991	65,910	10,177
Acquisitions						6,664	13,393
Disposals/withdrawals							
Earn-out adjustments						620	
Translation adjustments							(1,102)
Other	(452)					19	
Reclassifications							
Impairments							
31/12/2017	126,944	4,236	12,686	21,097	19,991	73,213	22,469

During the 2017 financial year, the increase in the amount of goodwill can be mainly explained by the following:

- the Group's acquisitions during the period (as described in Note 2.1.1);
- adjustments of earn-outs and corrections to positions (included under "Other") within the allocation period;
- the €1.3 million goodwill impairment for a business in Singapore acquired in early 2016;
- translation adjustments on goodwill denominated in foreign currency.

The Group performed impairment testing on all the assets of its CGUs at 31 December 2017. The tests show that the recoverable

values of the CGUs' assets are greater than their book value, with the exception of one CGU located in Singapore. The goodwill of this CGU has been fully impaired as a result.

The table below presents the main actuarial assumptions and structural operating assumptions used for the impairment tests performed during the year for the main countries. Note that the CGUs correspond to legal entities (and hardly ever to a combination of legal entities) and that they are, for the purpose of simplification and clarity of this note, grouped by country.

The growth rate and discount rate assumptions used in the valuation of all CGUs were revised in light of general market data.

Italy	Scandinavia	North America	Offshore and Asia	Nearshore	Other	Total
12,949	40,503	40,371	6,015	3,898	169	331,617
6,558	3,278	26,566	7,256	408		74,930
	(639)					0
	17	2,277	81			1,129
						2,375
						1,149
						0
						0
19,507	43,159	69,214	13,352	4,306	169	411,200
		14,194				34,251
						0
	1,121	0				1,741
	(102)	(7,897)	(423)			(9,524)
		211		618		396
						0
			(1,323)			(1,323)
19,507	44,179	75,722	11,605	4,924	169	436,740

Country	2017				2016			
	Goodwill	Average annual revenue growth rate 2017-2021	Perpetual growth rate	Weighted average cost of capital (WACC)	Goodwill	Average annual growth rate 2016-2020	Perpetual growth rate	Weighted average cost of capital (WACC)
France	126,944	5%	2%	8.2%	127,396	4%	2%	8.6%
North America	75,722	7%	2%	7.3% to 7.4%	69,214	10%	2%	7.7% to 7.8%
Germany	73,213	5%	2%	7.4%	65,910	7%	2%	7.8%
Scandinavia	44,179	4%	2%	7.5% to 8.1%	43,159	7%	2%	7.8% to 7.9%
The Netherlands	21,097	4%	2%	7.4%	21,097	4%	2%	7.8%
Spain	19,991	7%	2%	10.5%	19,991	6%	2%	10.7%
Italy	19,507	6%	2%	10.4%	19,507	7%	2%	10.2%
Offshore +Asia	11,605	11%	2%	9.6%	13,352	13%	2%	10.1%
Belgium	12,686	5%	2%	8.3%	12,686	4%	2%	8.7%
Switzerland	22,469	12%	2%	7.5%	10,177	9%	2%	7.9%
Nearshore	4,924	13%	2%	10.0%	4,306	13%	2%	10.3%
UK	4,236	7%	2%	8.1%	4,236	8%	2%	8.6%
Other	169	n/a	n/a	n/a	169	n/a	n/a	n/a
TOTAL	436,740				411,200			

The main operating assumptions used to build the budget are in line with the historical data seen for each CGU.

The Group presents analyses of sensitivity to key assumptions for WACC, the open-ended growth rate and normative EBIT. The results of these analyses in terms of impairment of goodwill are summarised in the table below.

Country	2017				
	Goodwill	Test margin ^(*)	WACC +1 point ^(**)	Zero growth rate ^(**)	Normative operating profit on activity -1 point ^(**)
France	126,944	562,293	-	-	-
North America	75,722	108,326	-	-	-
Germany	73,213	146,593	-	-	-
Scandinavia	44,179	169,801	-	-	-
The Netherlands	21,097	97,521	-	-	-
Spain	19,991	29,755	-	-	-
Italy	19,507	71,138	-	-	-
Offshore + Asia	11,605	11,585	(350)	-	-
Belgium	12,686	91,427	-	-	-
Switzerland	22,469	54,055	-	-	-
Nearshore	4,924	28,807	-	-	-
UK	4,236	87,453	-	-	-
Other	169	-	-	-	-
TOTAL	436,740	1,458,754	(350)	0	0

(*) Test margin = Value in use -total value of assets to be tested (including goodwill) for all CGUs included in the country.

(**) Impairment amount of the CGU or CGUs included in the country Other constant parameters.

Country	2016				
	Goodwill	Test margin ⁽¹⁾	WACC +1 point ⁽²⁾	Zero growth rate ⁽²⁾	Normative operating profit on activity -1 point ⁽²⁾
France	127,396	398,818	-	-	-
North America	69,214	109,577	-	-	-
Germany	65,910	101,514	-	-	-
Scandinavia	43,159	132,828	-	-	-
The Netherlands	21,097	78,000	-	-	-
Spain	19,991	29,627	-	-	-
Italy	19,507	96,174	-	-	-
Offshore + Asia	13,352	6,547	(15)	-	-
Belgium	12,686	69,619	-	-	-
Switzerland	10,177	33,479	-	-	-
Nearshore	4,306	14,557	-	-	-
UK	4,236	99,836	-	-	-
Other	169	-	-	-	-
TOTAL	411,200	1,170,576	(15)	0	0

(1) Test margin = Value in use -total value of assets to be tested (including goodwill) for all CGUs included in the country.

(2) Impairment amount of the CGU or CGUs included in the country Other constant parameters.

3.2 Fixed assets and depreciation

There are no particular events to report for tangible and intangible assets.

3.3 Investments in associates

<i>(in thousands of euros)</i>	Total	TLU	Horex	PTC	BeOne Stuttgart
INVESTMENTS IN ASSOCIATES AT 31 DECEMBER 2015	7,598		3,966	2,052	1,579
Earnings from associates	5,310		3,714	1,351	245
Change in scope	(192)				(192)
INVESTMENTS IN ASSOCIATES AT 31 DECEMBER 2016	12,716		7,680	3,403	1,632
Earnings from associates	5,735	95	4,334	1,174	132
Capital increase	100			100	
Change in scope	1,293	1,293			
Dividend neutralisation	(708)				(708)
INVESTMENTS IN ASSOCIATES AT 31 DECEMBER 2017	19,136	1,388	12,015	4,677	1,056
Financial data of associates		*	**	**	*
Revenue		5,006	64,782	92,284	8,306
Operating profit		66	10,027	5,475	252
Total assets		1,020	95,508	79,530	4,471
Shareholders' equity		681	14,958	(3,403)	1,790

* Data expressed in local 2017 GAAP

** Group consolidated data expressed in local 2016 GAAP

3.4 Non-current financial assets

<i>(in thousands of euros)</i>	Note	Carrying amount according to IAS 39			31/12/2017	31/12/2016	Hierarchisation of the fair value of financial assets		
		Amortised cost	Fair value through shareholders' equity	Fair value through earnings			Level 1	Level 2	Level 3
- Securities held for sale			13,865		13,865	46,163			13,865
- Deposits and guarantees		9,861			9,861	8,543			
- Other long-term assets (loans and receivables) ⁽¹⁾		26,728			26,728	25,416			
TOTAL		- 36,589	13,865	-	50,454	80,122	-	-	13,865

(1) Other long-term assets are primarily comprised of loans with associates (see Note 4.1).

The fair value of other assets is the same as the net book value.

Securities held for sale include the following interests:

Entity	% Interest	Fair value at opening	Acquisition (disposal)	Change in fair value	Fair value at closing	Fair value hierarchical level	Data used
AUSY ⁽¹⁾	0.00%	27,140	(6,521)	(20,619)	0		Net asset value
FCP XANGE		3,133	137	250	3,520	3	Other
PHINERGY LTD	12.83%	8,391			8,391	3	Other
OTHER		7,499	(5,545)		1,954	3	Other
TOTAL		46,163	(11,929)	(20,369)	13,865		

(1) ALTEN SA contributed the 509,614 Ausy shares it held as part of the public tender offer made by Randstad France for Ausy in January 2017.

3.5 Current assets

(in thousands of euros)	31/12/2017	31/12/2016
TRADE RECEIVABLES		
Gross value	659,133	585,947
Impairments	(11,845)	(6,783)
TOTAL	647,287	579,164
OTHER CURRENT ASSETS		
Inventory	24	110
Social security receivables	5,516	3,527
Tax receivables	26,110	22,300
Other receivables	9,827	7,557
Impairment of other receivables	(672)	(1,105)
Prepaid expenses	9,709	11,292
TOTAL	50,514	43,680

The following table shows the breakdown of the portfolio of trade receivables based on age:

(in thousands of euros)	31/12/2017					31/12/2016				
	Unmatured	Less than 6 months	6 months to one year	More than 1 year	Balance	Unmatured	Less than 6 months	6 months to one year	More than 1 year	Balance
TRADE RECEIVABLES										
Gross value	535,722	107,471	7,284	8,655	659,133	432,360	130,094	11,132	12,361	585,947
Provisions	0	(1,560)	(1,910)	(8,376)	(11,846)	0	(1,450)	(573)	(4,760)	(6,783)
NET VALUES	535,722	105,912	5,375	279	647,287	432,360	128,644	10,560	7,601	579,164

Based on experience and considering its policy for recovering trade receivables, the Group feels that the level of impairment for the financial year is appropriate to the risks involved.

3.6 Cash and cash equivalents

<i>(in thousands of euros)</i>	31/12/2017	31/12/2016
Marketable securities	1,359	1,389
Cash and equivalents	82,607	93,597
TOTAL	83,966	94,986

Marketable securities are given at their fair value. They comprise money market funds (SICAV) and negotiable securities with maturity of less than three months.

Restrictions: the Group operates in countries subject to regulatory exchange controls, which could temporarily render cash unavailable for the Group. The table below shows the cash position at 31 December 2017 in these countries:

Country	<i>(in thousands of euros)</i>
India	1,247
China	546
Morocco	415
Brazil	188
Nigeria	3,015
Congo	2,556
TOTAL	7,968

3.7 Current and non-current financial liabilities

<i>(in thousands of euros)</i>	31/12/2016	Inc	Repayment	Change in scope	Other (Translation adjustments, reclassification)	31/12/2017	Current	Non-current
Bank borrowings and related debt	88,277	1,181	(43,216)	538	(953)	45,828	38,139	7,689
<i>Bank borrowings</i>	<i>86,143</i>	<i>86</i>	<i>(41,962)</i>	<i>49</i>	<i>(288)</i>	<i>44,029</i>	<i>36,902</i>	<i>7,127</i>
<i>Other loans and related debt</i>	<i>2,134</i>	<i>1,095</i>	<i>(1,254)</i>	<i>489</i>	<i>(665)</i>	<i>1,799</i>	<i>1,237</i>	<i>562</i>
Bank overdrafts	2,133	8,778		101	(92)	10,919	10,919	
Deposits and guarantees received	102	88	(12)	205	(8)	374		374
Other financial liabilities	225	11	(12)			225	225	
TOTAL	90,737	10,058	(43,240)	844	(1,053)	57,345	49,283	8,063
		a	b					
Change in statement of cash flows financial liabilities (a +b)		(33,182)					(31,575)	(1,607)

Bank borrowings

The amount of bank borrowings stood at €44.0 million as at 31 December 2017.

<i>(in thousands of euros)</i>	31/12/2017	EUR	USD	GBP	CAD	Fixed rate	Variable rate
Bank borrowings	44,029	40,260	49	1,393	2,327	6,193	37,836

At 31 December 2017, this item comprised:

- the drawdown of the new Club Deal for €35.5 million (short-term variable-rate financing) on a line opened for €160 million;
- a loan for €7 million subscribed at the end of December 2016, repayable over three years (fixed rate of 0.4%); at 31 December 2017, the outstanding capital stood at €4.7 million;

- other mid- and long-term loans denominated in foreign currencies amounting to €3.7 million.

Other loans and related debt

Other loans and related debt at 31 December 2017 mainly comprised finance leases amounting to €1.6 million.

3.8 Other current and non-current liabilities

<i>(in thousands of euros)</i>	31/12/2016	Change	Change in scope	Translation adjustments	31/12/2017	Current	Non-current
Earn-outs ⁽¹⁾	30,975	2,269	(6,320)	(2,328)	24,595	15,780	8,815
Social security debt	181,765	(1,765)	4,907	(1,675)	183,232	179,510	3,722 ⁽²⁾
Tax liabilities	100,385	14,618	417	(433)	114,987	114,987	
Deferred income	27,843	4,146	59	(176)	31,873	31,873	
Other liabilities ⁽³⁾	49,900	16,071	2,218	(1,098)	67,091	67,091	
TOTAL	390,869	35,339	1,280	(5,711)	421,778	409,241	12,537

(1) Liabilities relating to earn-outs on acquisitions.

(2) Liabilities relating to employee time-saving accounts in France.

(3) This item comprises in particular credit notes to be drawn up.

3.9 Employee provisions and benefits

Provisions

<i>(in thousands of euros)</i>	Social disputes ⁽¹⁾	Commercial disputes	Miscellaneous risks ⁽²⁾	TOTAL
AT 31/12/2016	3,852	1,443	8,067	13,361
Reclassification		983	(983)	0
Exchange rate variations	6	(8)	(234)	(236)
Provisions for the financial year	3,483	629	551	4,663
Reversals (provisions used)	(1,381)	(902)	(1,311)	(3,593)
Reversals (provisions not used)	(1,108)	(457)	(1,194)	(2,759)
AT 31/12/2017	4,852	1,688	4,897	11,437
<i>Of which current provisions</i>	<i>3,666</i>	<i>1,645</i>	<i>4,261</i>	<i>9,572</i>
<i>Of which non-current provisions</i>	<i>1,186</i>	<i>44</i>	<i>636</i>	<i>1,866</i>

(1) Social disputes involve sums that taken individually are insignificant.

(2) Miscellaneous risks pertain to provisions primarily covering social security and tax risks.

Employee benefits

Employee benefits primarily comprise end-of-career commitments. These commitments have been calculated based on assumptions updated at year-end 2017. The Group has no assets to cover commitments for retirement benefits.

<i>(in thousands of euros)</i>	Total Commitment
AT 01/01/2016	17,600
Change in scope	447
Cost of services provided	2,827
Interest expenses	393
Actuarial gains and losses	399
Benefits paid	(45)
AT 31/12/2016	21,622
Change in scope	0
Cost of services provided	3,403
Interest expenses	361
Actuarial gains and losses	(2,225)
Benefits paid	(80)
AT 31/12/2017	23,081

Note that the commitment comprises €155 thousand in retirement benefits (under the SYNTEC collective bargaining agreement) for two Corporate Officers who hold employment contracts.

The main assumptions used to value the commitment are shown in the table below:

	31/12/2017	31/12/2016
Discount rate	1,80%	1,85%
Turnover rate (historical data recorded)	Age group	Age group
Revaluation rate for employees		
• Managerial staff	1,50%	1,50%
• Non-managerial staff	2,00%	2,50%
Employer contribution rate		
• Managerial staff	42.00-48.00%	44.80-48.00%
• Non-managerial staff	45.00-47.50%	43.73-47.50%
Mortality table		
• Women	TH 13/15	TPGF05
• Men	TH 13/15	TPGH05
Retirement age	65 years old	65 years old

The rate of personnel turnover is taken company by company geared to observed historical data. The reference rate used to calculate the discount rate is the yield on AA-rated corporate bonds in the euro zone.

The impact of changes in the discount rate on the commitment calculation is shown in the table below:

	-0.5 point	Mid value	+0.5 point
DISCOUNT RATE	1.30%	1.80%	2.30%
TOTAL COMMITMENT (IN THOUSANDS OF EUROS)	25,388	23,081	21,048

3.10 Purchases consumed

<i>(in thousands of euros)</i>	31/12/2017	31/12/2016
Purchasing and subcontracting business	(169,390)	(152,341)
Non-stock purchases	(14,213)	(12,599)
TOTAL	(183,603)	(164,940)

Purchases mainly consist of subcontracting.

3.11 Personnel expenses

<i>(in thousands of euros)</i>	31/12/2017	31/12/2016
Salaries and benefits	(1,383,005)	(1,185,272)
Social disputes	(994)	278
Retirement benefits	(3,323)	(2,783)
Taxes levied on wages	(24,020)	(21,813)
Employee profit sharing	(5,763)	(5,167)
TOTAL	(1,417,105)	(1,214,756)

The heading "Salaries and benefits" is given after deduction of Research tax credits (CIR) and Employment competitiveness tax credits (CICE). Benefits under the defined contribution systems amounted to €278.0 million in 2017 (versus €244.0 million in 2016).

3.12 External charges

<i>(in thousands of euros)</i>	31/12/2017	31/12/2016
Rentals, maintenance	(58,138)	(48,943)
External personnel, fees	(27,589)	(25,045)
Transportation and travel	(39,790)	(60,322)
Other external charges	(29,165)	(24,720)
TOTAL	(154,681)	(159,029)

3.13 Other taxes and levies

<i>(in thousands of euros)</i>	31/12/2017	31/12/2016
Property tax and similar levies	(1,556)	(1,503)
Other taxes and levies	(9,022)	(8,013)
TOTAL	(10,578)	(9,516)

3.14 Other operating income and expenses

<i>(in thousands of euros)</i>	31/12/2017	31/12/2016
Expenses		
Provisions for impairments of current assets	(6,615)	(4,119)
Losses on unrecoverable receivables	(494)	(765)
Provisions for long-term contingencies	(813)	(4,586)
Book value of fixed assets sold	(734)	(785)
Other expenses	(30)	21
TOTAL EXPENSES	(8,686)	(10,234)
Income		
Reversal of provisions for receivables	2,634	1,588
Reversals of provisions for long-term contingencies	3,288	700
Proceeds from sale of fixed assets	382	453
Other income	192	146
TOTAL INCOME	6,496	2,887
TOTAL OTHER OPERATING INCOME AND EXPENSES	(2,190)	(7,347)

3.15 Share-based payments

ALTEN SA's Board of Directors awarded free shares during the financial year within the framework of an authorisation granted by the General Meeting held on 24 May 2016. Four separate plans were drawn up for this award, the main terms of which are shown in the table below, together with those of the 2016 plans:

PLAN											TOTAL
Date awarded by the Board of Directors	27/07/2016	27/07/2016	27/07/2016	20/09/2016	27/10/2016	23/12/2016	26/04/2017	26/07/2017	19/09/2017	25/10/2017	
Class of financial instruments awarded	Ordinary shares	Preferred A shares	Preferred B shares	Ordinary shares	Preferred B shares	Preferred A shares	Preferred B shares	Preferred B shares	Preferred B shares	Preferred B shares	
Number of financial instruments awarded	99,880	2,520	1,572	74,800	500	230	18	167	729	200	
Of which number awarded to employees	99,880	840	1,572	74,800	500	230	18	167	729	200	
Of which number awarded to Corporate Officers	0	1,680	0	0	0	0	0	0	0	0	
Number of instruments voided over the period	34,010	0	83	0	0	0	0	0	0	0	
Number of instruments subscribed for over the period	49,830	2,520	0	74,800	0	230	0	0	0	0	
Number of instruments outstanding at 31/12/2017	0	0	1,489	0	500	0	18	167	729	200	
Fair value of the financial instruments (in euros)	55.1	3,460.4	1,438.7	59.6	1,702.7	3,967.2	2,555.1	2,389.6	2,862.2	2,856.4	
Final award date	27/07/2017	27/07/2017	27/07/2018	20/09/2017	27/10/2018	23/12/2017	26/04/2019	26/07/2019	19/09/2019	25/10/2019	
End of lock-up/non-transferability period	27/07/2018	27/07/2019	27/07/2020	20/09/2018	27/10/2020	23/12/2019	26/04/2021	26/07/2021	19/09/2021	25/10/2021	
Cost of services provided 2017 (in thousands of euros)	1,218	4,959	797	2,795	289	892	5	28	102	18	11,103
Employer contribution cost 2017 (in thousands of euros)	446	413	108	706	49	0	2	0	16	6	1,745
TOTAL											12,848

For plans awarded in 2016, at the end of the lock-up period, the preferred A and B shares may be converted into ordinary shares provided that the performance and presence criteria are met.

The conversion ratio is as follows: 1 preferred share = $(100 \times M \times \text{Rev Coef}) \times 20\% + (100 \times M \times \text{OPA Coef}) \times 80\%$.

PREFERRED A SHARES

Revenue 2018 – in millions of euros	Growth in relation to 2015	Translation coefficient linked to revenue growth (Rev Coef)	Operating profit on activity 2018 (OPA) – in millions of euros	Growth in relation to 2015	Translation coefficient linked to OPA growth (OPA Coef)	Presence-based multiplying coefficient (M)
> or = 1,850	> or = 20%	100%	> or = 183	> or = 20.0%	100%	
1,810	17.5%	80%	179	17%	80%	Default = 0.01
1,772	15.0%	60%	175	15%	60%	
1,734	12.5%	40%	171	12%	40%	Presence on 2nd anniversary of award = 0.02
1,695	10.0%	20%	168	10%	20%	
< 1,695	< 10%	0%	< 168	< 10%	0%	Presence on 3rd anniversary of award = 1

PREFERRED B SHARES

Revenue 2018 – in millions of euros	Growth in relation to 2015	Translation coefficient linked to revenue growth (Rev Coef)	Operating profit on activity 2018 (OPA) – in millions of euros	Growth in relation to 2015	Translation coefficient linked to OPA growth (OPA Coef)	Presence-based multiplying coefficient (M)
> or = 1,850	> or = 26%	100%	> or = 192	> or = 26%	100%	
1,810	22.0%	80%	186	22.0%	80%	Default = 0.01
1,772	18.0%	60%	180	18.0%	60%	
1,756	14.0%	40%	174	14.0%	40%	Presence on 3rd anniversary of award = 0.01
1,695	10.0%	20%	168	10.0%	20%	
< 1,695	< 10%	0%	< 168	< 10%	0%	Presence on 4th anniversary of award = 1

For plans awarded in 2017, at the end of the lock-up period, the preferred B shares may be converted into ordinary shares provided that the performance and presence criteria are met.

The conversion ratio is as follows: 1 preferred share = $(100 \times M \times \text{Rev Coef}) \times 20\% + (100 \times M \times \text{OPA Coef}) \times 80\%$.

PREFERRED B SHARES

Revenue 2019 – in millions of euros	Growth in relation to 2016	Translation coefficient linked to revenue growth (Rev Coef)	Operating profit on activity 2019 (OPA) – in millions of euros	Growth in relation to 2016	Translation coefficient linked to OPA growth (OPA Coef)	Presence-based multiplying coefficient (M)
> or = 2,203	> or = 26%	100%	> or = 228	> or = 26%	100%	
2,133	22.0%	80%	221	22.0%	80%	Default = 0.01
2,063	18.0%	60%	213	18.0%	60%	
1,993	14.0%	40%	206	14.0%	40%	Presence on 3rd anniversary of award = 0.01
1,923	10.0%	20%	199	10.0%	20%	
< 1,923	< 10%	0%	< 199	< 10%	0%	Presence on 4th anniversary of award = 1

In addition, there were no longer any stock options outstanding at 31 December 2017 that might dilute the share capital.

3.16 Other operating income and expenses

<i>(in thousands of euros)</i>	31/12/2017	31/12/2016
Restructuring costs	(622)	(364)
Fees associated with the acquisition of new companies	(1,252)	(1,850)
Social security and tax adjustments	(675)	(11,626)
Other	(906)	(697)
TOTAL OTHER OPERATING INCOME AND EXPENSES	(3,456)	(14,537)
Including other operating expenses	(4,953)	(16,981)
Including other operating income	1,497	2,444

In 2017, other operating income and expenses consisted of restructuring costs (-€0.6 million) relating to costs arising from specific adaptation measures linked to the reorganisation of recent acquirees (site mergers, salary costs, etc.), acquisition fees (-€1.3 million), social security and tax adjustments (-€0.7 million), and adjustment of business combination costs (-€0.9 million) under IFRS 3 (particularly the change in earn-out liabilities).

3.17 Net financial income

<i>(in thousands of euros)</i>	31/12/2017	31/12/2016
Bank interest charges	(891)	(1,481)
Interest on lease-financing agreements	(119)	(415)
GROSS BORROWING COSTS	(1,010)	(1,896)
Income from receivables and investments	163	530
Income from the disposal of marketable securities	0	0
NET BORROWING COSTS	(847)	(1,366)
Foreign exchange losses	(9,948)	(4,478)
Other financial expenses	(593)	(468)
Discounted financial expenses	(733)	(393)
Financial provisions	(149)	0
Other financial expenses	(11,424)	(5,338)
Foreign exchange gains	5,826	4,628
Other financial income	22,611	1,215
Financial income as a result of discount	0	707
Reversal of financial provisions	0	56
Other financial income	28,438	6,606
OTHER NET FINANCIAL INCOME AND EXPENSES	17,014	1,268
NET FINANCIAL INCOME (EXPENSES)	16,167	(98)

The reduction in net debt in 2017 compared with 2016 is due to a decrease in the amounts drawn downs under the Club Deal during the year.

The net foreign exchange loss of €4.1 million is due to the strengthening of the euro against other major currencies during the financial year.

The increase in other financial income in 2017 is mainly due to a gain on disposal of Ausy shares for €21.5 million.

3.18 Income taxes

Breakdown of income tax expenses

<i>(in thousands of euros)</i>	31/12/2017	31/12/2016
Net income: Group and minority interests	148,320	112,746
Earnings of equity-accounted companies	(5,735)	(5,310)
Impairment of goodwill	1,323	0
Share-based payments	11,103	7,629
Income tax expense	50,196	49,854
PRE-TAX EARNINGS	205,206	164,920
Tax rate of the consolidating company	34.43%	34.43%
Theoretical income tax expense	70,659	56,787
Special 3% tax on dividends paid	(4,651)	1,028
Additional contribution 9.71%	1,504	0
Difference in tax rate versus foreign companies	(6,756)	(5,757)
Miscellaneous tax credits	(14,105)	(10,578)
Unactivated deferred tax assets	(192)	720
CVAE (value added tax) reclassification	7,946	7,157
Other permanent differences	(4,210)	497
TAX EXPENSE RECOGNISED	50,196	49,854
EFFECTIVE INCOME TAX RATE	24.46%	30.23%
Income tax distribution:		
Deferred taxes	(111)	(609)
Income tax payable	50,306	50,463
TOTAL	50,196	49,854

The relatively low effective tax rate of 24.46% is due to several non-recurring items during the financial year: tax income arising from the claim for a refund of dividend tax paid in France, a reduced tax liability on the long-term capital gain realised on the disposal of Ausy shares (which explains in particular the other permanent differences in 2017), and an increased tax base as a result of the additional income from the research tax credit and the tax credit for encouraging competitiveness and jobs in France during the year.

Deferred taxes

Deferred tax receivables and liabilities consist of:

<i>(in thousands of euros)</i>	31/12/2017	31/12/2016
Employee profit-sharing	1,721	1,757
Retirement benefits	5,850	6,510
Other timing differences	2,199	2,012
Tax-loss carry-forwards	3,076	1,998
TOTAL DEFERRED TAXES	12,846	12,277
including:		
DEFERRED TAX ASSETS	12,930	13,368
DEFERRED TAX LIABILITIES	(83)	(1,091)

The change in deferred tax assets and liabilities breaks down as follows:

<i>(in thousands of euros)</i>	31/12/2017	31/12/2016
Deferred taxes at start of year	12,277	11,322
Impact on total income IAS 19/IFRIC 21	(691)	105
Change in scope	(27)	218
Exchange rate variations	1,177	22
Expenses (or income) for the period	111	609
DEFERRED TAXES AT YEAR-END	12,846	12,277

The amount of non-capitalised deferred taxes relating to tax-loss carry-forwards, amounting to €2.7 million (€9.3 million tax base) at 31 December 2017.

3.19 Operating segments

In compliance with standard IFRS 8 – Operating Segments -, the financial information published hereinafter is the information used by the main operational decision-maker (the CEO) to assess the performance of business segments.

<i>(in thousands of euros)</i>	31/12/2017			31/12/2016		
	France	International	TOTAL	France	International	TOTAL
Net revenue	914,370	1,061,057	1,975,427	830,100	918,205	1,748,306
Operating profit on activity	99,485	94,755	194,240	92,894	88,036	180,930
Rate of operating profit on activity/revenue for the segment	10.9%	8.9%	9.8%	11.2%	9.6%	10.3%
Profit from ordinary activities	88,736	92,656	181,392	84,707	87,218	171,925
Operating profit	89,151	87,462	176,613	73,206	84,183	157,389
Net financial income	15,573	594	16,167	3,860	(3,958)	(98)
Income tax expense	(25,770)	(24,425)	(50,196)	(25,427)	(24,427)	(49,854)
Earnings of consolidated entities	78,954	63,631	142,585	51,639	55,798	107,437
NET OVERALL EARNINGS	84,462	63,858	148,320	56,704	56,043	112,747

<i>(in thousands of euros)</i>	31/12/2017			31/12/2016		
	France	International	TOTAL	France	International	TOTAL
Goodwill	126,944	309,796	436,740	127,396	283,804	411,200
Investments in associates	5,604	132	5,735	5,065	245	5,310
Headcount at Year End	11,700	16,300	28,000	10,800	13,200	24,000
Cash at end of period	17,821	66,145	83,966	26,582	68,404	94,986
Financial liabilities	50,419	6,926	57,345	82,558	8,179	90,737
NET INVESTMENTS FOR THE PERIOD	(20,860)	53,241	32,380	10,238	75,873	86,111

Companies acquired in 2017 contributed €17.3 million to revenue for the year.

3.20 Earnings per share

<i>(in euros)</i>	31/12/2017	31/12/2016
Net income, Group share	147,025,082	112,404,921
Weighted average number of shares	33,268,700	33,218,632
Earnings per share	4.42	3.38

<i>(in euros)</i>	31/12/2017	31/12/2016
Earnings	147,025,082	112,404,921
Dilutive effect	0	0
Diluted earnings	147,025,082	112,404,921
Weighted average number of shares	33,268,700	33,218,632
Effect of dilutions	429,951	446,008
Weighted average number of shares after potential dilution	33,698,651	33,664,640
Diluted earnings per share	4.36	3.34

3.21 Dividends per share

	2018*	2017	2016
Date dividends paid on the profit from the previous financial year	n/a	30/06/2017	31/05/2016
Date of the General Meeting deciding on the dividend distribution proposal	20/06/2018	22/06/2017	24/05/2016
Total distribution amount (in thousands of euros) on the profit from the previous financial year	33,357	33,225	33,224
Dividend per share on the profit from the previous financial year (in euros and per share)	1.00	1.00	1.00

* Subject to approval by the next General Meeting, and according to the number of shares in circulation as of that date.

3.22 Statement of cash flows

CHANGES IN DEPRECIATION, PROVISION AND OTHER CALCULATED INCOME/EXPENSES

<i>(in thousands of euros)</i>	31/12/2017	31/12/2016
Amortisation of intangible assets	3,413	2,888
Depreciation of property, plant and equipment	9,598	8,578
Impairment of goodwill	1,323	0
Provisions for risks and expenses	1,995	6,511
Other income and calculated expenses	2,001	745
TOTAL	18,331	18,723

BREAKDOWN OF TAXES PAID

<i>(in thousands of euros)</i>	31/12/2017	31/12/2016
Repayments received	6,713	5,974
Payments made	(59,043)	(58,283)
TOTAL	(52,331)	(52,309)

BREAKDOWN OF CASH FLOW ON WORKING CAPITAL REQUIREMENTS

<i>(in thousands of euros)</i>	31/12/2017	31/12/2016
Changes in net WCR — customers	(40,243)	(36,624)
Changes in net WCR — suppliers	(3,155)	1,943
Changes in net WCR — other receivables and operating payables	(17,123)	13,735
TOTAL	(60,521)	(20,946)

IMPACT OF CHANGES IN SCOPE AND EARN-OUTS

<i>(in thousands of euros)</i>	31/12/2017	31/12/2016
Acquisitions of consolidated subsidiaries	(32,252)	(70,490)
Cash from new consolidated subsidiaries	4,797	12,424
Cash from deconsolidated subsidiaries	0	(33)
Payment of earn-outs	(15,849)	(28,512)
TOTAL	(43,304)	(86,611)

CAPITAL INCREASE

<i>(in thousands of euros)</i>	31/12/2017	31/12/2016
Stock options exercised	239	503
TOTAL	239	503

4. OTHER INFORMATION

4.1 Related-party transactions

Compensation and benefits granted to Executive Corporate Officers⁽¹⁾

	2017		2016	
	Amount paid	Amount due	Amount paid	Amount due
Simon AZOULAY				
• fixed compensation	€120,000	€120,000	€120,000	€120,000
• variable compensation	None	None	None	None
• extraordinary remuneration	None	None	None	None
• directors' fees ⁽²⁾	€412,500	€450,000	€412,500	€450,000
• benefits in kind	€5,811	€5,811	€5,811	€5,811
TOTAL	€538,311	€575,811	€538,311	€575,811
Gérald ATTIA				
• fixed compensation	€203,269	€203,269	€205,118	€205,118
• variable compensation	None	None	None	None
• extraordinary remuneration	None	None	None	None
• directors' fees	€84,000	€84,000	€84,000	€84,000
• benefits in kind	€4,152	€4,152	€4,152	€4,152
TOTAL	€291,421	€291,421	€293,270	€293,270
Bruno BENOLIEL				
• fixed compensation	€159,150	€159,150	€249,157	€249,157
• variable compensation	None	None	None	None
• extraordinary remuneration	None	None	None	None
• directors' fees	None	None	None	None
• benefits in kind	€1,464	€1,464	None	None
TOTAL	€160,614	€160,614	€249,157	€249,157
Pierre MARCEL				
• fixed compensation	€323,264	€323,264	€324,006	€324,006
• variable compensation	None	None	None	None
• extraordinary remuneration	None	None	None	None
• directors' fees	None	None	None	None
• benefits in kind	€5,394	€5,394	€5,254	€5,254
TOTAL	€328,658	€328,658	€329,260	€329,260

(1) Amounts are expressed in gross values.

(2) Directors' fees received through the company SGTI, of which Mr Azoulay is Chairman and sole shareholder.

In 2016, Gérald Attia and Pierre Marcel were each awarded 840 preferred A shares (see Note 3.15). These 840 financial instruments were valued at €2,906,744 at the date of their allotment by the Board of Directors [Value of the shares when allotted under the three-year LTIP, calculated in accordance with IFRS 2 before deferral of the liability. Moreover, note that no LTIP (stock options, free shares, etc.) has been set up for Executive Corporate Officers since 2008].

Compensation and benefits granted to non-Executive Corporate Officers

The Board of Directors has awarded directors' fees to non-executive Board members for the 2017 financial year.

	2017		2016	
	Amount paid	Amount due	Amount paid	Amount due
Aliette MARDYKS				
Directors' fees	None	€9,000	None	None
Other compensation	None	None	None	None
Évelyne FELDMAN				
Directors' fees	€6,000	€15,000	None	€6,000
Other compensation	None	None	None	None
Philippe TRIBAUDEAU				
Directors' fees	€4,500	€10,500	None	€4,500
Other compensation	None	None	None	None
Marc EISENBERG				
Directors' fees	€1,500	€6,000	None	€1,500
Other compensation	None	None	None	None
Jane SEROUSSI				
Directors' fees	None	€8,000	None	€9,000
Other compensation	None	None	None	None
Emily AZOULAY				
Directors' fees	€3,000	€8,000	None	€3,000
Other compensation	None	None	None	None
Anaëlle AZOULAY				
Directors' fees	€2,000	€8,000	None	€2,000
Other compensation	None	None	None	None
Jérôme VALAT				
Directors' fees	None	None	None	None
Other compensation	Employment contract	Employment contract	Employment contract	Employment contract
Marwane METIOUI				
Directors' fees	None	None	None	None
Other compensation	Employment contract	Employment contract	None	None
TOTAL	€17,000	€64,500	€0	€26,000

Information concerning defined-contribution schemes for Corporate Officers

Social contributions for managers for the 2017 financial year amounted to €442 thousand (€486 thousand in 2016).

Related-party transactions

Non-consolidated subsidiaries, Group associates or companies controlled directly by the Group's directors.

IN THE INCOME STATEMENT:

	31/12/2017	31/12/2016
Revenue	310	299
Other operating income (expenses)	(4,506)	(3,761)
Financial income (expenses)	610	688
TOTAL	(3,586)	(2,774)

ON THE BALANCE SHEET:

	31/12/2017	31/12/2016
Long-term financial assets ⁽¹⁾	25,590	23,217
Trade receivables	90	124
Other receivables	61	33
ASSETS	25,741	23,374
Trade payables	757	1,058
Other debt	18	11
LIABILITIES	757	1,058

(1) Essentially a loan with an associate.

4.2 Contingent assets and liabilities

Contingent assets

None

Contingent liabilities

Following tax audits for the period from 1 January 2013 to 31 December 2014, the adjustments proposed by the tax authority

led to demands totalling €8.5 million being applied to research tax credits for ALTEN SA and income tax and VAT totalling €2.8 million for another French subsidiary. The Group's de facto and de jure case is sufficiently robust to enable us to continue to challenge the proposed adjustments. Therefore, no provision has been made in the 2017 financial statements. The Group will continue to liaise with the tax authority as part of hierarchical appeals lodged to continue to defend its stance on the research tax credit, income tax and VAT.

4.3 Share capital

Number of shares (nominal value €1.016)	Shares issued	Treasury shares	Shares in circulation
At 31 December 2016	33,687,725	(462,956)	33,224,769
Exercise of options	13,392		13,392
Other capital increases (award of free shares, shares distributed to current holders)	127,380		127,380
Treasury shares			
Purchasing			
Sales			
Transfers			
Liquidity contract transactions		(8,802)	(8,802)
AT 31 DECEMBER 2017	33,828,497	(471,758)	33,356,739

4.4 Treasury shares

In the framework of a treasury-share buyback programme, the Company proceeded, during the financial year, with the various purchase and sale operations, indicated below:

	31/12/2017	31/12/2016
Unallocated shares		
Shares held at start of year	460,022	460,022
Shares purchased		
Shares sold		
Reclassifications		
Shares held at closing	460,022	460,022
Liquidity contract		
Shares held at start of year	2,934	7,375
Shares purchased	67,539	165,732
Shares sold	(58,737)	(170,173)
Reclassifications		
Shares held at closing	11,736	2,934
TOTAL	471,758	462,956

4.5 Financial commitments

COMMITMENTS RELATED TO THE GROUP SCOPE:

<i>(in thousands of euros)</i>	31/12/2017	31/12/2016
Pledges and guarantees given		
ALTEN SA	0	10,000
Bank guarantees given		
Alten Italia	233	174
ALTEN Nederland	158	158
ALTEN Spain	2,218	1,768
Anotech Energy France	19	19
Nexse SRL	0	350
Anotech Energy Nigeria	9	9
G-Fit Maroc	5	4
TSS Group OY	0	360
Visitec Oy	0	200
Alten Sverige	1,650	2,188
TOTAL	4,291	15,230
Pledges, sureties and guarantees received		
<i>(as security for liability guarantees)</i>		
ALTEN Belgium	500	500
ALTEN Canada	199	352
Alten Europe	2,700	2,700
ALTEN USA	625	
Cprime	302	
ALTEN SA	900	2,350
Alten Sverige	190	587
Calsoft Labs inc	1,292	1,660
Anotech Energy USA	334	379
Alten Life Sciences	2,500	2,500
Alten Italia	750	750
Alten Casoft Labs Singapore		142
Avenir Conseil Formation	15	45
(other)		
HPTI ⁽¹⁾	20,600	21,400
TOTAL	30,908	33,366

(1) Pledge of securities held by the associate company CTL Participations to guarantee a loan granted by the Group.

COMMITMENTS RELATED TO GROUP FINANCING:

<i>(in thousands of euros)</i>	31/12/2017	31/12/2016
Unused credit lines	154,083	117,165

COMMITMENTS RELATED TO OPERATING ACTIVITIES:

<i>(in thousands of euros)</i>	31/12/2017	31/12/2016
Operating leases ⁽¹⁾	120,967	129,948
Financial leases ⁽²⁾	1,618	1,380

(1) Of which real estate leases: €104,652 thousand

(including: €25,699 thousand at less than one year, €61,934 thousand in 2 to 5 years and €17,019 thousand in more than 5 years).

(2) Royalties unpaid at 31 December 2017 are as follows:

Fixed asset type <i>(in thousands of euros)</i>	Royalties unpaid			Of which share < one year	Of which share > one year
	Capital	Interest	Total		
Intangible assets	0	0	0	0	0
Property, plant and equipment	1,510	109	1,618	1,216	402
TOTAL	1,510	109	1,618	1,216	402

Assets pledged	Amount (in thousands of euros)	Type of asset
Finance-lease transactions (see Note 3.2)	1,553	Fixed assets

4.6 Audit fees

The table below shows Statutory Auditors' fees for ALTEN SA (KPMG and Grant Thornton) in relation to the Group:

	KPMG				GRANT THORNTON			
	Amount excluding tax		%		Amount including tax		%	
	2017	2016	2017	2016	2017	2016	2017	2016
AUDIT								
Statutory audit, certification, review of accounts:								
• Issuer	206	195	34%	68%	217	206	23%	20%
• Fully consolidated subsidiaries	289	73	47%	25%	660	575	71%	57%
SUBTOTAL	495	268	81%	93%	877	781	94%	77%
SERVICES OTHER THAN CERTIFICATION OF ACCOUNTS								
• Issuer	64	0	11%	0%	20	26	2%	3%
• Fully consolidated subsidiaries	51	19	8%	7%	37	205	4%	20%
including legal, tax, corporate	5	19	1%	7%	6	4	1%	0%
SUBTOTAL	115	19	19%	7%	57	231	6%	23%
TOTAL	610	287	100%	100%	934	1,012	100%	100%

20.3.2 ANNUAL ACCOUNTS 2017

1. BALANCE SHEET

1.1. Balance sheet assets

<i>(in thousands of euros)</i>	Gross	Depreciation and impairment	31/12/2017	31/12/2016
Intangible assets	54,787	15,880	38,907	39,271
Property, plant and equipment	24,939	18,170	6,770	5,912
Financial assets	248,214	29,159	219,055	201,358
FIXED ASSETS	327,941	63,209	264,732	246,541
Trade receivables	161,956	2,429	159,527	153,312
Other receivables	165,932	112	165,820	136,387
Marketable securities	830		830	199
Cash and equivalents	1,742		1,742	5,125
Prepaid expenses	3,156		3,156	5,636
CURRENT ASSETS	333,616	2,541	331,075	300,660
Unrealised foreign exchange gains	310		310	1,864
TOTAL	661,867	65,750	596,116	549,065

1.2. Equity and liabilities

<i>(in thousands of euros)</i>	31/12/2017	31/12/2016
Capital	34,383	34,240
Paid-in capital	54,375	46,749
Reserves and retained earnings	178,429	164,644
Profit for the year	76,526	54,545
SHAREHOLDERS' EQUITY	343,714	300,179
PROVISIONS FOR RISKS AND EXPENSES	10,575	14,773
Other loans and related debt	8,036	764
Miscellaneous financial borrowings and liabilities	81,112	59,740
Trade payables	39,771	54,002
Taxes and social security charges payable	86,872	98,695
Other debt	23,160	17,141
Deferred income	2,520	2,513
DEBT	241,471	232,855
Unrealised foreign exchange gains	357	1,258
TOTAL	596,116	549,065

2. INCOME STATEMENT

2.1. Income statement

<i>(in thousands of euros)</i>	2017	2016
NET REVENUE	522,190	505,595
Reversal of depreciation, amortisation and provisions, transfers of expenses	3,137	2,662
Other income	10,423	9,850
Operating revenue	535,750	518,107
Other external purchases and costs	(177,690)	(179,767)
Taxes other than on income	(18,730)	(17,877)
Personnel expenses	(298,958)	(277,796)
Depreciation, amortisation and provisions charges	(6,366)	(6,896)
Other operating expenses	(1,606)	(1,472)
Operating expenses	(503,350)	(483,809)
OPERATING PROFIT	32,400	34,298
NET FINANCIAL INCOME	25,727	30,014
PROFIT (LOSS) BEFORE TAX	58,127	64,312
NON-RECURRING PROFIT	21,455	(12,768)
Employee profit-sharing	(2,545)	0
Income tax	(510)	3,001
PROFIT FOR THE YEAR	76,526	54,545

Detailed contents of the notes to the financial statements

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3. NOTES

3.1. General information on ALTEN SA

Founded in 1988, ALTEN is the European leader in the engineering and technology consulting (ETC) market.

ALTEN SA carries out design and research projects for the technical and information systems divisions of major customers in the industrial, telecommunications and service sectors.

ALTEN SA works with its customers through various types of contracts:

- consulting;
- workpackage or “global platforms”. These services are generally provided by committing resources and billed on a time-spent basis, or in work units;
- fixed-price projects under which ALTEN is bound by an obligation to achieve results at a fixed price. This business represents less than 10% of activity.

ALTEN SA is certified CMMI level 3 and has been ISO 27001-certified since 2016.

The scope of ALTEN SA's business covers all outsourced engineering and technology consulting services.

ALTEN Group's consolidated financial statements are available at: www.alten.fr, in the 'Investors' section.

3.2 Key events

3.2.1 Activity

Business in 2017 was satisfactory overall, despite an unfavourable calendar effect of 2 fewer working days.

The automotive, manufacturing engineering activities within the aeronautics sector, and space sectors continued to post strong growth. The telecom sector saw a slight upturn in business. The Oil & Gas and Nuclear sectors again faced difficulties during 2017, though ALTEN SA remains relatively unexposed (8.3% of revenue).

3.2.2 Other information

- During the first half of 2017, €33,230 thousand in dividends were paid to shareholders in respect of financial year 2016.
- In January 2017, ALTEN SA contributed its AUSY shares to the tender offer launched by Randstad France. This disposal led to a capital gain of €21,508 thousand being recognised for the financial year.
- ALTEN SA's Board of Directors awarded free shares during the financial year, within the framework of an authorisation granted by the General Meeting held on 24 May 2016 (see Note 3.5.11).

3.3 Events after the reporting period

None.

3.4 Accounting principles and methods

The accounting principles and methods applied by ALTEN SA are consistent with France's generally accepted accounting standards (Plan Comptable Général) pursuant to ANC (Autorité des Normes Comptables, France's national accounting standards body) regulation 2014-03 of 5 June 2014 as amended by ANC regulation 2015-05, 2015-06 and 2016-07.

General accounting conventions have been applied, in accordance with the principle of prudence and the fundamental accounting concepts of:

- going concern;
- the same accounting methods used from one year to the next;
- independence between years.

These accounting conventions are also applied in accordance with the general rules for preparing and presenting annual financial statements.

The main accounting methods used are as follows:

3.4.1 Change in accounting methods

The application of ANC Regulation No. 2015-05 has not led to any changes in the presentation of the ALTEN SA financial statements and their comparability.

3.4.2 Fixed assets

Tangible and intangible assets are valued at acquisition or production cost.

Depreciation and amortisation are calculated on a straight-line basis over the following estimated useful lives:

- concessions-patents-IT licences 1 to 10 years/SL;
- transport equipment 5 years/SL;
- office and computer equipment 1 to 5 years/SL;
- office furniture 5 years/SL;
- fixtures and fittings 3 to 10 years/SL;
- technical facilities, tools and equipment 3 to 10 years/SL.

Development costs are capitalised as intangible assets and all expenses directly attributable to the creation, production and preparation of the asset in view of its planned use are capitalised.

Information systems are amortised over five to ten years.

Residual value and anticipated lifespan are reviewed at least annually and adjusted accordingly if they differ significantly from previous estimates.

All depreciation and amortisation charges are recognised under operating expenses.

3.4.3 Business assets

Business assets are valued at its acquisition cost. They are not amortised but are tested annually for impairment. The recoverable value is based on the discounted future cash flow generated by the continued use of the assets tested. The discounting is applied at a rate corresponding to the weighted average cost of capital.

The main criteria chosen for the application of the valuation method according to the Discounted Cash-Flow are described under the heading “Investment securities”.

3.4.4 Investment securities

The gross value of investment securities is recorded on the balance sheet at acquisition cost. The acquisition cost of investment securities comprises a fixed portion paid at the time an interest is acquired and any variable earn-outs based on the acquired entity's future revenues and earnings. These earn-outs are recognised under investment securities against debt on non-current assets. They are carried in the balance sheet under other debt.

When the value in use of the securities is less than the net book value, a provision for impairment is recorded for the difference.

Value in use is determined through:

- either the Discounted Cash Flow method, corrected for net debt. This projection is based on the following assumptions:
 - a four-year financial budget prepared by the entity and validated by the Group's Financial Department, updated when the year-end budget is prepared. The cash flow beyond the four-year period is extrapolated, taking the perpetual growth rate into consideration,
 - perpetual growth rate: this growth rate does not exceed the long-term average growth rate for the business sector,
 - discount rate: this rate corresponds to the weighted average cost of capital, derived from risk-free interest rates, country and market risk premium, beta coefficient and the cost of debt,
 - net debt (except for business assets); or
- the share of net assets revalued for holding companies.

3.4.5 Treasury shares

Treasury shares are recorded in the following accounts:

- financial assets when they are held for the purpose of covering stock options or other employee shareholding systems;
- marketable securities:
 - when they are allocated to a "liquidity contract" entrusted to an agent to promote liquidity of securities and share price liquidity,
 - when they are held for delivery to employees of the Company or its subsidiaries.

They appear on the balance sheet at their acquisition cost. The FIFO method is used to determine the gross value of treasury shares sold. If the value of treasury shares allocated to the liquidity contract is less than their acquisition value, the shares are subject to impairment testing. Treasury shares held for delivery to its own employees are subject to provisioning calculated pro rata for the vesting period just ended. Treasury shares held for delivery to its subsidiaries' employees are not subject to impairment testing, to the extent the cost of such treasury shares equals the increased cost price, if applicable management fees will be rebilled when they are delivered to employees of its subsidiaries.

3.4.6 Trade receivables

Trade receivables are valued at nominal value. They are individually valued and, where applicable, impaired to account for any difficulties in collecting certain amounts.

Any such impairment is recognised once there is an indication of the inability to recover the full amount, such as bankruptcy procedures or non-payment by the due date. The amount of the impairment or reversal is recognised as operating profit.

For any trade receivables that are not subject to individual impairment, the impairment method applied is a statistical one.

3.4.7 Marketable securities

Securities (money market funds) recognised in the balance sheet are valued at the lower of either their historical cost or market value.

3.4.8 Provisions for risks and expenses

Provisions for risks and expenses are recorded at year-end whenever the Company has an obligation towards a third party which is likely or certain to result in an outflow of resources for the benefit of such a third party, with no anticipated consideration of at least equal value.

The estimate of the amount recorded under the provisions is the expense the Company is likely to incur to discharge the obligation.

Among these provisions are retirement benefits as estimated by an independent actuarial firm, in compliance with the ANC (French accounting standards authority) Recommendation 2013-R.02.

Benefits payable to retiring employees are calculated on the basis of the current headcount at reporting date. It is based on the following items:

Presentation of actuarial assumptions	31/12/2017	31/12/2016
Discount rate	1.80%	1.85%
Revaluation rate for employees		
Managerial staff	1.50%	1.50%
Non-managerial staff	2.00%	2.50%
Employer contribution rate		
Managerial staff	47.00%	46.89%
Non-managerial staff	46.50%	46.49%
Mortality table		
For women	INSEE TF 13/15	TPGF05
For men	INSEE TH 13/15	TPGH05
Retirement age	65 years old	65 years old

The proposed discount rate corresponds to the yield on AA-rated corporate bonds in the euro zone, adjusted for the duration of ALTEN SA's commitments.

As of the date of this Registration Document, the amount of the share capital and the number of shares comprising it were unchanged (the number of theoretical voting rights totalled 38,867,207).

3.4.9 Revenue recognition

Revenue is recognised over the period in which services are rendered. It is recognised according to the type of service, as follows:

- on a time-worked basis: income is equal to time spent multiplied by an hourly, daily or monthly rate;
- on a fixed-rate basis: income is recognised according to the percentage of completion method, proportionally to the expenses incurred. Loss-making contracts give rise to recognition of a contract loss provision corresponding to the total expected loss less any losses already recorded in advance. Services for which a fixed price is charged account for less than 10% of revenue;
- “workpackage” method: recognition of revenue varies according to the nature of the resource commitment. When the workpackage is part of a global cost-based scheme, income is equal to time spent multiplied by an hourly, daily or monthly sales rate; when it is part of an outsourced platform for which billing is on a monthly or quarterly fixed-price basis, income is recognised on a monthly basis according to the amount of the agreement, independent of the actual time spent by the consultants; lastly, when it is part of a service commitment package (workpackage), revenue is recognised as and when deliverables and/or performance indicators (work units) are received/validated by the customer and for which the price has been fixed in the “workpackage” contract.

3.4.10 Tax credit for encouraging competitiveness and jobs (CICE)

In accordance with the recommendations of the ANC, the CICE is credited against personnel expenses as the corresponding compensation expenses are incurred.

ALTEN SA declares the compensation concerned on its employer contributions forms in accordance with the conditions of eligibility for the scheme. The CICE is used in accordance with its intended purpose and finances neither a share of distributed earnings, nor an increase in compensation of employees in management positions.

ALTEN SA received total CICE of €10,507 thousand for 2017.

3.4.11 Tax consolidation

ALTEN SA follows a tax consolidation regime in which it is the Group's holding company.

Under this agreement, ALTEN SA is solely liable for payment of corporation tax on behalf of subsidiaries, which are responsible for indemnifying ALTEN SA for this expense. In the event a subsidiary records a loss, this is also transferred to ALTEN SA. This loss is not repaid to the subsidiary in the event of exclusion from the tax consolidation scope.

3.4.12 Unrealised foreign exchange gains and losses

Costs and income in foreign currency are recorded at their exchange value on the transaction date.

Receivables and debts in foreign currency are recorded in the balance sheet at their exchange value on the year-end date. The difference resulting from the discounting of debts and receivables in foreign currency at year-end is recorded under unrealised foreign exchange gains or losses; a provision for foreign exchange risk is recorded for the unrealised foreign exchange loss.

Translation adjustments resulting from the remeasurement of cash and equivalents are taken to profit and loss, unless the cash and equivalents are part of a hedge relationship. In this case, the translation adjustments are entered in the balance sheet and the principles of hedge accounting are applied.

Our Company does not have hedging instruments.

Translation adjustments relating to liabilities and operating receivables (actual or provisioned) are recognised in operating profit. Translation adjustments relating to liabilities and financial receivables (actual or provisioned) are recognised in financial income.

3.5 Notes to the balance sheet

3.5.1 Fixed assets, gross value

<i>(in thousands of euros)</i>	31/12/2016	Increases	Transfers between items	Decreases	31/12/2017
Intangible assets ⁽¹⁾	55,468	1,486	(206)	1,960	54,787
Property, plant and equipment	23,197	4,330	206	2,793	24,939
Financial assets ⁽²⁾	232,287	23,632		7,705	248,214
TOTAL	310,951	29,448	0	12,458	327,941

(1) At 31 December 2017, intangible assets comprise business assets from full asset and liability transfers for €32,882 thousand and IT projects and licences for €21,905 thousand.

(2) The increases in financial assets relate mainly to reclassifications of loans previously recognised in current accounts and the recapitalisation of three subsidiaries for €4,183 thousand.

3.5.2 Depreciation, amortisation and impairment

<i>(in thousands of euros)</i>	31/12/2016	Increases	Decreases	31/12/2017
Intangible assets ⁽¹⁾	16,197	1,643	1,960	15,880
Property, plant and equipment	17,285	3,670	2,785	18,170
Financial assets	30,929	2,780	4,550	29,159
TOTAL	64,410	8,094	9,294	63,209

(1) No impairment was recorded for business assets during the year.

3.5.3 Breakdown of financial assets

<i>(in thousands of euros)</i>	31/12/2016	Increases	Decreases due to transfers between items	Decreases ⁽²⁾	31/12/2017
Investment securities ⁽¹⁾	213,679	4,283		6,751	211,211
Related receivables ⁽³⁾	0	18,022	1,852	0	19,874
Other equity interests	2,479	137			2,616
Treasury shares	8,713				8,713
Security deposits	3,491	1,121		512	4,101
Loans	3,924	69	(1,852)	442	1,699
TOTAL	232,287	23,632	0	7,705	248,214

(1) The increases relate to the buyback of shares from minority shareholders and the capital increase of the subsidiaries ALTEN Technologies, Atexis France, ALTEN Cash Management and Pegase SI.

(2) The decreases mainly correspond to the disposal of AUSY securities and repayment of the balance of a loan granted to an associate.

(3) The increases consist of loans to subsidiaries.

3.5.4 Provisions and impairments

<i>(in thousands of euros)</i>	31/12/2016	Increases ⁽¹⁾	Decreases ⁽²⁾	31/12/2017
Provisions for risks				
Provisions for corporate risk	1,667	580	756	1,491
Other provisions for risks	4,215	550	4,153	611
Provisions for charges	0			0
Provisions for retirement benefits	8,891		419	8,472
TOTAL PROVISIONS	14,773	1,130	5,328	10,575
Impairments				
For intangible assets	206			206
For financial assets	30,929	2,780	4,550	29,159
For accounts receivable	2,262	349	182	2,429
Other impairments	129	70	87	112
TOTAL IMPAIRMENTS	33,525	3,200	4,819	31,906

(1) Including impairment of securities in the amount of €2,780 thousand and €250 thousand for provisions for subsidiary risks.

(2) Including reversal of provisions: €2,818 thousand used in 2017, and €2,510 thousand not used in 2017.

Including	Provisions	Reversals
Operating profit	1,051	1,560
Net financial income	3,279	8,587
Non-recurring profit		
TOTAL	4,330	10,147

The table below presents the main actuarial assumptions and structural operating assumptions used for impairment tests on investment securities.

The growth rate and discount rate assumptions used in the valuation of all cash-generating units were revised in light of general market data.

Country	2017		
	Average annual revenue growth rate 2017-2021	Perpetual growth rate	Weighted average cost of capital (WACC)
France	5%	2%	8.2%
North America	7%	2%	7.3% to 7.4%
UK	7%	2%	8.1%

3.5.5 Statement of maturity dates of receivables and payables

STATEMENT OF RECEIVABLES

<i>(in thousands of euros)</i>	Gross amounts	At 31/12/2017	
	2017	Up to one year	Over one year
Fixed assets			
Receivables from companies in which an equity interest is held	19,874	746	19,128
Loans	1,699	23	1,676
Other financial assets	4,101		4,101
	25,673	769	24,904
Current assets			
Uncertain clients	1,769	1,769	
Other trade receivables	160,187	160,187	
Personnel and related accounts	314	314	
Social security and other social agencies	103	103	
Income tax ⁽¹⁾	68,293	68,293	
Value added tax	5,589	5,589	
Other receivables	12	12	
Groups and associates	83,252	83,252	
Miscellaneous receivables	8,368	8,368	
	327,888	327,888	0
Prepaid expenses ⁽²⁾	3,156	2,642	514
TOTAL	356,717	331,299	25,418

STATEMENT OF PAYABLES

<i>(in thousands of euros)</i>	Gross amounts	At 31/12/2017		
	2017	Up to one year	Between one and five years	Over five years
Bank borrowings maturing in less than one year	8,036	8,036		
Miscellaneous financial borrowings and liabilities ⁽³⁾	39,972	354	39,618	
Trade payables	39,771	39,771		
Personnel and Social security debts	49,307	49,307		
Tax liabilities	37,565	37,565		
Groups and associates	41,171	41,171		
Other debt	23,160	21,024	2,121	15
Deferred income	2,520	2,520		
TOTAL	241,502	199,748	41,738	15

(1) Mainly corresponds to amounts due in respect of the French research tax credit (CIR) and tax credit for encouraging competitiveness and jobs (CICE), not offset against corporate income tax.

(2) Including €1,758 thousand related to maintenance costs and €486 thousand related to bank charges.

(3) Including €39,877 thousand related to two loans granted by a subsidiary.

3.5.6 Outstanding charges

<i>(in thousands of euros)</i>	31/12/2017	31/12/2016
Trade payables	9,246	19,372
Taxes and social security charges payable	42,885	42,575
Debt related to fixed assets and related accounts	0	0
Current interest	355	368
Other debt	19,693	14,169
TOTAL	72,179	76,484

3.5.7 Revenue accruals

<i>(in thousands of euros)</i>	31/12/2017	31/12/2016
Trade receivables	28,172	26,734
Government-related receivables	1,142	1,639
Other receivables	8,007	9,599
TOTAL	37,320	37,972

3.5.8 Cash and cash equivalents and marketable securities

These mainly consist of money market funds whose underlying surplus was immaterial at 31 December 2017.

3.5.9 Change in Shareholders' Equity

<i>(in thousands of euros)</i>	Number of shares	Capital	Additional paid-in capital	Legal reserves	Other reserves	Reserves and retained earnings	Earnings	Shareholders' equity
AT 31 DECEMBER 2015	33,662,625	34,215	46,272	3,417	27,145	132,993	34,313	278,354
2015 allocation of earnings				6	12,000	22,307	(34,313)	0
Dividends paid in 2016						(33,224)		(33,224)
Capital increase ⁽¹⁾	25,100	26	477					503
Profit/loss at 31 December 2016							54,545	54,545
AT 31 DECEMBER 2016	33,687,725	34,240	46,749	3,423	39,145	122,076	54,545	300,179
2016 allocation of earnings				1	21,314	33,230	(54,545)	0
Dividends paid in 2017						(33,230)		(33,230)
Capital increase ⁽²⁾	140,772	143	7,626		(7,530)			239
Profit/loss at 31 December 2017							76,526	76,526
AT 31 DECEMBER 2017	33,828,497	34,383	54,375	3,424	52,929	122,076	76,526	343,714

(1) The number of shares issued in 2016 corresponds to the issue of shares following the exercise of stock options (25,100 shares).

(2) The number of shares issued in 2017 corresponds to the issue of shares following the exercise of stock options (13,392 shares), the exercise of free shares (124,630 shares) and the exercise of preferred A shares (2,750 shares). At 31 December 2017, the nominal value of one share was €1.016.

3.5.10 Information regarding capital

At 31 December 2017, there were no longer any stock options outstanding that might dilute the share capital.

3.5.11 Share-based payment

ALTEN SA's Board of Directors awarded free shares during the financial year within the framework of an authorisation granted by the General Meeting held on 24 May 2016.

Four separate plans were drawn up for this award, the main terms of which are shown in the table below, together with those of the 2016 plans:

PLAN											TOTAL
Date awarded by the Board of Directors	27/07/2016	27/07/2016	27/07/2016	20/09/2016	27/10/2016	23/12/2016	26/04/2017	26/07/2017	19/09/2017	25/10/2017	
Class of financial instruments awarded	Ordinary shares	Preferred A share	Preferred B share	Ordinary shares	Preferred B share	Preferred A share	Preferred B share	Preferred B share	Preferred B share	Preferred B share	
Number of financial instruments awarded	99,880	2,520	1,572	74,800	500	230	18	167	729	200	
of which number awarded to employees	99,880	840	1,572	74,800	500	230	18	167	729	200	
of which number awarded to Corporate Officers	0	1,680	0	0	0	0	0	0	0	0	
Number of instruments voided over the period	34,010	0	83	0	0	0	0	0	0	0	
Number of instruments subscribed for over the period	49,830	2,520	0	74,800	0	230	0	0	0	0	
Number of instruments outstanding at 31/12/2017	0	0	1,489	0	500	0	18	167	729	200	
Fair value of the financial instruments (in euros)	55.1	3,460.4	1,438.7	59.6	1,702.7	3,967.2	2,555.1	2,389.6	2,862.2	2,856.4	
Final award date	27/07/2017	27/07/2017	27/07/2018	20/09/2017	27/10/2018	23/12/2017	26/04/2019	26/07/2019	19/09/2019	25/10/2019	
End of lock-up/non-transferability period	27/07/2018	27/07/2019	27/07/2020	20/09/2018	27/10/2020	23/12/2019	26/04/2021	26/07/2021	19/09/2021	25/10/2021	
Cost of services provided 2017 (In thousands of euros)											11,103
Employer contribution cost 2017 (In thousands of euros)											1,745
TOTAL											12,848

For plans awarded in 2016, at the end of the lock-up period, the preferred A and B shares may be converted into ordinary shares provided that the performance and presence criteria are met.

The conversion ratio is as follows: 1 preferred share = (100 × M × Rev Coef) × 20% + (100 × M × OPA Coef) × 80%.

PREFERRED A SHARES

Revenue 2018 – in millions of euros	Growth in relation to 2015	Translation coefficient linked to revenue growth (Rev Coef)	Operating profit on activity 2018 (OPA) – in millions of euros	Growth in relation to 2015	Translation coefficient linked to OPA growth (OPA Coef)	Presence-based multiplying coefficient (M)
> or = 1,850	> or = 20%	100%	> or = 183	> or = 20.0%	100%	
1,810	17.5%	80%	179	17%	80%	Default = 0.01
1,772	15.0%	60%	175	15%	60%	
1,734	12.5%	40%	171	12%	40%	Presence on 2 nd anniversary of award = 0.02
1,695	10.0%	20%	168	10%	20%	
< 1,695	< 10%	0%	< 168	< 10%	0%	Presence on 3 rd anniversary of award = 1

PREFERRED B SHARES

Revenue 2018 – in millions of euros	Growth in relation to 2015	Translation coefficient linked to revenue growth (Rev Coef)	Operating profit on activity 2018 (OPA) – in millions of euros	Growth in relation to 2015	Translation coefficient linked to OPA growth (OPA Coef)	Presence-based multiplying coefficient (M)
> or = 1,850	> or = 26%	100%	> or = 192	> or = 26%	100%	
1,810	22.0%	80%	186	22.0%	80%	Default = 0.01
1,772	18.0%	60%	180	18.0%	60%	
1,756	14.0%	40%	174	14.0%	40%	Presence on 3 rd anniversary of award = 0.01
1,695	10.0%	20%	168	10.0%	20%	
< 1,695	< 10%	0%	< 168	< 10%	0%	Presence on 4 th anniversary of award = 1

For plans awarded in 2017, at the end of the lock-up period, the preferred B shares may be converted into ordinary shares provided that the performance and presence criteria are met.

The conversion ratio is as follows: 1 preferred share = $(100 \times M \times \text{Rev Coef}) \times 20\% + (100 \times M \times \text{OPA Coef}) \times 80\%$.

PREFERRED B SHARES

Revenue 2019 – in millions of euros	Growth in relation to 2016	Translation coefficient linked to revenue growth (Rev Coef)	Operating profit on activity 2019 (OPA) – in millions of euros	Growth in relation to 2016	Translation coefficient linked to OPA growth (OPA Coef)	Presence-based multiplying coefficient (M)
> or = 2,203	> or = 26%	100%	> or = 228	> or = 26%	100%	
2,133	22.0%	80%	221	22.0%	80%	Default = 0.01
2,063	18.0%	60%	213	18.0%	60%	
1,993	14.0%	40%	206	14.0%	40%	Presence on 3 rd anniversary of award = 0.01
1,923	10.0%	20%	199	10.0%	20%	
< 1,923	< 10%	0%	< 199	< 10%	0%	Presence on 4 th anniversary of award = 1

When awarding free new shares, no compensation expense is recorded in respect of employee benefits. Conversely, provision is made for specific social security contributions. Upon delivery of the shares at the end of the vesting period, a capital increase is carried out by incorporating available reserves.

3.5.12 Information on financial liabilities

ALTEN SA and its subsidiary ALTEN CASH MANAGEMENT are responsible for Group financing by holding non-confirmed, short-term lines of credit, renewable annually, and open lines of credit in the amount of €160,000 thousand for a maximum of seven years (from 2015). At the close of the financial year, this line of credit was used in the amount of €35,500 thousand, drawn down by ALTEN Cash Management. This “Club Deal” requires the following ratios to be met for each 6-month and 12-month period while the contract is in force and an advance is outstanding:

- ratio 1 – “Consolidated net financial debt/Consolidated operating profit on activity”. This ratio must be less than 2.5;
- ratio 2 – “Consolidated net financial debt/Increased equity⁽¹⁾”. This ratio must be less than 0.7.

At 31 December 2017, these ratios were met.

3.6 Notes to the income statement

3.6.1 Revenue

ALTEN SA’s revenue in 2017 was €522,190 thousand, up 3.3% on the previous year (€505,595 thousand).

98.3% of ALTEN SA’s revenue is generated in France and 1.7% outside France, from projects carried out for French customers.

(1) “Increased equity” means the Group’s total shareholders’ equity and quasi-consolidated funds, as defined in the consolidated financial statements of the ALTEN Group borrower.

3.6.2 Breakdown of revenue by geographical area

<i>(in thousands of euros)</i>	2017	2016
France	513,293	497,968
Abroad	8,897	7,626
TOTAL⁽¹⁾	522,190	505,595

(1) Of which 2017 revenue from operations (excluding ongoing management income) = €411,266 thousand compared with €400,933 thousand in 2016. 2017 revenue management fees = €35,718 thousand compared with €30,085 thousand in 2016.

3.6.3 Transfer of expenses

The balance of the transfer of expenses account was €1,575 thousand (€1,396 thousand in 2016). It was composed, for the most part, of rebilled and transferred personnel expenses.

3.6.4 Net financial income

Net financial income was €25,726 thousand compared with €30,014 thousand in 2016.

It reflected the following:

<i>(in thousands of euros)</i>	2017	2016
Dividends	21,131	38,799
Provisions/net reversals on financial assets ⁽¹⁾	5,308	(8,514)
Other net financial income (expenses)	(712)	(271)
TOTAL	25,727	30,014

(1) Mainly concerns provisions and reversals of provisions for impairment of investment securities.

3.6.5 Non-recurring profit

<i>(in thousands of euros)</i>	2017	2016
Gains and losses on assets sold ⁽¹⁾	21,499	(28)
Other ⁽²⁾	(45)	(12,740)
Provisions/net extraordinary reversals on provisions	0	0
TOTAL	21,455	(12,768)

(1) In 2017, mainly concerns the gain on disposal of AUSY securities.

(2) In 2016, mainly concerns the URSSAF audit.

3.6.6 Corporate income tax

3.6.6.1 Breakdown of tax on current and non-recurring profit

<i>(in thousands of euros)</i>	Pre-tax earnings	Tax payable	Net income
Current profit	58,127	(7,381)	
Tax credits ⁽¹⁾		7,950	58,695
Non-recurring profit	21,455	(1,909)	19,546
Employee profit-sharing	(2,545)	216	(2,329)
Tax on dividends		4,504	4,504
Restatement due to tax consolidation ⁽²⁾		(3,924)	(3,924)
Miscellaneous		35	35
TOTAL	77,037	(510)	76,526

(1) Mainly concerns the research tax credit for €6,390 thousand and the sponsorship tax credit for €1,439 thousand.

(2) Concerns the provision for the refund of taxes on dividends for 2013-2016 to subsidiaries within the tax consolidation group for €4,245 thousand, the non-recurring contribution for €1,238 thousand and income from tax consolidation relating to loss-making subsidiaries for €2,269 thousand.

3.6.6.2 Increase and decrease in future tax liabilities

<i>(in thousands of euros)</i>	31/12/2017	31/12/2016
Decreases		
C3S	797	764
Employee profit sharing	1,915	0
Provisions for retirement benefits	0	1,286
Translation adjustments	2,221	2,507
Corporate social contribution	0	916
Acquisition fees	248	404
Provision for doubtful receivables	197	638
TOTAL DECREASES	5,378	6,515
Increases		
Provision for refund to subsidiaries of 3% tax on dividends 2013-2016	(4,245)	
Losses of subsidiaries in the tax group to be recovered	(17,560)	
TOTAL INCREASES	(21,805)	0
TOTAL TEMPORARY DIFFERENCES	(16,427)	6,515
REDUCTION IN FUTURE TAX LIABILITY (BASE 33.1/3% AT 31/12/2017 AND 34.30% AT 31/12/2016)	(5,476)	2,235

3.7 Further information

3.7.1 Headcount

Average headcount by category	31/12/2017	31/12/2016
Managerial staff	5,171	4,872
Non-managerial staff	364	351
TOTAL	5,535	5,223

3.7.2 Compensation of Corporate Officers

The Board of Directors has 10 members, including the Chairman and founder. ALTEN SA has two Deputy Chief Executive Officers.

In 2017, the amount of gross compensation and benefits in kind paid to Corporate Officers by ALTEN SA totalled €345 thousand. This compensation is paid to Corporate Officers who are employees of ALTEN SA.

In accordance with the legislation in force, no advances or credits were granted to the company executives or Corporate Officers.

The Board of Directors has awarded directors' fees to non-executive Board members for the 2017 financial year. A provision was recorded in the 2017 financial statements for €60 thousand.

3.7.3 Tax consolidation

ALTEN SA is the head Company of the tax consolidation Group, which includes several subsidiaries.

The tax payable by this group amounted to €17,111 thousand. The net tax increase in respect of the tax consolidation is €3,924 thousand, corresponding to a tax expense before losses for the year of €6,297 thousand.

Excluding the impact of the tax consolidation, ALTEN SA generated tax income of €3,414 thousand.

3.7.4 Contingent liabilities

Following a tax audit for the period from 1 January 2013 to 31 December 2014, the adjustments proposed by the tax authority led to demands totalling €8.5 million being applied to research tax credits. ALTEN SA's de facto and de jure case is sufficiently robust to enable us to continue to challenge the proposed adjustments. Therefore, no provision has been made in the 2017 financial statements, and ALTEN SA will continue to liaise with the tax authority as part of hierarchical appeals lodged to continue to defend its stance on the research tax credit.

3.7.5 Off-balance sheet commitments

Other commitments (in thousands of euros)

Given or mutual commitments	2017	2016
Bonds, pledges and guarantees provided ⁽¹⁾	0	10,000

(1) The surety in the amount of €10,000 thousand was a guarantee for a bank borrowing taken out by an associate in 2016.

Guarantees received	2017	2016
Bank guarantees in respect of debt guarantees ⁽¹⁾	900	2,350

(1) The bank guarantees received as debt guarantees concern the acquisitions completed during 2015.

Commitments related to financing	2017
Unused credit lines	9,162

ALTEN SA granted a first-demand guarantee to the banks as part of the Club Deal dated 20 March 2015. This guarantee covers €180,000 thousand until 20 March 2022.

3.7.6 Treasury shares

Within the framework of the share buyback programme adopted by the Combined Ordinary and Extraordinary General Meetings of 27 June 2008 and 23 June 2009, the Company purchased and sold the following shares under its liquidity contract during the past financial year.

	2017
Shares held at start of year	2,934
Shares purchased	67,539
Shares sold	(58,737)
Shares held at closing	11,736

No acquisition of treasury shares to be awarded to employees took place during the 2017 financial year.

Treasury shares are recognised under financial assets in the amount of €8,713 thousand for a total of 460,022 shares purchased.

Treasury shares are not revalued in the annual financial statements. Based on the average from the last 20 days of the trading month, treasury shares are estimated at €31,945 thousand.

Summary of transactions during the year:

	2017
Shares held at start of year	462,956
Shares purchased	67,539
Shares sold	(58,737)
Shares held at closing	471,758

3.8 Table of subsidiaries and associates

Subsidiaries and equity investments	Annual financial statements as at 31 December 2017									
	Capital	Reserves and retained earnings before allocation of earnings	Share of capital held %	Book value of securities held		Loans and advances made by the Company and not yet repaid	Guarantees and bonds given by the company	Net revenue in the previous financial year	Net income (profit or loss for the last financial year)	Dividends received by the Company during the financial year
				Gross	Net					
Subsidiaries more than 50% held (in thousands of euros)										
ALTEN SIR	20,003	13,114	100%	26,221	26,221		0	118,957	5,098	3,000
ALTEN Training Center	16	381	100%	1,018	950		0	2,001	400	
ALTEN Sud-Ouest	15,061	10,071	100%	15,939	15,939		0	149,377	15,261	9,000
MI-GSO	5,000	7,285	100%	11,941	11,941		0	75,901	6,588	4,000
ALTEN Cash Management	850	(425)	100%	3,623	3,623	42,541	0	0	83	
ALTEN Europe	57,120	97,478	100%	58,072	58,072	16,498	0	0	40,325	
Elitys Consulting	60	363	100%	1,750	1,750	0	0	8,013	579	
Pegase SI	100	0	100%	1,113	845	0	0	1,532	161	
Atexis France	500	50	100%	12,215	0		0	15,806	(807)	
ALTEN Aerospace	37	3,128	100%	37	37	0	0	20,232	2,839	1,500
Avenir Conseil Formation	50	7,212	99.96%	533	533		0	26,766	2,238	1,999
ALTEN SI Techno Romania	1	2,319	100%	0	0	0	0	8,735	809	294
Anotech Energy France	100	9,031	100%	621	621		0	61,471	391	
HPTI	40	14,042	100%	40	40		(0)	0	270	
ALTEN SIR GTS	200	(381)	100%	612	0		0	17	(6)	
ID.APPS	100	382	100%	127	127		0	7,156	307	
APTECH SAS	100	2,333	100%	1,852	1,852		0	15,150	1,034	1,000
PPP USA INC	3	3,136	100%	29,830	13,847		0	18,553	339	
PPP LTD UK	0	9,667	100%	14,082	14,082		0	24,567	(534)	
LINCOLN	561	7,467	100%	11,989	11,989	1,461		18,257	1,835	
HPA	100	(5)	100%	100	100		0	0	23	
ALT 02	1	(3)	100%	1	1		0	0	(0)	
ALT 03	1	(3)	100%	1	1		0	0	(0)	
ALTEN LIFE SCIENCE HOLDING	1	(65)	100%	1	1		0	0	(309)	
ALTEN TECHNOLOGIES	500	0	100%	588	588		0	26,461	545	
HUBSAN	100	306	100%	100	100		0	15,205	632	
Alten SIR GSS	150	(85)	51%	77	77		0	2,331	74	
AIXIAL	6,102	6,982	100%	15,420	15,420		0	35,489	5,210	
ALT 06	1	0	100%	1	1		0	0	(0)	
ALT 07	1	0	100%	1	1		0	0	(0)	
ALT 08	1	0	100%	1	1		0	0	(0)	
Employee profit-sharing (in thousands of euros)										
PTC	5,217	1,839	33.23%	3,264	3,264	2,043		0	(1,478)	
General disclosures concerning other subsidiaries and equity investments (in thousands of euros)										
French subsidiaries										
Foreign subsidiaries										
Interests in French companies										
Interests in foreign companies				20	20					

20.4 AUDIT OF COMPANY HISTORICAL FINANCIAL INFORMATION

20.4.1 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of ALTEN S.A.,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of ALTEN S.A. for the year ended December 31, 2017.

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 December 31, 2017 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1st, 2017, to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Goodwill valuation: "Notes 2.2.5.3 & 3.1 Goodwill and 2.2.5.6 Impairment of fixed assets" to the consolidated financial statements

Key Audit Matter

As of December 31, 2017, the balance sheet shows Goodwill for a net book value of € 436.7 million, representing 30.8% of the total assets. Goodwill are allocated to Cash-Generating Units (CGU) or to groups of cash-generated units that can benefit from business combinations that led to Goodwill. These assets are not amortized and are subject to an impairment test at least once a year, as disclosed in note 2.2.5.6 of the consolidated financial statements.

CGUs correspond to the legal entities or to relevant business combinations of legal entities.

These annual impairment tests are based on the value-in-use of each cash-generating unit (CGU), determined on the basis of estimated discounted future net cash flows.

When the estimate is lower than the net book value of the CGU, the difference is recorded as an impairment loss in the operating income; it is affected in priority to the Goodwill.

The CGU flows rely on projections based on the following assumptions (cf. note 3.1 and 2.2.4.6 of the consolidated financial statements):

- A 4-year financial budget plan established by entity and validated by the Group's Finance Division, updated when the year-end budget is prepared. The cash flow beyond the four-year period is extrapolated, taking into account a perpetual growth rate;
- A perpetual growth rate for the calculation of the terminal value, which does not exceed the long term average growth rate for the business sector, and;
- Discount rates based on the weighted average cost of capital, resulting from risk-free rates, market and country risk premium, beta coefficient and cost of debt (net of corporate tax).

We considered the valuation of goodwill as a key audit matter, given the weight of these assets in the consolidated balance sheet, the importance of management's judgment in determining cash flow assumptions, discount rates and long-term average growth rate, as well as the sensitivity of the valuation of their value-in-use to these assumptions.

Our audit approach

As part of our audit, we examined the process implemented by the Company regarding the performance of impairment tests. We performed the following procedures, on the CGUs that we considered as the most risky, and controlled:

- The consistency and the reasonableness of assumptions of projection relating to turnover and margin rate used with the performance history of the Group and the economic and financial environment in which the Group operates;
- The reasonableness of the discount and perpetual growth rates applied to the estimated cash flows by assessing, with the support of our valuation specialists and the parameters that compose them with external references;
- Management analysis of sensitivity calculations to a variance of the main assumptions used;
- The calculation of value in-use.

We also verified that notes 2.2.5.3, 2.2.5.6 and 3.1 to the consolidated financial statements state appropriate information.

Revenue Recognition for fixed price services rendered

"Note 2.2.5.17 Revenue Recognition to the consolidated financial statements"

Key Audit Matter

Alten Group operates in the engineering and technology consulting market and provides various services to its clients which can be contracted under three types as mentioned in the note 2.2.5.17 to the consolidated financial statements:

- Time & Material services for which the turnover is recognized on the time spent multiplied by an hourly, daily or monthly rate.
- Workpackage services rendered for which revenue recognition differs according to the nature of the resource commitment.
 - When the workpackage is a global cost-based scheme, revenue is equal to the time spent multiplied by a hourly, daily or monthly selling price;
 - When it is an outsourced service, for which the billing is on a monthly or quarterly fixed-price basis, revenue is recognized on a monthly basis, according to the fixed price amount, independent of the actual time spent by the consultants;
 - When it is part of a service commitment package (workpackage), turnover is recognized as and when deliverables and/or performance indicators (work units) are received/validated by the customer and for which the price has been fixed in the 'Workpackage' contract.
- Fixed price contracts for which revenue is recognized according to the percentage of completion method, proportionally to the expenses incurred. Loss-making contracts give rise to recognition of a contract loss provision.

For fixed price services rendered which account for around 10% of Alten's turnover, the turnover amount and costs to record in the financial year, and the potential contract loss provision at year end, depend on the Group's capacity:

- To measure incurred costs for fixed price services;

- To estimate the remaining costs to be incurred until the end of the contract.

In view of the assumptions and estimate of the Management that are part of the revenue recognition and cost accounting, we considered fixed price revenue recognition as a key audit matter.

Our audit approach

We obtained an understanding of the revenue recognition process for fixed price contracts.

With the help of our IT experts, we took into account in our audit approach IT systems involved in revenue recognition and the recording of associated costs, by testing the efficiency of automated system controls affecting revenue recognition.

We notably performed the following procedures:

- We identified the main manual and automated controls, relevant to our audit and tested their design and operational efficiency;
- We performed analytical audit procedures and interviews with Financial and administrative managers, especially on significant and/or atypical turnover and margin rates variances;
- We selected fixed price projects on a multi-criteria basis. For the selected projects, we reconciled the completion turnover with contracts and order forms, corroborated the amount of costs incurred on the calculation of the percentage of completion against the actual costs incurred; and we arithmetically controlled the percentage of completion used, so as to confirm the recognized turnover for the financial year;
- We assessed the appropriateness of information included in the notes to the consolidated financial statements.

Taxation risk

"Notes 2.2.5.13. Provisions, 3.9 Employee provisions and benefits and 4.2 Contingent assets and liabilities" to the consolidated financial statements

Key Audit Matter

The Alten Group operates in a large number of various fiscal jurisdictions. Its positions are regularly subject to fiscal issues from fiscal authorities in countries in which the entities of the Group operate, on matters related to their current activities.

Some tax controls can lead to tax adjustments and litigations with tax authorities. Provisions for risks and expenses are recorded at year-end whenever the Group has an obligation towards a third party which is likely or certain to result in an outflow of resources for the benefit of such third party. The Group is supported by its external advisors to assess the probability of realization of the risk and the estimation of the accrual related to disputes and other litigations.

We considered the risks related to tax controls as a key audit matter, with respect to the Group's exposure to fiscal issues, due to:

- its international presence;
- the tax credit on research and development (CIR) on financial years 2013 and 2014 as part of the specificities of the business; and
- the degree of judgment made by Management in the assessment of those risks and the recorded amounts.

Our audit approach

We obtained an understanding of the procedures implemented by the Group to evaluate and to accrue, when necessary, the fiscal risks resulting from tax adjustment notifications.

Besides, we assessed, with the assistance of our tax specialists, the judgments made by the Management and the appropriateness of the estimate taken into account in the determination of the provision related to tax adjustments.

In order to assess whether the fiscal litigations have been correctly apprehended, we performed the following procedures:

- We performed interviews with the Group's Management and local managements so as to assess the current state of investigations carried out and notified tax adjustments by tax authorities and follow developments of contestations and ongoing litigation or pre litigation procedures;
- We consulted recent decisions and correspondence from the Group's entities with the local fiscal authorities, and read the correspondence between the local entities and their legal advisors when necessary;
- We carried out a critical review of the estimate and positions taken by the Management and of the opinions of its external advisors;
- We analyzed the responses of the external advisors to our confirmation queries;
- We verified that the last developments have been taken into account in the estimate of risks and accruals recorded in the balance sheet;
- We then verified the appropriateness of the information disclosed in the notes 2.2.5.3, 3.9 and 4.2 to the consolidated financial statements.

Verification of the Information Pertaining to the Group Presented in the Management Report

As required by law, we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the management report of the Board of directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Alten by your General Shareholders' meetings held on June 18, 2015 for KPMG Audit IS and June 25, 2003 for Grant Thornton.

As at December 31, 2017, KPMG Audit IS was in its 3rd year of total uninterrupted engagement, and Grant Thornton in its 15th year of total uninterrupted engagement.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense and Neuilly-sur-Seine, April 27, 2018

The Statutory Auditors

French original signed by

Grant Thornton

Membre français de Grant Thornton International

Vincent Frambourt

KPMG Audit IS

Jean-Pierre Valensi

20.4.2 STATUTORY AUDITORS' REPORT ON THE SEPARATE FINANCIAL STATEMENTS

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of ALTEN S.A.,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of ALTEN S.A. for the year ended December 31, 2017.

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 December 31, 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1st, 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Impairment of investment securities

"Notes 3.4.4 Investment securities, 3.5.3 Breakdown of financial assets, 3.5.4 Provisions and impairments and 3.8 Table of subsidiaries and associates"

Key Audit Matter

As of December 31, 2017, investment securities are recorded in the balance sheet at a gross value of € 211.2 million, or 35.4% of the total assets. The gross value of investment securities is recorded on the balance sheet at acquisition cost.

As disclosed in note 3.4.4 to the separate financial statements, an impairment loss on the investment securities is accounted for when the value-in-use is lower than the net book value of investment securities.

The value-in-use is determined either using the ownership interest of revalued net equity for holding companies, or through the Discounted Cash Flow method, corrected for net indebtedness.

We considered the valuation of investment securities as a key audit matter presenting a risk of material misstatement, given the significant amount of investment securities in the balance sheet as well as uncertainties inherent to certain items, including the realization of forecasts used in the the value-in-use estimate.

Our audit approach

As part of our audit, we examined the impairment testing process implemented by Alten Management in estimating the value-in-use of investment securities.

Our audit work mainly consisted in verifying, for each investment security and on the basis of information communicated to us, that the estimation of the value-in-use by Management is based on the appropriate valuation model and data used, that is:

- When the value-in-use of investment securities is measured based on the ownership interest of net equity, verify the consistency of the ownership interest of net equity used by Management with the companies' financial statements;
- When the value-in-use of investment securities is assessed using the discounted cash flow method:
 - Analyse the consistency and the reasonableness of assumptions of sales and margin rate forecasts, in comparison with past performances and considering the economic and financial environment in which the Company operates;
 - Assess the discount rates applied to the estimated future cash flows, with the support of our valuation specialists, by comparing the parameters used with external references.

In addition to our audit procedures on the value-in-use of investment securities, our audit work consisted as well in:

- Assessing the recoverability of related receivables in consideration of analyses performed on investment securities;
- Controlling that a provision for risks is accounted for when the Company is committed to support the losses of a subsidiary which has negative net equity;
- Verifying that the notes 3.4.4, 3.5.3, 3.5.4 and 3.8 to the separate financial statements state appropriate information.

Revenue Recognition for fixed price services rendered

"Note 3.4.9 Revenue Recognition, 3.6.1 Revenue"

Key Audit Matter

Alten Group operates in the engineering and technology consulting market and provides various services to its clients which can be contracted under three types as mentioned in the note 3.4.9 to the separate financial statements:

- Time & Material services for which the turnover is recognized on the time spent multiplied by an hourly, daily or monthly rate.
- Workpackage services rendered for which revenue recognition differs according to the nature of the resource commitment.
 - When the workpackage is a global cost-based scheme, revenue is equal to the time spent multiplied by a hourly, daily or monthly selling price;
 - When it is an outsourced service, for which the billing is on a monthly or quarterly fixed-price basis, revenue is recognized on a monthly basis, according to the fixed price amount, independent of the actual time spent by the consultants;
 - When it is part of a service commitment package (workpackage), turnover is recognized as and when deliverables and/or performance indicators (work units) are received/validated by the customer and for which the price has been fixed in the 'Workpackage' contract.
- Fixed price contracts for which revenue is recognized according to the percentage of completion method, proportionally to the expenses incurred. Loss-making contracts give rise to recognition of a contract loss provision.

For fixed price services rendered which account for less than 10% of Alten's turnover, the turnover amount and costs to record in the financial year, and the potential contract loss provision at year end, depend on the Group's capacity:

- To measure incurred costs for fixed price services;
- To estimate the remaining costs to be incurred until the end of the contract.

In view of the assumptions and estimate of the Management that are part of the revenue recognition and cost accounting, we considered fixed price revenue recognition as a key audit matter.

Our audit approach

We obtained an understanding of the revenue recognition process for fixed price contracts.

With the help of our IT experts, we took into account in our audit approach IT systems involved in revenue recognition and the recording of associated costs, by testing the efficiency of automated system controls affecting revenue recognition.

We notably performed the following procedures:

- We identified the main manual and automated controls, relevant to our audit and tested their design and operational efficiency;
- We performed analytical audit procedures and interviews with Financial and administrative managers, especially on significant and/or atypical turnover and margin rate variances;
- We selected fixed price projects on a multi-criteria basis. For the selected projects, we reconciled the completion turnover with contracts and order forms, corroborated the amount of costs incurred on the calculation of the percentage of completion against the actual costs incurred; and we arithmetically controlled the percentage of completion used, so as to confirm the recognized turnover for the financial year;
- We assessed the appropriateness of information included in the notes to the statutory financial statements.

Taxation risk

"Notes 3.4.8 Provisions and 3.7.4 Contingent liabilities"

Key Audit Matter

The Alten Group operates in a large number of various fiscal jurisdictions. Its positions are regularly subject to fiscal issues from fiscal authorities in countries in which the entities of the Group operate, on matters related to their current activities.

Some tax controls can lead to tax adjustments and litigations with tax authorities. Provisions for risks and expenses are recorded at year-end whenever the Group has an obligation towards a third party which is likely or certain to result in an outflow of resources for the benefit of such third party. The Group is supported by its external advisors to assess the probability of realization of the risk and the estimation of the accrual related to disputes and other litigations.

We considered the risks related to tax controls as a key audit matter, with respect to the Group's exposure to fiscal issues, due to:

- its international presence;
- the tax credit on research and development (CIR) on financial years 2013 and 2014 as part of the specificities of the business; and
- the degree of judgment made by Management in the assessment of those risks and the recorded amounts.

Our audit approach

We obtained an understanding of the procedures implemented by the Group to evaluate and to accrue, when necessary, the fiscal risks resulting from tax adjustment notifications.

Besides, we assessed, with the assistance of our tax specialists, the judgments made by the Management and the appropriateness of the estimate taken into account in the determination of the provision related to tax adjustments.

In order to assess whether the fiscal litigations have been correctly apprehended, we performed the following procedures:

- We performed interviews with the Group's Management and local managements so as to assess the current state of investigations carried out and notified tax adjustments by tax authorities and follow developments of contestations and ongoing litigation or pre litigation procedures;
- We consulted recent decisions and correspondence from the Group's entities with the local fiscal authorities, and read the correspondence between the local entities and their legal advisors when necessary;
- We carried out a critical review of the estimate and positions taken by the Management and of the opinions of its external advisors;
- We analyzed the responses of the external advisors to our confirmation queries;
- We verified that the last developments have been taken into account in the estimate of risks and accruals recorded in the balance sheet.
- We verified the appropriateness of the information disclosed in the notes 3.4.8 and 3.7.4 to the separate financial statements.

Verification of the Management Report and of the Other Documents Provided to Shareholders

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information given in the management report and in the other documents provided to the Shareholders with respect to the financial position and the financial statements

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 other documents provided to the Shareholders with respect to the financial position and the financial statements.

Information relating to corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by the directors 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 controlling and controlled companies. Based on these procedures, we attest the accuracy and fair presentation of this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Alten S.A. by your General Shareholders' meetings held on June 18, 2015 for KPMG Audit IS and June 25, 2003 for Grant Thornton.

As at December 31, 2017, KPMG Audit IS was in its 3rd year of total uninterrupted engagement, and Grant Thornton in its 15th year of total uninterrupted engagement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related

disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense and Neuilly-sur-Seine, April 27, 2018

The Statutory Auditors

French original signed by

KPMG Audit IS

Jean-Pierre Valensi

Grant Thornton

Membre français de Grant Thornton International

Vincent Frambourt

20.5 DATE OF LATEST FINANCIAL INFORMATION

The last financial year for which financial information was audited was the year ended 31 December 2017.

20.6 INTERIM FINANCIAL AND OTHER INFORMATION

The consolidated revenue of the ALTEN Group for the first quarter of 2018 was published on 25 April 2018.

20.7 DIVIDEND DISTRIBUTION POLICY

Over the last three years, ALTEN SA has paid the following gross dividends per share:

<i>(in euros per share)</i>	2017 <i>(in respect of the 2016 financial year)</i>	2016 <i>(in respect of the 2015 financial year)</i>	2015 <i>(in respect of the 2014 financial year)</i>
Gross dividend	1.00	1.00	1.00

Future gross dividends will depend on the Company's ability to generate profits, its financial position, its development strategy and all other factors that the Board of Director's consider relevant.

20.8 LEGAL AND ARBITRATION PROCEEDINGS

Other than as mentioned in Section 4.5 of this Registration Document, there are no other governmental, judicial, arbitration or administrative procedures, including all procedures known to the Company, that are pending or liable to occur and likely to result or which have resulted in a material impact on the financial position or profitability of the issuer and/or the Group over the past 12 months (see Sections 4.5 and 20.3.1, Note 3.11).

20.9 MATERIAL CHANGE IN FINANCIAL OR COMMERCIAL POSITION

There were no material changes in the financial or commercial position of the ALTEN Group during the year since the end of the last year for which audited financial statements have been published.

ADDITIONAL INFORMATION

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21.1 SHARE CAPITAL

21.1.1 SUBSCRIBED AND AUTHORISED CAPITAL

At 31 December 2017, subscribed share capital amounted to €34,383,256.14, divided into 33,825,747 ordinary shares and 2,750 Preferred A Shares, as noted by the Company's Board of Directors at its meeting of 26 January 2018.

These shares represent 38,878,310 theoretical voting rights. At the beginning of the 2017 financial year, there were 33,687,725 shares in circulation, representing the creation of 138,022 ordinary shares and 2,750 Preferred A Shares following the exercising of share

options and the definitive allocation of free shares and Preferred A Shares during the year.

As of the date of this Registration Document, the amount of the share capital and the number of shares comprising it were unchanged (the number of theoretical voting rights totalled 38,867,207).

The ordinary shares are freely transferable; they are either registered shares or bearer shares as decided by the shareholder.

21.1.2 SHARES NOT REPRESENTING CAPITAL

The Articles of Association set out the issuance of Preferred Shares.

See section 15.1 of this Registration Document for details of the allocations of Preferred Shares made on 31 December 2017.

21.1.3 SHARE BUYBACKS AND TREASURY SHARES

21.1.3.1 Report on share buyback programme

The Combined Ordinary and Extraordinary General Meeting of 22 June 2017 authorised the Board of Directors, for a period of 18 months from that General Meeting, in accordance with Articles L. 225-209 et seq. of the French Commercial Code, to proceed with the purchase, in one or more tranches, at the times of its choice, of the Company's shares subject to a maximum of 5% of

the number of shares comprising the share capital, adjusted where necessary for any capital increase or decrease that might take place during the term of the programme. This authorisation replaces that granted by the General Meeting of 24 May 2016.

ALTEN has entrusted the management of a liquidity contract, in accordance with the AMAFI Code of Ethics, to KEPLER CAPITAL MARKET (Paris).

Transactions carried out during the 2017 financial year under the liquidity contract:

	Purchasing				Sales			
	Number of shares	Average price of purchases	Total amount of purchases	Trading fees	Number of shares	Average price of sales	Total amount of sales	Trading fees
Objectives								
Cancellation	0	-	-	-	0	-	-	-
Acquisitions	0	-	-	-	0	-	-	-
Allocation to employees	0	-	-	-	0	-	-	-
Coverage of securities that give a right to the allocation of shares	0	-	-	-	0	-	-	-
Liquidity contract	67,539	€72,186	€4,875,367.52	-	58,737	€72,7698	€4,211,676.91	-
TOTAL	67,539	€72,186	€4,875,367.52	-	58,737	€72,7698	€4,211,676.91	-

Situation at the close of the financial year:

Total number of shares held in portfolio	471,758 (1.39% of capital)
<i>Including:</i>	
Number of shares held with a view to supporting the share price by way of an AMAFI (French Financial Markets Association) liquidity contract	11,736 (0.0347% of capital)
Number of shares held with a view to acquisitions	0
Number of shares held with a view to covering stock options or other employee shareholding systems	460,022 (1.18% of capital)
Number of shares held with a view to covering securities	0
Number of shares held with a view to cancellation	0
Overall nominal value of shares held in portfolio	€479,495.58
Value calculated at purchase price of shares held in portfolio	€9,533,359.91

21.1.3.2 Overview of share buyback programme

In accordance with the provisions of Article 241-2 of the AMF's General Regulation, the aim of this document is to describe the purposes and terms of the Company's share buyback programme. This programme will be submitted for the approval of the General Meeting on 20 June 2018.

1. Overview by objectives of equity securities held as at 31 March 2018

Total number of shares held in portfolio	464,730 (1.37% of the capital)
<i>Including:</i>	
Number of shares held with a view to supporting the share price by way of an AMAFI (French Financial Markets Association) liquidity contract	4,708 (0.014% of capital)
Number of shares held with a view to acquisitions	0
Number of shares held with a view to covering stock options or other employee shareholding systems	460,022 (1.18% of capital)
Number of shares held with a view to covering securities	0
Number of shares held with a view to cancellation	0

2. New share buyback programme

Programme authorisation: Combined Ordinary and Extraordinary General Meeting of 20 June 2018.

Securities concerned: ordinary shares.

Maximum share of capital whose buyback is authorised: 5% of the capital (1,691,424 shares as of the current date); this limit is assessed on the date of the buyback so that any capital increases or decreases during the term of the programme may be taken into consideration. The number of shares taken into consideration in calculating this limit corresponds to the number of shares bought, after deduction of the number of shares resold for liquidity purposes during the term of the programme.

Maximum purchase price: €100.

Maximum programme amount: €169,142,400.

Buyback terms: purchases, sales and transfers may be carried out by all available means on the market or through a private sale, including transactions on blocks of shares; the resolution put to shareholders does not limit the proportion of the programme which may be fulfilled by the purchase of blocks of shares. This programme may not be used during the period of a public offer on the Company's shares initiated by a third party, until the offer period has expired.

Purpose:

- to proceed with any cancellation of the shares acquired, subject to the authorisation granted by this General Meeting of Shareholders in its tenth extraordinary resolution;
- to ensure a secondary market or the liquidity of ALTEN shares through a securities service provider via a liquidity contract in compliance with the AMAFI Code of Ethics approved by regulations, it being specified that in this respect, the number of shares taken into account for the calculation of the above limit corresponds to the number of shares bought, less the number of shares sold;
- to hold the purchased shares and later offer them in exchange or payment in potential acquisitions;
- to cover share option plans and/or free share allocation plans (or similar schemes) to Group employees and/or Corporate Officers as well as any shares allocated under company or Group savings plans (or similar schemes) with respect to company profit-sharing and/or any other form of allocating shares to the Group's employees and/or Corporate Officers;
- to cover securities which give a right to shares in the Company within the scope of regulations currently in effect.

Programme term: 18 months from the General Meeting of 20 June 2018, or until 19 December 2019 inclusive.

21.1.4 SECURITIES CONFERRING A RIGHT IN THE SHARE CAPITAL**Potential dilution (on a fully-diluted basis)**

On the basis of 33,828,497 shares (including 2,750 Preferred A Share) issued at 31 December 2017, the share capital may potentially increase by a maximum of 585,300 new shares,

equivalent to 1.70% of the fully diluted capital. This dilution would occur through the issue of free shares and Preferred Shares.

<i>(number)</i>	31/12/2017	% Dilution	31/12/2016	Change
Number of shares	33,828,497		33,687,725	140,772
Share options	0	-	22,472	(22,472)
Free of charge awards of shares and of Preferred A or B Shares (awarded but not yet issued as at 31/12/2017, excluding lapsed or voided shares)	585,300	1.70%	675,240	(89,940)
Potential dilution (on a fully-diluted basis)	585,300	1.70%	697,712	(112,412)
TOTAL POTENTIAL CAPITAL	34,413,797		34,385,437	28,360

21.1.5 TERMS OF ANY ACQUISITION RIGHTS AND/OR OBLIGATIONS OVER AUTHORISED BUT UNISSUED CAPITAL OR AN UNDERTAKING TO INCREASE THE CAPITAL

None.

21.1.6 OPTIONS OR AGREEMENTS

None.

21.1.7 HISTORY OF SHARE CAPITAL

INFORMATION RELATING TO THE PERIOD COVERED IN THE HISTORICAL FINANCIAL INFORMATION

Date	Transaction	Capital	Cumulative premiums	Number of shares (including Preferred Shares)
28/01/2015	Share options and warrants exercised	€34,140,451.05	€44,400,980.64	33,589,610
24/02/2015	Stock options exercised	€34,141,314.99	€44,416,377.20	33,590,460
09/04/2015	Stock options exercised	€34,170,892.28	€44,991,130.92	33,619,560
18/06/2015	Stock options exercised	€34,179,089.55	€45,117,558.30	33,627,625
28/07/2015	Stock options exercised	€34,180,258.41	€45,133,880.94	33,628,775
21/09/2015	Stock options exercised	€34,181,274.81	€45,149,250.54	33,629,775
27/10/2015	Stock options exercised	€34,182,697.77	€45,173,825.58	33,631,175
28/01/2016	Stock options exercised	€34,214,663.60	€45,692,156.25	33,662,625
23/02/2016	Stock options exercised	€34,217,865.26	€45,745,490.09	33,665,775
11/04/2016	Stock options exercised	€34,231,180.12	€46,007,876.23	33,678,875
25/05/2016	Stock options exercised	€34,236,262.13	€46,114,619.22	33,683,875
27/07/2016	Stock options exercised	€34,238,752.31	€46,149,393.54	33,686,325
20/09/2016	Stock options exercised	€34,239,362.15	€46,157,909.70	33,686,925
27/10/2016	Stock options exercised	€34,239,870.35	€46,165,006.50	33,687,425
23/12/2016	Stock options exercised	€34,240,175.27	€46,169,264.58	33,687,725
21/02/2017	Stock options exercised	€34,240,683.47	€49,176,361.38	33,688,225
26/04/2017	Stock options exercised	€34,244,184.97	€49,225,258.33	33,691,670
22/06/2017	Stock options exercised	€34,245,175.96	€49,239,097.09	33,692,645
26/07/2017	Stock options exercised	€34,245,249.14	€49,240,119.03	33,692,717
28/07/2017	Definitive allocation of free shares and of Preferred A Shares	€34,298,457.76	€49,240,119.03	33,745,067
19/09/2017	Stock options exercised	€34,300,388.92	€49,267,086.87	33,746,967
21/09/2017	Definitive allocation of free shares	€34,376,415.76	€49,267,086.87	33,821,767
25/10/2017	Stock options exercised	€34,377,940.36	€49,288,377.27	33,823,267
24/12/2017	Definitive allocation of Preferred A Shares	€34,378,174.13	€49,288,377.27	33,823,497

21.2 STATUTORY INFORMATION

21.2.1 CORPORATE PURPOSE

The Company's corporate purpose is defined in Article 2 of the Articles of Association as follows: "All services provided in France and abroad in the technology, IT and electronics sectors, particularly as regards: consultancy, studies and engineering, training, support, maintenance, systems and network operations, facility management, development and distribution of products, hardware or software, as well as the Company's participation by any direct or indirect means in all transactions related to its purpose, by creating new companies, by contributing to, subscribing or purchasing securities or corporate rights, through mergers or otherwise, the creation, acquisition, taking on a lease or management lease of any business assets or

establishments; taking over, acquiring, operating or selling all processes and patents connected with these activities. And more generally, all industrial, commercial, financial, civil, fixed or movable property transactions relating directly or indirectly to the corporate purpose or any similar or related purpose".

Financial year (Article 25 of the Articles of Association)

The Company's financial year is twelve (12) months. It starts on 1 January and ends on 31 December of each year.

21.2.2 GOVERNANCE

21.2.2.1 Board of Directors – Composition – Term of office (Article 16 of the Articles of Association)

The Company is administered by a Board of Directors with no fewer than 3 and no more than 18 members; in the event of a merger, however, the Board may exceed a maximum of 18 members according to the conditions and limits defined in the French Commercial Code.

Directors are appointed by the Ordinary General Meeting, which may dismiss a Director from office at any time. In the event of a merger or a demerger, they are appointed by the Extraordinary General Meeting. A legal entity which is appointed as Director must designate a permanent representative who is subject to the same conditions and obligations as if he had been appointed Director in his own name.

A Company employee may only be appointed Director if his or her employment contract is current. The number of Directors employed by the Company may not exceed one-third of the total number of Directors in office.

Directors are appointed for a term of four years which expires following the Ordinary General Meeting held to approve the financial statements for the year in which such Director's term expires. All Directors whose term of office is ending are eligible to be re-elected.

The acceptance and the exercise of the duties of Director also entails the commitment, for each interested party, to attest in writing at any time that he or she personally fulfils the conditions and obligations required under the laws in force, especially with regard to concurrent appointments.

By virtue of Article L. 225-27-1 of the French Commercial Code, the Board of Directors includes a Director appointed by the Company's Works Council who represents the Group's employees. The term of office of the Director representing employees is four years.

21.2.2.2 Chairmanship of the Board of Directors (Article 17 of the Articles of Association)

The Board elects a Chairman, who must be a natural person, from among its members for a period that does not exceed the Chairman's term as Director. The Board determines the Chairman's compensation. The Board of Directors may dismiss the Chairman at any time.

The Chairman of the Board of Directors organises and oversees the work of the Board. He or she ensures that the Company's bodies duly fulfil their obligations and, in particular, that the Directors are in a position to perform the tasks assigned to them.

If it deems this necessary, the Board of Directors may appoint one or more Deputy Chairmen from among its members, whose sole duty is to preside over Board meetings and General Meetings in the absence of the Chairman. The Board of Directors sets the term of his/her appointment, which cannot exceed that of their term as Director. Where the Chairman and Vice-Chairman are absent, the Board of Directors will appoint one of its members to preside over the meeting.

21.3.2.2 Discussions of the Board of Directors – Minutes (Article 18 of the Articles of Association)

The Board of Directors meets as often as required by the Company's interests. The Board is convened by the Chairman at his discretion and, where the Chairman is not responsible for the General Management, as requested by the Chief Executive Officer. If the Board has not met in over two months, the meeting may be convened at the request of at least one-third of the Directors. Unless the meeting is convened by another party, the Chairman sets the agenda for the meeting. Meetings must be held at the registered office.

However, they may be held at another location as set forth in the convocation, provided this location has been approved by at least half of the Directors in office.

Deliberations of the Board are only valid if at least half of the Directors are present. The Company Internal Rules stipulate that

individuals taking part in the meeting via videoconference, in accordance with the legal and regulatory provisions in effect are deemed present when calculating the quorum and the majority.

All decisions require a majority vote of those members present or represented. Each Director who is present or represented holds one voting right and each Director present may only hold one delegation of authority. In the event of a tied vote, the Chairman of the meeting has the deciding vote. If the Board is composed of fewer than five Directors and only two are present at the meeting, all decisions require a unanimous vote.

Deliberations of the Board are recorded in minutes which are then signed and kept in a special register or on single sheets in accordance with the corresponding provisions in effect.

At each meeting, the Board of Directors may appoint a secretary who is not required to be a Director.

21.2.2.4 Powers of the Board of Directors (Article 19 of the Articles of Association)

The Board of Directors determines policy for the Company's business and supervises its implementation. Subject to the powers expressly allotted to General Meetings and within the limits of the corporate purpose, it will address any question concerning the satisfactory running of the Company and rule by its deliberations any matters which relate to it.

21.2.3 RIGHTS ATTACHING TO SHARES

21.2.3.1 Statutory distribution of profits (Article 27 of the Articles of Association)

Distributable profit is profit for the year after deducting prior year losses, if any, and the sums to be allocated to reserves, as required by law or the Articles of Association, and adding retained earnings.

The General Meeting may appropriate any sums it deems necessary to any non-mandatory reserves, whether ordinary or non-recurring, or allocate such sums to retained earnings.

The General Meeting may also decide to distribute any sums drawn from the available reserves, specifying the reserve account from which the deduction is made. However, dividends must initially be drawn from the profits for the financial year. Following approval of the accounts by the General Meeting, any losses must be carried forward as accumulated losses and offset against future profits until eliminated.

21.2.3.2 Dividend payment terms (Article 28 of the Articles of Association)

The Ordinary General Meeting held to approve the year-end financial statements may grant each shareholder, for all or a portion of the dividends paid, or an advance on the dividends, the option of receiving some or all of the interim or final dividends in cash or in shares.

Concerning relations with third parties, the Company is bound by any actions taken by the Board of Directors, including actions which are not related to the corporate purpose unless the Company is able to prove that the third party was aware that the action in question did not fall within the scope of the Company's purpose or at least could not have been unaware of this fact given the circumstances.

The Board of Directors carries out inspections and verifications which it considers appropriate. The Company's Chairman or Chief Executive Officer shall provide each Director with all documents and information necessary for the performance of his duties.

21.2.2.5 General Management (Article 20 of the Articles of Association)

General Management of the Company is entrusted to either the Chairman of the Board of Directors or another natural person who may or may not be a member of the Board, who is appointed as Chief Executive Officer.

The Board of Directors chooses between the two available modes of General Management in accordance with Article 18 of the Articles of Association. It may modify this choice at any time. In each case, the Board of Directors informs the shareholders and third parties in accordance with the regulations in effect.

Where the Chairman is also Chief Executive Officer, he must comply with the provisions of the Articles of Association concerning the functions of general management.

21.2.3.3 Indivisibility of shares – Bare ownership – Usufruct (Article 13 of the Articles of Association)

Shares are indivisible with regard to the Company. The co-owners of undivided shares are represented at General Meetings by one of the owners or by a common agent. If there is disagreement, the agent shall be appointed by the courts at the request of the first co-owner to act.

Voting rights attaching to shares belong to the beneficial owner at Ordinary General Meetings and to the bare owner at Extraordinary General Meetings.

21.2.3.4 Double voting rights (Article 14 of the Articles of Association)

Since the Combined Ordinary and Extraordinary General Meeting of 7 January 1999, a double voting right exists which is subject to the following provisions:

Once shares are registered in the bearer's name, the shareholder is authorised to benefit from a double voting right based on the time frame in effect at the time of registration. Any subsequent change to this time frame is not enforceable against such shareholder.

Notwithstanding the above, all fully paid-up shares which have been registered in the same name for a continuous period of at least four years are assigned double voting rights.

A merger or demerger of the Company shall have no effect on the double voting rights, which may be exercised by the beneficiary company(ies) if the Articles of Association of such company(ies) so provide.

Any share converted to bearer status or whose ownership is transferred loses its double voting rights.

21.2.3.5 Share capital – Preferred A or B Shares (Article 6 of the Articles of Association)

The Combined Ordinary and Extraordinary General Meeting of 24 May 2016 decided to create two new purchase types – Preferred A or B Shares – which are described below.

The statutory provisions relating to Preferred A or B Shares as set out below take into account the correction made by the General Meeting of 22 June 2017.

Rights attached to Preferred A Shares

Preferred A Shares and the rights of their holders are governed by the relevant provisions of the French Commercial Code, and specifically Articles L. 228-11 et seq.

Preferred A Shares are subject to all provisions of the Articles of Association, and to decisions taken at General Meetings by holders of ordinary shares.

From the date of their final award as defined by Article L. 225-197-1 of the French Commercial Code, Preferred A Shares entitle their holders to dividends for all dividend distributions decided on for each ordinary share, at half of the amount to be distributed for each ordinary share. The dividend may not be paid in shares as set out under Article 28. Preferred A Shares do not carry any pre-emptive subscription rights for any capital increase or transactions with rights to ordinary shares. However, the conversion ratio will be adjusted in

order to uphold the rights of Preferred A Shareholders, under the relevant legal and regulatory conditions. As regards the ownership of corporate assets, in the event of a liquidation surplus, each Preferred A Share provides access to a proportion of the share capital that it represents.

Preferred A Shares shall not have any voting rights attached for Ordinary and Extraordinary General Meetings of ordinary shareholders, but shall grant the right to vote at special meetings of Preferred A Shareholders. Holders of Preferred A Shares must convene at a special meeting in order to make any changes to the rights attached to Preferred A Shares. In addition, any planned merger or demerger of the Company under which Preferred A Shares cannot be exchanged for shares carrying specific equivalent rights must be approved by a special meeting, in accordance with the provisions of Article L. 228-17 of the French Commercial Code.

Deliberations of special meetings shall only be valid if the shareholders present or represented hold a minimum of one-third of the Preferred A Shares with voting rights attached upon first being called to a meeting, and one-fifth upon the second notice of meeting. In the event of a change to or depreciation of the capital, the rights of Preferred A Shareholders shall be adjusted in order to uphold their rights, pursuant to Article L. 228-99 of the French Commercial Code.

Conversion of Preferred A Shares into ordinary shares

Preferred A Shares may only be converted into ordinary shares three years after their initial allocation by the Board of Directors.

The conversion of each Preferred A Share is based on the achievement of performance criteria calculated by comparison between the financial year ended on 31 December 2015 and the financial year which will end on 31 December 2018.

The following definitions shall be applied to this conversion rule:

“Revenue” or “Rev”	Refers to ALTEN SA’s consolidated revenue at constant scope and in accordance with IFRS standards, as calculated by the audited accounts for the year in question.
“Rev Coefficient” or “RevCoef”	Refers to the coefficient which is based on Revenue growth between 2015 and 2018.
“Multiplying Coefficient” or “M”	Refers to the multiplying coefficient linked to the presence of Preferred A Shareholders in the ALTEN Group headcount (not including those to whom a notice period applies) as follows: <ul style="list-style-type: none"> ▪ M = 0.01 is the default coefficient; ▪ M = 0.02 if the Preferred A Shareholder is included in the headcount on the second anniversary of the initial allocation of the Preferred A Shares; ▪ M = 1: (i) if the holder of Preferred A Shares is included in the headcount on the third anniversary of the initial allocation of the Preferred A Shares, or (ii) in the event of (y) the death or (z) incapacity of a beneficiary as classified under categories two or three of Article L. 341-4 of the French Social Security Code.
“OPA Coefficient” or “OPACoef”	Refers to the coefficient based on the growth of the Operating Profit on Activity between 2015 and 2018.
“Δ1”	Refers to the growth (as a percentage) of revenue between 2015 (base 100) and 2018.
“Δ2”	Refers to the growth (as a percentage) of the Operating Profit on Activity between 2015 (base 100) and 2018.
“Conversion Ratio” or “CR”	Refers to 100 ordinary shares for 1 Preferred Share.
“CR1”	Refers to the number of ordinary shares resulting from the Conversion Ratio, calculated based on the Δ1 revenue target.
“CR2”	Refers to the number of ordinary shares resulting from the Conversion Ratio, calculated based on the Δ2 Operating Profit on Activity target.
“Operating Profit on Activity” or “OPA”	Refers to ALTEN SA’s consolidated Operating Profit on Activity, at constant scope and in accordance with IFRS standards, as calculated by the audited accounts for the year in question.

The number of ordinary shares resulting from the conversion of each Preferred Share shall be equal to the sum of **CR1** and **CR2 (CR1+ CR2)**.

Performance criterion based on Revenue growth between 2015 and 2018 (20% weighting)

CR1 will be calculated by multiplying the Conversion Ratio by: (i) 20%, (ii) the Multiplying Coefficient, then (iii) the Rev Coefficient.

CR1 is equal to: $CR \times 20\% \times M \times RevCoef$.

The Rev Coefficient will be determined as follows:

- if **Δ1** is **higher than or equal to 120%**, then the **Rev Coefficient is equal to 100%**;
- if **Δ1** is **equal to 117.5%**, then the **Rev Coefficient is equal to 80%** and is calculated on a straight-line basis if **Δ1** is higher than 117.5%;
- if **Δ1** is **equal to 115%**, then the **Rev Coefficient is equal to 60%** and is calculated on a straight-line basis if **Δ1** is higher than 115% and lower than 117.5%;
- if **Δ1** is **equal to 112.5%**, then the **Rev Coefficient is equal to 40%** and is calculated on a straight-line basis if **Δ1** is higher than 112.5% and lower than 115%;
- if **Δ1** is **equal to 110%**, then the **Rev Coefficient is equal to 20%** and is calculated on a straight-line basis if **Δ1** is higher than 110% and lower than 112.5%;
- if **Δ1** is **lower than 110%**, then the **Rev Coefficient is equal to 0%**.

Performance Criterion based on the growth of Operating Profit on Activity between 2015 and 2018 (80% weighting)

CR2 will be calculated by multiplying the Conversion Ratio by: (i) 80%, (ii) the Multiplying Coefficient, then (iii) the OPA Coefficient.

CR2 is equal to: $CR \times 80\% \times M \times OPACoef$.

The OPA Coefficient will be determined as follows:

- if **Δ2** is **higher than or equal to 120%**, the **OPA Coefficient is equal to 100%**;
- if **Δ2** is **equal to 117.4%**, then the **OPA Coefficient is equal to 80%** and is calculated on a straight-line basis if **Δ2** is higher than 117.4%;
- if **Δ2** is **equal to 115%**, then the **OPA Coefficient is equal to 60%** and is calculated on a straight-line basis if **Δ2** is higher than 115% and lower than 117.4%;
- if **Δ2** is **equal to 112.1%**, then the **OPA Coefficient is equal to 40%** and is calculated on a straight-line basis if **Δ2** is higher than 112.1% and lower than 115%;
- if **Δ2** is **equal to 110%**, then the **OPA Coefficient is equal to 20%** and is calculated on a straight-line basis if **Δ2** is higher than 110% and lower than 112.1%;
- if **Δ2** is **lower than 110%**, the **OPA Coefficient is equal to 0%**.

Within 30 days of the third anniversary of the initial allocation, the Company shall inform each Preferred A Shareholder of the number of ordinary shares to be granted through the conversion of each Preferred A Share. Preferred A Shareholders will have a time period of 18 months from the third anniversary of the initial allocation of the shares by the Board of Directors. Should this right not be exercised within this 18-month period, the Preferred A Shares will be automatically converted into ordinary shares.

When the total number of ordinary shares which a shareholder should receive by applying the conversion ratio to the number of Preferred A Shares that he/she holds is not a whole number, the number of ordinary shares received by this shareholder will be rounded down to the next whole number.

The Board of Directors will record the conversion of Preferred A Shares into ordinary shares, provided that such conversion complies with the terms set out above.

At the intervals at which it sees fit, the Board of Directors shall record, as required, the number of ordinary shares resulting from the conversion of Preferred A Shares during the financial year, and will make the necessary changes to the Articles of Association, particularly as regards the breakdown of shares by class. This task may be delegated to the Chief Executive Officer.

The ordinary shares created following the conversion of Preferred A Shares shall be fungible with ordinary shares.

Buyback of Preferred A Shares

Should the conversion criteria not be fulfilled, the Company will buy back the non-convertible Preferred A Shares at its own discretion, and at their nominal value. The Preferred A Shares bought back in this way shall be cancelled, and the share capital reduced accordingly.

The Company shall inform holders of Preferred A Shares of the buyback by any means prior to the date of the buyback.

The Board of Directors shall note the number of shares bought back and cancelled, and shall make the necessary changes to the Articles of Association.

Rights attached to Preferred B Shares

Preferred B Shares and the rights of their holders are governed by the relevant provisions of the French Commercial Code, and specifically Articles L. 228-11 et seq.

Preferred B Shares are subject to all provisions of the Articles of Association, and to decisions taken at General Meetings by holders of ordinary shares.

From the date of their final award as defined by Article L. 225-197-1 of the French Commercial Code, Preferred B Shares entitle their holders to dividends for all dividend distributions decided on for each

ordinary share, at half of the amount to be distributed for each ordinary share. The dividend may not be paid in shares as set out under Article 28. Preferred B Shares do not carry any pre-emptive subscription rights for any capital increase or transactions with rights to ordinary shares. However, the conversion ratio will be adjusted in order to uphold the rights of preferred B shareholders, under the relevant legal and regulatory conditions. As regards the ownership of corporate assets, in the event of a liquidation surplus, each Preferred B Share provides access to a proportion of the share capital that it represents.

Preferred B Shares shall not have any voting rights attached for Ordinary and Extraordinary General Meetings of ordinary shareholders, but shall grant the right to vote at Special Meetings of Preferred B Shareholders. Holders of Preferred B Shares must convene at a Special Meeting in order to make any changes to the rights attached to Preferred B Shares. In addition, any planned merger or demerger of the Company under which Preferred B Shares cannot be exchanged for shares carrying specific equivalent rights must be approved by a Special Meeting, in accordance with the provisions of Article L. 228-17 of the French Commercial Code.

Deliberations of Special Meetings shall only be valid if the shareholders present or represented hold a minimum of one-third of the Preferred B Shares with voting rights attached upon first being called to a meeting, and one-fifth upon the second notice of meeting. In the event of a change to or depreciation of the capital, the rights of Preferred B Shareholders shall be adjusted in order to uphold their rights, pursuant to Article L. 228-99 of the French Commercial Code.

Conversion of Preferred B Shares into ordinary shares

Preferred B Shares may only be converted into ordinary shares four years after their initial allocation by the Board of Directors.

The conversion of each Preferred B Share is based on the achievement of performance criteria calculated over four consecutive financial years by comparison between the Target Year and the Reference Year.

The following definitions shall be applied to this conversion rule:

“Target Year” or “N”	Refers to the most recent of the four consecutive ALTEN SA financial years ended from day one of the Award Year:
“Award Year”	Refers to the ALTEN SA financial year in which the Award takes place.
“Reference Year”	Refers to the ALTEN SA financial year preceding the Award Year.
“Revenue” or “Rev”	Refers to ALTEN SA’s consolidated revenue at constant scope and in accordance with IFRS standards, as calculated by the audited accounts for the year in question.
“Rev Coefficient” or “RevCoef”	Refers to the coefficient based on Revenue growth between the Reference Year and the Target Year.
“Multiplying Coefficient” or “M”	Refers to the multiplying coefficient linked to the presence of Preferred B Shareholders in the ALTEN Group headcount (not including those to whom a notice period applies) as follows: <ul style="list-style-type: none"> • M = 0.01 is the default coefficient; • M = 0.1 if the Preferred B Shareholder is included in the headcount on the third anniversary of the initial allocation of the Preferred B Shares; • M = 1(i) if the Preferred B Shareholder is included in the headcount on the fourth anniversary of the initial allocation of the Preferred B Shares or (ii) in the event of (y) the death or (z) incapacity of a beneficiary as classified under categories two or three as set out by Article L. 341-4 of the French Social Security Code.
“OPA Coefficient” or “OPACoef”	Refers to the coefficient based on the growth of the Operating Profit on Activity between the Reference Year and the Target Year.
“Award”	Refers to the Board of Directors’ award of Preferred Shares pursuant to the authorisation of the General Meeting of Shareholders.
“Δ1”	Refers to the growth (as a percentage) of Revenue between the Reference Year (base 100) and the Target Year.
“Δ2”	Refers to the growth (as a percentage) of Operating Profit on Activity between the Reference Year (base 100) and the Target Year.
“Conversion Ratio” or “CR”	Refers to 100 ordinary shares for 1 Preferred B Share.
“CR1”	Refers to the number of ordinary shares resulting from the Conversion Ratio, calculated based on the Δ1 Revenue target.
“CR2”	Refers to the number of ordinary shares resulting from the Conversion Ratio, calculated based on the Δ2 Operating Profit on Activity target.
“Operating Profit on Activity” or “OPA”	Refers to ALTEN SA’s consolidated Operating Profit on Activity, at constant scope and in accordance with IFRS standards, as calculated by the audited accounts for the year in question.

The Number of ordinary shares resulting from the conversion of each Preferred B Share shall be equal to the sum of **CR1** and **CR2** (**CR1+ CR2**).

Performance criterion based on Revenue growth between the Reference Year and the Target Year (20% weighting)

CR1 will be calculated by multiplying the Conversion Ratio by: (i) 20%, (ii) the Multiplying Coefficient, then (iii) the Rev Coefficient.

CR1 is equal to: $CR \times 20\% \times M \times RevCoef$.

The Rev Coefficient will be determined as follows:

- if **Δ1** is **higher than or equal to 126%**, then the **Rev Coefficient is equal to 100%**;
- if **Δ1** is **equal to 122%**, then the **Rev Coefficient is equal to 80%** and is calculated on a straight-line basis if **Δ1** is higher than 122%;
- if **Δ1** is **equal to 118%**, then the **Rev Coefficient is equal to 60%** and is calculated on a straight-line basis if **Δ1** is higher than 118% and lower than 122%;
- if **Δ1** is **equal to 114%**, then the **Rev Coefficient is equal to 40%** and is calculated on a straight-line basis if **Δ1** is higher than 114% and lower than 118%;
- if **Δ1** is **equal to 110%**, then the **Rev Coefficient is equal to 20%** and is calculated on a straight-line basis if **Δ1** is higher than 110% and lower than 114%;
- if **Δ1** is **lower than 110%**, then the **Rev Coefficient is equal to 0%**.

Performance criterion based on Operating Profit on Activity between the Reference Year and the Target Year (80% weighting)

CR2 will be calculated by multiplying the Conversion Ratio by: (i) 80%, (ii) the Multiplying Coefficient, then (iii) the OPA Coefficient.

CR2 is equal to: $CR \times 80\% \times M \times OPACoef$.

The OPA Coefficient will be determined as follows:

- if **Δ2** is **higher than or equal to 126%**, the **OPA Coefficient is equal to 100%**;
- if **Δ2** is **equal to 122%**, then the **OPA Coefficient is equal to 80%** and is calculated on a straight-line basis if **Δ2** is higher than 122%;
- if **Δ2** is **equal to 118%**, then the **OPA Coefficient is equal to 60%** and is calculated on a straight-line basis if **Δ2** is higher than 118% and lower than 122%;
- if **Δ2** is **equal to 114%**, then the **OPA Coefficient is equal to 40%** and is calculated on a straight-line basis if **Δ2** is higher than 114% and lower than 118%;
- if **Δ2** is **equal to 110%**, then the **OPA Coefficient is equal to 20%** and is calculated on a straight-line basis if **Δ2** is higher than 110% and lower than 114%;
- if **Δ2** is **lower than 110%**, the **OPA Coefficient is equal to 0%**.

Within 30 days of the fourth anniversary of the initial allocation, the Company shall inform each Preferred B Shareholder of the number of ordinary shares to be granted through the conversion of each Preferred B Share. Preferred B Shareholders will have a time period of 18 months from the fourth anniversary of the initial allocation of the shares by the Board of Directors to apply for conversion. Should this right not be exercised within this 18-month period, the Preferred B Shares will be automatically converted into ordinary shares.

When the total number of ordinary shares which a shareholder should receive by applying the Conversion Ratio to the number of Preferred B Shares that he/she holds is not a whole number, the number of ordinary shares received by this shareholder will be rounded down to the next whole number.

The Board of Directors will record the conversion of Preferred B Shares into ordinary shares, provided that such conversion complies with the terms set out above.

At the intervals at which it sees fit, the Board of Directors shall record, as required, the number of ordinary shares resulting from the conversion of Preferred B Shares during the financial year, and will make the necessary changes to the Articles of Association, particularly as regards the breakdown of shares by class. This task may be delegated to the Chief Executive Officer.

The ordinary shares created following the conversion of Preferred B Shares shall be fungible with ordinary shares.

Buyback of Preferred B Shares

Should the conversion criteria not be fulfilled, the Company will buy back the non-convertible Preferred B Shares at its own discretion, and at their nominal value. The Preferred B Shares bought back in this way shall be cancelled, and the share capital reduced accordingly.

The Company shall inform holders of Preferred B Shares of the buyback by any means prior to the date of the buyback.

The Board of Directors shall note the number of shares bought back and cancelled, and shall make the necessary changes to the Articles of Association.

21.2.3.6 Identifiable bearer shares (Article 10 of the Articles of Association)

The Company may at any time request that the main custodian of its marketable securities provide the information required by law pertaining to the identity of the owners of shares that confer immediate or future voting rights at General Meetings.

21.2.4 CHANGES TO SHAREHOLDERS' RIGHTS

None.

21.2.5 GENERAL MEETINGS (ARTICLE 23 OF THE ARTICLES OF ASSOCIATION)

General Meetings are convened and deliberate according to the terms stipulated by law. General Meetings take place at the registered office or at any other place designated in the convocation.

Article 23 of the Articles of Association stipulates that *"The right to take part in General Meetings is granted by registration of shares in the books under the shareholder's or agent's name (in application of*

paragraph 7 of Article L. 228-1 of the French Commercial Code) by no later than midnight, Paris time, on the second banking day preceding the General Meeting, either in registered accounts managed by the company or in bearer accounts managed by an authorised agent".

21.2.6 PROVISIONS IN THE ARTICLES OF ASSOCIATION RELATING TO A CHANGE IN CONTROL

None.

21.2.7 PROVISIONS GOVERNING OWNERSHIP THRESHOLDS (ARTICLE 9 OF THE ARTICLES OF ASSOCIATION)

The Articles of Association require shareholders to notify the Company when their holdings exceed thresholds set forth in Article 233-7 of the French Commercial Code.

Shareholders who, acting alone or in concert, come to hold greater than or less than 3% of the share capital or voting rights, must inform the Company, by registered letter with acknowledgement of receipt, within 15 days of crossing such a threshold.

Failure to comply with the above notice requirement means that shares in excess of the undeclared fraction lose voting rights under the conditions set forth by law. This sanction applies when, at a General Meeting, one or more shareholders owning more than 3% of the capital indicate that no notice was submitted to the company and such failure to notify is duly recorded in the minutes of the General Meeting.

21.2.8 CHANGES IN THE CAPITAL (ARTICLE 29 OF THE ARTICLES OF ASSOCIATION)

All modifications to the capital and the rights attached to the shares making up such capital are governed by the applicable regulations.

There are no provisions in the Company's Articles of Association that impose conditions on such changes that are more restrictive than the legal obligations in effect.

SIGNIFICANT AGREEMENTS

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On 20 March 2015, ALTEN signed a Club Deal contract of up to €160,000,000 for a maximum term of seven years. This Club Deal is designed to fund the ALTEN Group's operating needs as well as its investments and any acquisitions.

ALTEN also made several acquisition agreements in the last two financial years providing for targeted external growth transactions of limited size in respect of the Group's overall size.

To date, the Company has made no other significant agreements, other than in the normal course of its business, that bind the Group as a whole to any significant obligation or commitment.

No member of the Group has made any agreements outside the normal course of their business that bind any Group member to a significant obligation or commitment for the Group as a whole at the publication date of this Registration Document.

INFORMATION FROM THIRD PARTIES, EXPERT DECLARATIONS AND DECLARATIONS OF INTEREST

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None.

PUBLICLY AVAILABLE DOCUMENTS

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The Company's Articles of Association, financial statements, reports of the Statutory Auditors and the minutes of the General Meetings are available at the Company's registered office under the terms set forth by law and in the Articles of Association.

The Company's press releases, annual Registration Documents filed with the AMF along with updates, if any, are available on the Company's website at: **www.alten.com**.

DISCLOSURE OF INTERESTS

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Reference is expressly made to Section 20.3.1, Note 2.4 “Scope of consolidation” and to Section 20.3.2, Note 3.8.

APPENDICES

A

CROSS-REFERENCE TABLE FOR THE ANNUAL FINANCIAL REPORT AND MANAGEMENT REPORT

In accordance with Article 222-3 of the French Financial Markets Authority (Autorité des Marchés Financiers) General Regulations, the Annual Financial Report mentioned in section I of Article L. 451-1-2 of the French Monetary and Financial Code, whose headings are identified under “AFR”, is included in the Registration Document.

It is also specified that the Management Report drawn up in accordance with Article L. 232-23 of the French Commercial Code, is included in this Registration Document.

Headings	Information for	Sections	Pages of the Registration Document
Statement by person responsible	AFR	1.1	115
Company financial statements	AFR	20.3.2	257 to 274
Consolidated financial statements	AFR	20.3.1	219 to 256
Statutory Auditors' report on the company financial statements	AFR	20.4.2	279 to 282
Statutory Auditors' report on the consolidated financial statements	AFR	20.4.1	275 to 278
Management report			
<i>Report on activity of Company and Group</i>			
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