REGISTRATION DOCUMENT 2017

INCLUDING THE ANNUAL FINANCIAL REPORT

contents

REGISTRATION DOCUMENT 2017

INCLUDING THE ANNUAL FINANCIAL REPORT

An international engineering and innovation consultancy group operating in **15 countries** with some **5,000 employees**.

For **50 years** Assystem has been a partner of choice for the largest global industrial groups.

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The original French language version of this Registration Document was filed with the AMF, the French Financial Market Authority, on 11 April 2018 in compliance with Article 212-13 of the AMF's General Registrations. It may be used in support of a financial operation if accompagned by a prospectus validated by the AMF.

The original version of this document was prepared by the issuer and under the responsability of its signatories.

The English-language version of this document is a free translation from the original, which was prepared in French. All possible care has beentaken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions expressed therein, the original language version of the document in French takes precedence over this translation.

A NEW PATH TO GROWTH

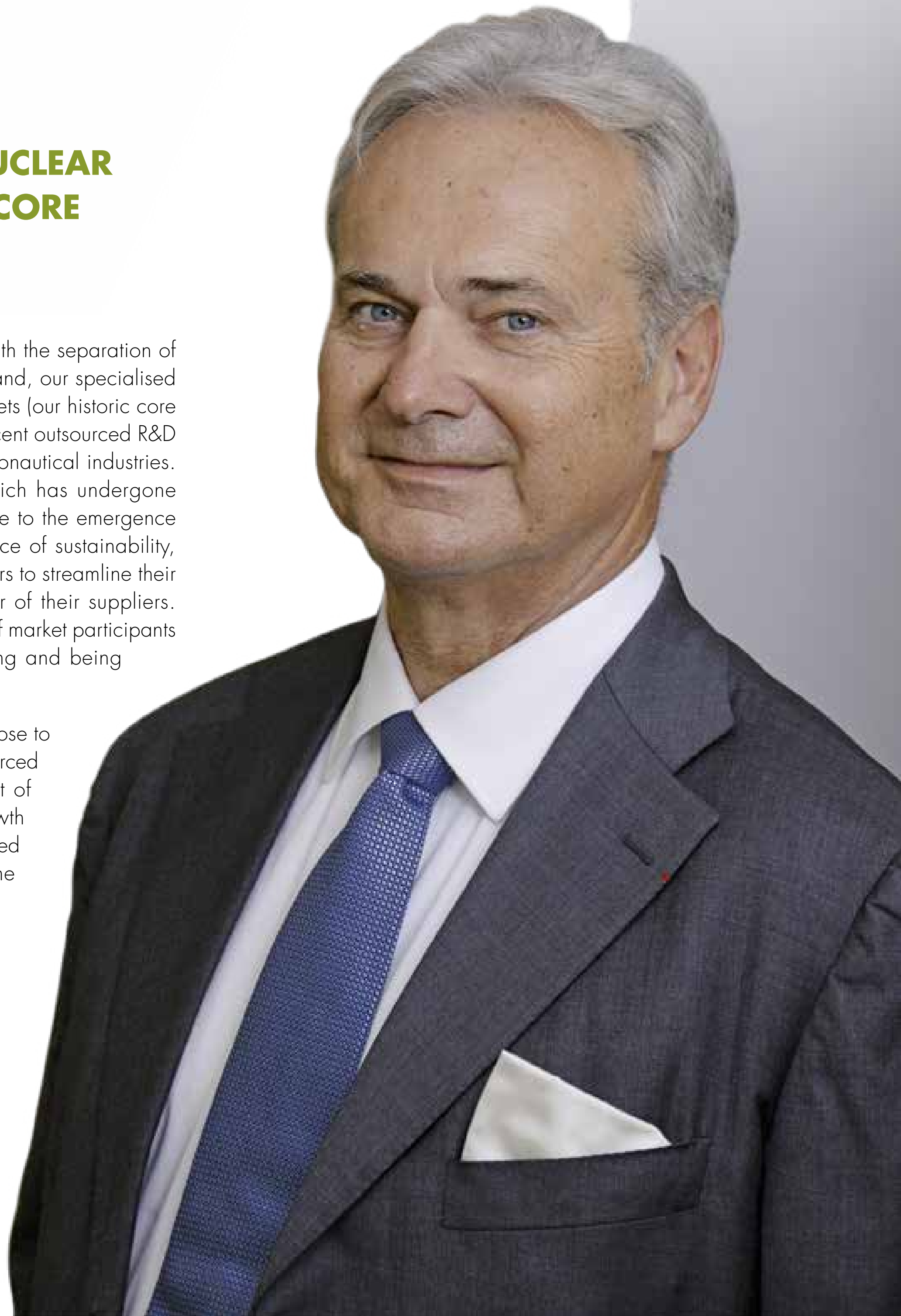
MESSAGE FROM THE CHAIRMAN & CEO

DOMINIQUE LOUIS

2017: STRATEGICALLY REFOCUSING ON THE NUCLEAR SECTOR – THE HISTORIC CORE OF OUR EXPERTISE

2017 marked a turning point for Assystem, with the separation of our two engineering businesses: on the one hand, our specialised activities in the nuclear and infrastructure markets (our historic core business areas), and on the other, our more recent outsourced R&D business, operating in the automotive and aeronautical industries. Outsourced R&D is a high-growth sector which has undergone deep-seated transformation in recent years due to the emergence of new technologies, the increasing importance of sustainability, and measures taken by several industrial players to streamline their procurement policies by reducing the number of their suppliers. The rapid organic and acquisition-led growth of market participants such as Altran, Alten and Akka is both driving and being driven by these changes.

Although Assystem's global size represented close to one billion euros, our business volumes in outsourced R&D meant that we were one of the smallest of the large players. We had better organic growth levels than our competitors but we were hampered by not having the critical mass required in the outsourced R&D market.



In order to stay in the race for size in outsourced R&D, we therefore had two options: either give ourselves the resources to accelerate the business's build up by going it alone as Assystem, a listed company, or applying a build-up strategy on another scale via a private partner with the necessary expertise and financial clout. I decided on the second route, in the interests of both Assystem and its shareholders. This meant transferring control of our outsourced R&D business to a partner with the credentials we were looking for while ensuring that Assystem could remain closely associated with the future success of the new group created from this move – Assystem Technologies.

Outsourced R&D needs are growing rapidly in a globalised market

We chose the private equity firm, Ardian, to accompany us in this new adventure as it represented the best fit in terms of investor profile and offered attractive financial conditions as well as the opportunity to keep an ownership interest in the new group. By reinvesting just over 20% of the sale price in a 39% interest in Assystem Technologies we have put in place a strong earn-out potential.

In early 2018, Assystem Technologies successfully carried out a major build-up transaction by acquiring the German group SQS. This added over €300 million to Assystem Technologies' annual revenue, which means that it already tops the €1 billion mark. Assystem participated in the financing of the acquisition, giving it a 38% interest in the merged outfit. Thanks to the success of this business combination, together with Assystem Technologies' robust revenue momentum (over 13% like-for-like growth in 2017) and clients' rapidly-growing needs in a globalised market, we are confident that we made the right choice.

There were two other key events for Assystem in 2017. First, we launched an offer on the open market to buy back 28.4% of Assystem's outstanding shares at a per-share price of €37.50, giving shareholders the opportunity to directly benefit from a portion of the net proceeds generated from the transfer of control of the outsourced R&D business. And second, we purchased a 5% interest in Framatome (formerly Areva NP).

The stake we have acquired in Framatome sends a strong message about our refocusing on our historic core business, demonstrates our strategic positioning in the French nuclear industry and heightens our international credentials. Our vision for the future – which is underpinned by our joint ventures and agreements with major international players – is rooted in our conviction that nuclear power has an essential role to play in energy transition. It is this vision that will help us achieve our goal of cementing our position as one of the world's leading players in nuclear engineering.

One of the major sources of the CO_2 causing climate change is the massive use of fossil fuels – particularly coal, but also gas – to produce electricity, and we won't be able to address this crisis on a planetary scale by using renewable energies alone. Nuclear energy – which, like renewables, has the advantage of not producing CO_2 – is on the cusp of a renaissance, whose success will hinge on being able to reduce costs and improve plant safety. Serving these objectives is our *raison d'être* at Assystem.

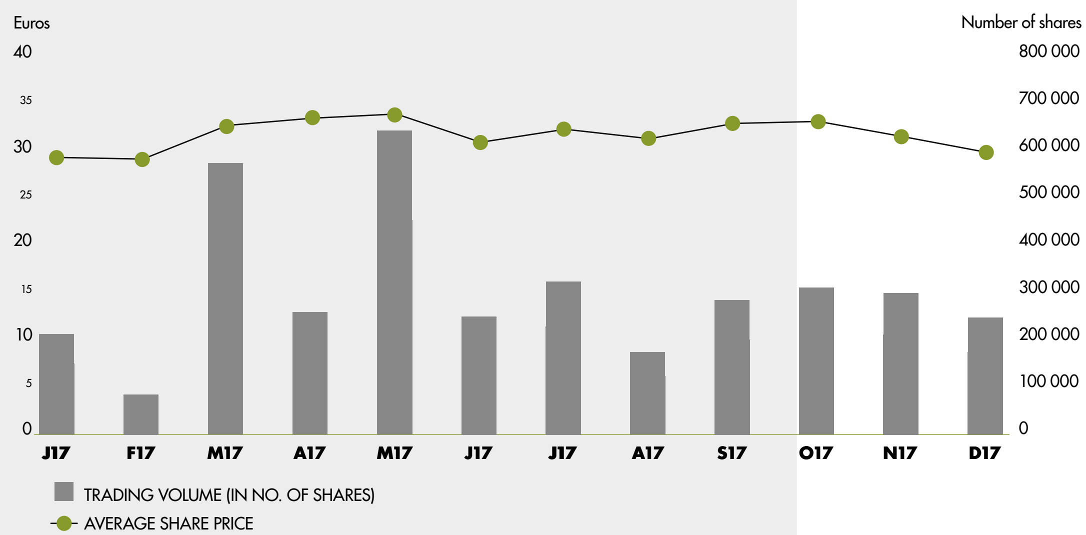
We are seeing robust growth in our core markets

In 2018, our strategy will once again be structured around the three main areas where we are experiencing robust growth: our flagship nuclear business, of course – thanks to our leading position in the French nuclear industry and our international partnerships, as well as transport infrastructure and life sciences.

Dominique Louis

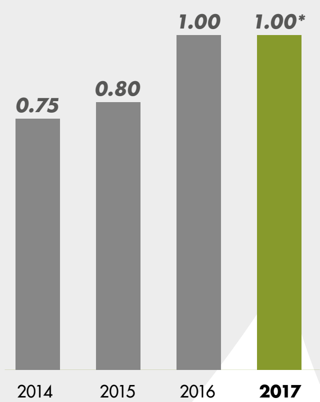
2017 KEY FIGURES

AVERAGE PRICE AND MONTHLY TRADING VOLUMES OF THE ASSYSTEM SHARE IN 2017



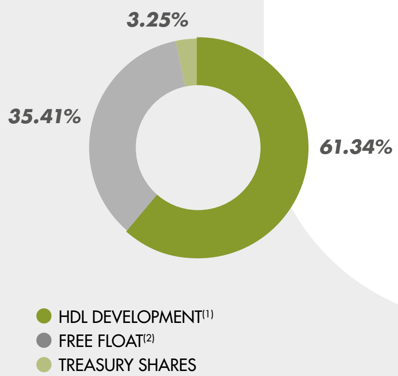
NYSE Euronext Compartiment B
ISIN: FR0000074148
Share included in the CAC All-Tradable index

DIVIDEND PAR SHARE *(IN €)*



* *Dividend that will be recommended at the 16 May 2018 Annual General Meeting*

OWNERSHIP STRUCTURE AT 31 DECEMBER 2017

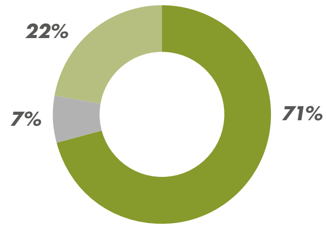


(1) HDL Development is a holding company controlled by Dominique Louis (Assystem's Chairman & CEO), notably through HDL, which itself holds 0.22% of Assystem's capital.
(2) Including 0.22% held by HDL.

BREAKDOWN OF REVENUE BY DIVISION
(in millions of euros)

- ENERGY & INFRASTRUCTURE – NUCLEAR
- ENERGY & INFRASTRUCTURE – ET&I
- STAFFING
- OTHER

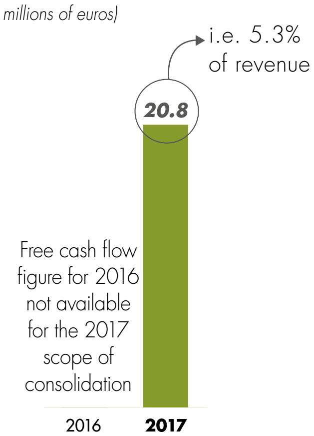
BREAKDOWN OF REVENUE BY BUSINESS SECTOR



- ENERGY (including Nuclear: 52%)
- LIFE SCIENCES
- OTHER (including Building: 9%)

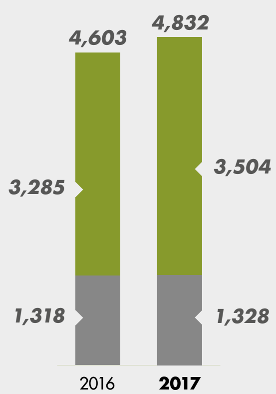
EBITA
(in millions of euros)

FREE CASH FLOW*
(in millions of euros)



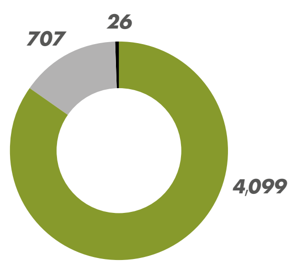
* *Free cash flow = Net cash generated from operating activities less capital expenditure, net of disposals.*

EMPLOYEE NUMBERS BY GEOGRAPHIC REGION



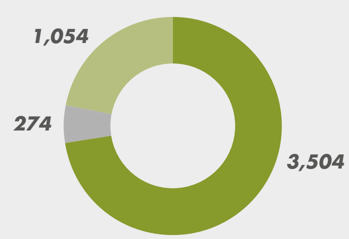
- FRANCE
- OUTSIDE FRANCE

EMPLOYEE NUMBERS BY DIVISION



- ENERGY & INFRASTRUCTURE
- STAFFING
- OTHER

EMPLOYEE NUMBERS BY COUNTRY



- FRANCE
- UK/BELGIUM/SWITZERLAND
- AFRICA/MIDDLE EAST/ASIA

1

PRESENTATION OF THE GROUP

1.1 HISTORY

1966 TO 1995: THE NUCLEAR INDUSTRY YEARS

The Assystem Group's history began in 1966, when a team of nuclear engineers and technicians in France created Atem, a company specialised in the commissioning of industrial units. The Group's business development was subsequently driven by the major nuclear equipment programme put in place by the French State after the first oil crisis in 1973.

In the 1980s, Atem began to diversify into project management, mainly in industrial automation and IT, and working with clients in sectors such as automotive, steel, space and defence.

In 1989, Atem teamed up with Cogema to form Alphatem, a company that was dedicated to testing and commissioning equipment and facilities purchased under Cogema's capital expenditure programmes (an irradiated fuel reprocessing plant in the Hague and the Melox plant in the Gard region of France which produces MOX fuel assemblies).

In 1994, Atem and Alphatem merged to create Assystem, which was floated on the Paris stock exchange (Second Marché) in 1995.

1996 TO 2003: BUSINESS DIVERSIFICATION

From 1996, the end of the investment cycle in the construction of new industrial facilities (nuclear power stations and reprocessing plants) in the nuclear industry in France and the rest of the world marked the start of a new era for Assystem, which diversified into product design and development for the aeronautics and automotive sectors (with the acquisition of Studia in France), whilst retaining its specific skills and expertise in the nuclear sector.

2003 TO 2016: INTERNATIONAL DEVELOPMENT

In 2003, the merger with Brime Technologies allowed Assystem to penetrate the new technologies sector and opened the way for the Group to go global.

The Group then carried out several significant acquisitions in 2004 and 2005, which changed its structure and enabled it to expand its client portfolio: Inbis Ltd in the United Kingdom (an industrial engineering group working in the aeronautics, automotive and nuclear industries) and SKI Team and Atena in Germany.

In 2008, Assystem consolidated its presence in India by creating Silver Atena which brought together Silver Software (a company based in India specialised in embedded safety-critical systems) and the German company, Atena.

In 2010, Assystem joined forces with the UK engineering company, Atkins, to create N.triple.a, an engineering firm specialised in the nuclear sector and dedicated to international projects.

In 2011 and 2012, Assystem acquired Berner & Mattner (embedded systems for the automotive industry in Germany) and the MPH Group (nuclear engineering in France and staffing of consultants specialising in Oil & Gas and Industry in the Middle East and Africa).

Since then, Assystem has strengthened its operating presence in the Middle East through the following:

- In September 2013 it based the Executive Management Department for the Energy & Infrastructure division in Dubai.
- In January 2015 it acquired Radicon – an engineering company with 400 employees based in Al Khobar and Riyadh in Saudi Arabia – which enabled Assystem to double its size in the Arabian Gulf region and win market share in the infrastructure, energy and transport sectors.
- In June 2016 it acquired a 51% interest in the Turkish engineering company Envy – a well-established player in Turkey's engineering services market, operating primarily in the energy and transport sectors. Envy is involved in two nuclear power station construction projects: Akkuyu (a Rosatom project) and Sinop (an Atmea project). Rosatom – which is a leading operator and vendor of nuclear power stations – is a major client for Envy. The acquisition of Envy was strategically important for Assystem in view of the expansion opportunities it offers in numerous geographic regions.

In 2016, several strategic partnerships and acquisitions were finalised:

- Momentum – a consortium equally owned by Amec Foster Wheeler, Assystem Energy & Infrastructure (E&I) and KEPCO E&C) – which was named construction management-as-agent contractor for an international project involving the assembly of over a million components for the world's largest fusion reactor. Momentum will play a key role in the international effort to make fusion a viable source of almost limitless carbon-free energy.
- The acquisition of the entire capital of Onyx Promavi, a France-based company specialised in project planning, cost control, deadline management and risk management for major French and international infrastructure projects, which has a high-quality portfolio of clients in the energy, environment, transport and defence sectors. Through this acquisition, Assystem's Energy & Infrastructure division (E&I) has enhanced the business processes and client portfolio of its Project Management Consultancy (PMC) business, which is dedicated to supporting complex projects subject to significant regulatory constraints.
- The acquisition of a controlling interest in Aerotec Concept, a well-established player in the airplane/helicopter refurbishment and customisation market which has carved out a strong presence in the fast-growing markets for bespoke cabin fittings, avionics modifications and connectivity. This acquisition strengthened the Aerospace services offering of Assystem's Global Product Solutions division (GPS).
- The acquisition of the entire capital of BATIR Group, a French engineering company specialised in nuclear civil engineering and technical and architectural synthesis using BIM (Building Information Modelling). This acquisition has broadened the construction engineering offering of Assystem E&I for complex industrial and nuclear buildings, and is helping promote the use of BIM.

- The acquisition of all of the shares of Edison Technical Recruitment Limited ("Edison"), a company based in Birmingham in the UK. Edison is a leading specialist engineering recruitment agency with a particular focus on electronics, electrical systems and software engineering and is a preferred partner for the UK's main automotive industry players. Edison offers expert recruitment services to blue chip OEMs and Tier One suppliers in the UK, in areas such as R&D, product development, electrical/electronics engineering and chassis and powertrain engineering.

2017: A MAJOR STRATEGIC TURNING POINT – TRANSFER OF CONTROL OF THE GPS DIVISION TO ARDIAN AND ACCELERATION OF BUSINESS EXPANSION FOR THE E&I DIVISION

In 2017, Assystem made two key strategic moves, with the aim of speeding up the growth of its two core businesses – GPS and E&I. These moves have clear advantages for both businesses, giving our clients solutions that closely meet their needs while opening up opportunities for our people and creating value for our shareholders.

TRANSFER OF CONTROL OF THE GPS DIVISION

As announced on 11 May 2017, on 28 September 2017, Assystem SA transferred its outsourced R&D division – Global Product Solutions (GPS) – to a special-purpose acquisition company 60.77% owned by an investment fund managed by the private equity firm, Ardian, and 39.23% owned by Assystem. Out of the €530 million sale proceeds (after costs and taxes related to the transaction), Assystem reinvested €124.3 million in equity and quasi-equity issued by the parent of the acquisition company. This investment has been consolidated by the equity method in Assystem's financial statements since 1 October 2017.

The acquisition company was then named Assystem Technologies Groupe. At 31 December 2017, Assystem Technologies Groupe and its subsidiaries had more than 9,000 employees working in a dozen countries. It partners clients in the aeronautics, defence, automotive, transport and industry sectors, from the design through to marketing of their products and services. Its business is highly technical and it draws on proven expertise in complex and critical systems.

The aim of the overall operation was twofold: (i) to enable Assystem Technologies to remain one of the leading players in the consolidation process currently taking place in the outsourced R&D market by giving it access to the resources and expertise that Ardian deploys to support the growth of its holdings (particularly in terms of identifying, financing and integrating acquisitions), therefore helping it to diversify its geographic presence and client portfolio, and (ii) to enable Assystem to retain an interest in the new entity's value creation thanks to the stake in its capital.

In line with these same objectives:

- In early February 2018, through a public tender offer launched on 15 December 2017 on the Alternative Investment Market of the London Stock Exchange, Assystem Technologies acquired a controlling interest of over 95% in the German Group, SQS. SQS has 4,500 employees in 19 countries (including 2,000 in India) and generates over €320 million in annual revenue. It has built up solid and widely-recognised expertise in providing digital strategy consulting services to its clients and carrying out tests for software applications, systems, processes and networks. With some 14,000 employees, the merged outfit will generate around €1 billion in revenue (based on 2017 business volumes), of which approximately 60% will derive from outside France and over 15% from the bank/insurance sector in which Assystem Technologies was not present before the acquisition.
- On 31 January 2018, Assystem invested €60.7 million in an equity financing round carried out by Assystem Technologies Groupe (ATG, the parent of Assystem Technologies) for the purpose of helping finance the acquisition of SQS. Following this financing round, Assystem's interest in the newly-configured ATG was a slightly lower 38.16%. Assystem's participation in the financing – which brought its total investment in ATG to €185 million – was funded by credit facilities arranged with Assystem's banks in addition to its existing facilities so that it could retain the financial resources it needs to grow Assystem Energy & Infrastructure.

REFOCUSING ON THE ENERGY & INFRASTRUCTURE DIVISION (ASSYSTEM E&I)

The transfer of control of its GPS division has meant that Assystem can now refocus on the growth of the division that it still wholly controls – Energy & Infrastructure. In line with this objective, in late 2017, Assystem acquired a 5% stake in Framatome, strengthening its long-standing partnership with EDF, the key client of the E&I division's Nuclear business. It also carried out two other strategic acquisitions towards the end of the year. The first of these strengthens its position in life sciences – which is a priority development sector for the E&I division's Energy Transition & Infrastructures business – and the second benefits both of the division's businesses by giving it a leading position in the project management field in France.

Strengthening Assystem's long-standing partnership with EDF – Acquisition of a 5% stake in Framatome

As a leading nuclear engineering player, Assystem is well placed to leverage the anticipated rapid growth in demand for nuclear engineering throughout the world as fossil fuels are replaced by low-carbon sources of electricity.

With this in mind, in late 2017 Assystem took part in the reconfiguration of the French nuclear industry by purchasing from Areva NP a 5% ownership interest in Framatome, for €123.7 million. Consequently, Framatome – which generates annual revenue of around €3 billion – is now 75.5% owned by EDF, 19.5% by Mitsubishi Heavy Industries Ltd and 5% by Assystem. It is the Company to which Areva NP transferred its assets and activities related to (i) the design and supply of nuclear reactor equipment, (ii) the design and supply of fuel assemblies and (iii) services provided to a large worldwide installed base of nuclear reactors.

This investment forms part of a broader agreement between Assystem and EDF aimed at consolidating their partnership, particularly concerning maintenance services carried out on civilian nuclear reactors in France and the United Kingdom to ensure they remain in proper operating condition. It also opens up opportunities for Assystem in the new-build market in the French nuclear industry. At the same time, it should enable Assystem to strengthen its ties with France's key nuclear participants while leaving it entirely free to continue its projects with other major international players.

Acquisitions in the life sciences and project management sectors

Drawing on the expertise it has built up in managing complex projects subject to significant regulatory constraints as well as the advances made in robotics and digitisation of engineering services, in 2017 Assystem continued to expand its business through both organic and acquisition-led growth in the following high-growth markets: transport infrastructure, life sciences, energy efficiency of buildings and security systems.

Consequently, in late 2017 Assystem made two new acquisitions:

- The purchase of a 72.7% interest in The Biotech Quality Group (BQG) – a Belgian consulting firm that specialises in performance management and improving regulatory compliance within Europe's pharmaceutical and biotech industries.

  BQG currently employs some 100 people and generates a total of €11 million in annual revenue across Belgium, France and Switzerland. Since it was founded in 2011 it has developed a range of bespoke methods and tools aimed at increasing the maturity and transforming the practices of the (bio)pharmaceutical industry, reducing time to market and production stoppages, and effectively managing and remedying crisis situations. BQG provides its clients with the necessary expertise to ensure that their projects meet the highest standards in terms of compliance, quality and performance.

  BQG's skills and client portfolio form an excellent strategic fit with those of Assystem in the Life Sciences sector as Assystem is specialised in the operational aspects of commissioning, certifying and validating drug and biopharmaceutical production lines allowing manufacturers to comply with the most stringent regulatory requirements, both in Europe and the USA. The combined skills and expertise of BQG and Assystem will enable us to propose to the market a unique offering encompassing quality, regulatory compliance and performance at all stages of a drug's life cycle, from the creation phase right up until it is introduced on the market.

  As a result of the acquisition of BQG, the number of Assystem's engineers, pharmacists and academics specialised in commissioning, certification, validation and regulatory compliance in the pharmaceutical and biotech industries in Europe has increased to nearly 400. The merged outfit is expected to generate around €40 million in revenue in 2018.

  Through this move, Assystem has taken another major step forward in implementing its Life Sciences strategy, which is aimed at making the Group a European leader in the areas of commissioning, certification, validation and regulatory compliance in the pharmaceutical and biotech industries in Europe and at further developing its Life Sciences engineering activities. In order to leverage commercial, technical and organisational synergies between BQG's activities and Assystem's existing operations in the Life Sciences sector, it is planned that all of BQG's and Assystem's Life Sciences operations will be brought together into a single entity, which will be 88.7% owned by Assystem.

- The purchase of the entire capital of the French company, Euro Contrôle Projet ("ECP") from its founder, Bruno Sucré, and its other shareholders.

  Highly-respected for its project management skills, ECP generates annual revenue of around €21 million and has 220 employees. It is a specialist in the Project Management Office (PMO) concept and covers the entire spectrum of corresponding services, i.e. planning and cost optimisation as well as risk, contract and quality management.

  ECP has a diverse portfolio of clients operating in a wide range of sectors (defence, transport, nuclear, Oil & Gas and chemicals) and its acquisition has already propelled Assystem's PMO business into the ranks of the market's leaders, with 350 specialised engineers and forecast annual revenue of €30 million for 2018.

  Assystem now intends to accelerate the development of its PMO offering for all of its French and international clients (particularly those operating in the nuclear, transport and life sciences sectors), in order to meet their growing requirements for managing complex projects, and particularly to factor in the increasing digitisation of project management processes. Its overall aim is to strengthen the PMO business's leadership position, increasing its workforce to 500 and its annual revenue to €50 million by 2020.

ASSYSTEM TODAY: 50 YEARS OF SERVING INNOVATION

Our business: industrial engineering

Assystem is the engineering partner of choice for leading global industrial groups. Having worked at the core of the industry for the past fifty years, our teams of engineers design and develop the products and services of the future, build and ensure the optimal use of our clients' equipment and facilities throughout their life cycle, and coordinate and see through the completion of their projects and infrastructure.

We have over 4,800 highly-committed employees who contribute their specific talents, know-how and values to help our clients meet the range of challenges they face on a daily basis, such as producing cleaner energy and making electric transport widely available.

Our teams are trained to master and build skills whilst being able to adapt to the challenges inherent in innovation, risk management and complex projects. Operating in 15 countries, they work hard every day across the globe to share their expertise, optimise their know-how and bring our clients' and partners' projects to fruition.

1.2 BUSINESS OVERVIEW AND GROUP STRATEGY

Assystem now operates in the engineering market through two divisions:

- **Energy & Infrastructure** (86.4% of 2017 revenue);
- **Staffing** (11.4% of 2017 revenue).

Assystem is still closely associated with the growth of its former GPS division as a result of its ownership interest in Assystem Technologies (39.20% at 31 December 2017 and 38.16% since 31 January 2018). This investment is accounted for by the equity method in Assystem's consolidated financial statements.

1.2.1 ENERGY & INFRASTRUCTURE

Assystem's **Energy & Infrastructure (E&I)** division works with nuclear utilities companies and contractors, players in the conventional and renewable energy sectors, designers and operators of transport infrastructure and other complex infrastructure, and life sciences companies, providing them with the expertise it has built up through its long experience in the nuclear industry and infrastructure engineering in environments with complex operating conditions and/or stringent safety requirements.

E&I operates in France and internationally in the Nuclear, Energy, and Infrastructure (collective and industrial) markets and its clients are generally large prime contractors. It specialises in research instruments, electricity production plants and the fuel cycle, urban and regional transport systems, site decommissioning and waste processing. It is a well-established player in both infrastructure transformation (new methods of producing and storing electrical energy) and digital transformation (project development and providing secure solutions for users).

E&I's engineering operations are structured around technical and project departments and its business areas include project management consultancy, engineering procurement and construction management, design engineering, and systems integration.

Project Management Consultancy (PMC)

E&I's PMC teams use project management methods put in place by Assystem based on an international PMC model that is suitable for complex installations. PMC services generally include assistance with the construction and start-up phases as well as for commissioning tests, with the design and performance of safety tests forming a particularly important aspect.

Assystem's main PMC projects are currently being carried out for (i) EDF (assistance for power plant activities such as on-line maintenance and outages, as well as for the construction of the EPR at Flamanville, France), (ii) Société du Grand Paris (concerning the creation of the new Grand Paris Express transport network), (iii) CEA (in the areas of defence, decommissioning and waste processing), and (iv) the ITER project based in Cadarache, France.

Engineering Procurement and Construction management (EPCm)

Assystem provides EPCm services across all project phases, from design through to decommissioning. Our expertise in this area covers new projects as well as decommissioning and waste recovery and processing programmes.

The main EPCm projects we are currently working on concern (i) buildings and electrical easements for ITER, (ii) the automation of lines and the renewal of trains for the underground rail network in Marseille, (iii) ancillary buildings for EPRs in the UK, and (iv) the nuclear portion of the CIGEO radioactive waste storage project.

Design engineering

This business area covers design, assistance with configuration management, logistical support, customisation and research into the related risks. In the nuclear sector, the focus of our design engineering work is on demonstrating how operators can meet their safety objectives, which we do by analysing risks and verifying the resistance of systems based on scenarios of attacks and internal failures.

For its operations and design support services, Assystem has in-depth multi-sector expertise and its wealth of experience includes signalling designs for SNCF Réseau, mechanical and fluids systems designs, Balance of Plant analyses for the energy sector, detailed designs for the conventional turbine islands of EDF's nuclear power plants, designs of elementary and command/control systems, and materials classification analyses.

Systems integration

Systems integration services are used for complex projects, for which Assystem draws on its expertise in automation and the construction of buildings intended for complex processes. These services not only cover the installation phase but continue right through to the commissioning tests for the processes themselves. They are provided in a wide range of fields and our experience in this area includes projects related to the cybersecurity of an energy transmission network, the energy efficiency of the Paris High Court and the command and control systems for nuclear power plants.

Update on 2017: an important year for E&I

A STRONGER POSITION IN THE NUCLEAR INDUSTRY

The Group is now focusing its business development efforts on its E&I division, as illustrated by (i) its acquisition of an ownership interest in Framatome, which will boost the division's Nuclear business (see page 9), and (ii) its recent acquisitions in the life sciences and project management sectors (see page 10).

FORGING PARTNERSHIPS FOR SERVING INTERNATIONAL PROJECTS

Partnership between PreussenElektra and Assystem

In May 2017, Assystem signed a memorandum of understanding with the German company, PreussenElektra GmbH, to work together in the areas of nuclear engineering and consulting. This nuclear alliance will benefit the global civil nuclear market by combining the operating and maintenance capabilities of PreussenElektra (one of the world's top performers in nuclear generation) and the nuclear engineering and project expertise of Assystem. The project's primary focus will be to help implement the nuclear programme in the United Emirates and its geographic scope of operations may subsequently be extended.

Joint venture with AxisCades

In June 2017, Assystem E&I and the Indian company AxisCades Engineering Technologies Ltd. signed a memorandum of understanding to form a joint venture in India. This joint venture – whose underlying aim is to partner the growth of India's nuclear programmes – will offer engineering services in the energy sector for Indian and international electricity utilities and their equipment manufacturers, in accordance with terms and conditions that will be set in the final joint venture agreement.

Memorandum of cooperation with the Rosatom Group

At the International Forum Atomexpo 2017 held in Moscow, the ASE Group (the engineering arm of the Russian State-owned corporation, Roscom) signed a memorandum of cooperation with Assystem for promoting and implementing solutions based on the development of ASE's Multi-D technology. These solutions will be offered to nuclear power plant operators across the globe, but particularly in Europe and the Middle East. The signature of this memorandum marks the start of active cooperation between ASE and Assystem for joint participation in the design, construction and commissioning of new nuclear power plants outside Russia. It will also allow the two companies to work together in the fields of engineering and supply chain management, including equipment for nuclear power plants and thermal power plants. In addition, the two groups will collaborate in the fields of research reactors and nuclear power plant decommissioning.

A prestigious award

The Engage consortium team (jointly controlled on an equal basis by Assystem, the French company Egis, the UK company Atkins, and the Spanish company Empresarios Agrupados) has won the Industry and Technology Consulting Award for its work on the International Thermonuclear Experimental Reactor (ITER) project. Launched ten years ago at Cadarache in the south of France, the ITER project – which is bringing together numerous nations across the world – is aimed at demonstrating the scientific and technological feasibility of nuclear fusion as a source of power. The scale and scope of the ITER project rank it as the most ambitious energy project in the world.

ROBUST MOMENTUM FOR TRANSPORT SYSTEM PROJECTS

Eole project: Assystem selected for a key project management role

As part of the "Eole" project to extend Line E of the Paris RER suburban rail link out to the west of the city, SNCF Réseau – which is in charge of the project – has selected Assystem to be responsible for Scheduling, Construction Management and Coordination (SCMC) for all of the civil engineering and systems contractors involved in the line extension from Haussmann-Saint-Lazare station in central Paris to Nanterre La Folie station in the business district.

A specialist in project management and systems integration, Assystem has teamed up with the Louis Berger Group for its work on this project. The new RER Line E will be the most interconnected of Paris's suburban rail links and will offer a new quality of service for mass transit. Planning and coordination will be absolutely vital for creating the extension – whose central section is in an extremely densely populated area – as it will require the construction of 8 km of new infrastructure and an exceptional level of works.

AN INNOVATIVE AND DIGITAL COMPANY

Assystem Energy & Infrastructure launches its "Imagine" program to partner its clients in new engineering challenges

The engineering industry is currently undergoing an unprecedented period of change, with new cross-functional solutions such as Building Information Modelling (BIM) and Product Lifecycle Management (PLM) affecting the entire business chain, in areas as varied as project management, installation and maintenance programmes, industrial transfers and architectural design.

Spearheaded by Assystem E&I's Chief Technology Officer, the Imagine programme will act as a catalyst for all types of innovations, both technological and process-based and those developed in-house and externally, in partnership with diverse players including universities, schools, incubators, research clusters, start-ups, clients, and suppliers. It will also enable Assystem E&I to identify joint-development projects so that it can be ahead of the curve when it comes to meeting its clients' future needs for skills and solutions.

The programme has two main objectives: first, to reinforce the Group's long-standing skills in project management and security and safety, and second, to develop new digital transformation solutions that are adapted to the latest challenges facing players in the energy, transport and healthcare sectors. The Imagine programme is ultimately intended to lead to the creation of a collaborative, open-source platform accessible by all contributors, including Assystem E&I's clients.

1.2.2 STAFFING

The **Staffing** division – which operates through the MPH Group – provides specialist consultants to companies in the Oil & Gas and other industrial sectors, primarily in the Middle East, Africa and Asia.

MPH is a well-established player in the field of technical and engineering recruitment services for the Oil & Gas, energy, aerospace, defence, telecommunications, railway, mining, metallurgy, environmental and nuclear industries. In recent years the MPH Group has been significantly affected by lower capital spending in the Oil & Gas sector – the world's largest market for staffing – and is therefore gradually building up its client portfolio in other markets.

1.2.3 ASSYSTEM TECHNOLOGIES

Until the acquisition of SQS, the Assystem Technologies group – in which Assystem SA holds a 38.2% interest (see Sections 1.1 and 1.3 above) – was specialised in outsourced research and development for industrial clients operating in the Aerospace, Automotive, Transport (rail) and Industry sectors. The acquisition of SQS (see Section 1.1 above) has broadened the group's field of expertise and diversified its client portfolio, particularly by adding the bank/insurance sector.

1.2.4 THE GROUP'S STRATEGY

The Group's expansion drive is now focused on its E&I division, for which the strategy is to:

- combine organic and external growth in a balanced way;
- consolidate the globalisation of its activities;
- develop new services for existing clients and enlarge the client portfolio, in particular by gaining additional skills through hiring employees and/or acquiring companies that possess those skills;
- ensure that client offerings remain competitive by using an appropriate mix of resources based in Western Europe and elsewhere in the world.

The objective for the Staffing division is to grow its portfolio of clients in the Industry sector in order to mitigate the effect of the morose market for staffing in the Oil & Gas sector.

50 YEARS OF EXPERTISE

SOME 5,000 EMPLOYEES

A GLOBAL PRESENCE WITH SUBSIDIARIES IN 15 COUNTRIES

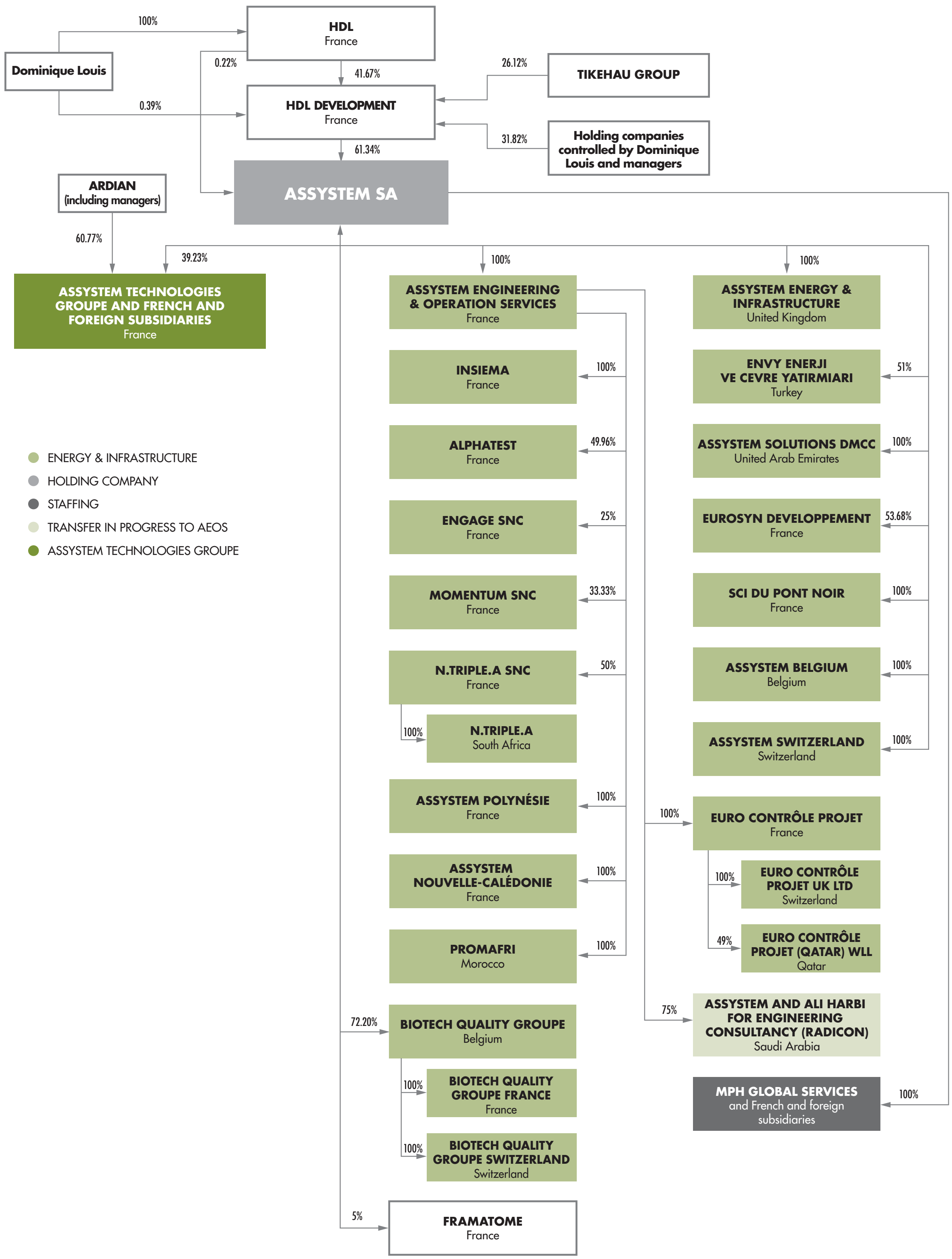
(Belgium, France and French overseas territories, India, Malaysia, Morocco, Nigeria, Qatar, Romania, Russia, Saudi Arabia, Singapore, Switzerland, Turkey, United Arab Emirates, United Kingdom)

€395.2 MILLION IN REVENUE

REGISTERED OFFICE: PARIS (FRANCE)

LISTED ON EURONEXT PARIS

1.3 SIMPLIFIED ORGANISATION CHART OF THE GROUP AT 31 DECEMBER 2017



2

CORPORATE GOVERNANCE REPORT

The Assystem Group has chosen to apply the recommendations contained in the AFEP-MEDEF Corporate Governance Code for Listed Companies, as revised in November 2016 (the AFEP-MEDEF Code).

Under the "Comply or Explain" rule set out in Article L. 225-37 of the French Commercial Code and Article 27.1 of the AFEP-MEDEF Code, the Company hereby states that, in general, its corporate governance practices comply with the recommendations of the AFEP-MEDEF Code but that a number of the recommendations have not been applied. The recommendations it has decided not to apply as well as the reasons for that decision are set out at the beginning of each sub-Chapter concerned.

On 22 May 2014, Assystem was converted into a *société anonyme* (public limited company) with a Board of Directors chaired by Dominique Louis, Chairman & CEO.

The Board is guided in its work by its Rules of Procedure which define its *modus operandi* and include the Securities Trading Code of Conduct. The Board regularly reviews its Rules of Procedure in order to ensure that they are continually in compliance with the applicable laws and regulations. The latest update was carried out by the Board on 1 February 2017 in order to align the Rules with European Union Regulation No. 596/2014 dated 16 April 2014 on market abuse and its implementing legislation, which entered into force on 3 July 2016.

The Group's governance structure – which was adopted based on the industry benchmark – is in line with the recommendations of the AFEP-MEDEF Code and with SBF 250 best practices. It offers a form of governance that is tightly structured around Management, acting under the oversight of three independent directors who ensure a balance of power. This balance is enhanced by the fact that the powers of the Chairman & CEO and the CFO & Deputy CEO are delineated by the Rules of Procedure and the appointment decisions that fall within the remit of the Board.

Assystem's governance structure is also intended to simplify the decision-making process, accelerate the implementation of the Group's strategy, strengthen the Board's accountability, and create closer ties between the Board and Management.

In addition, the Board has two specialised Committees – an Audit Committee and a Nominations and Compensation Committee, each with its own rules of procedure. The existence of these two Committees, whose meetings are not attended by the Chairman & CEO, further strengthens the balance of power.

At 31 December 2017, the Group's executive management team was headed by Dominique Louis (Chairman & CEO) and also comprised Philippe Chevallier (CFO & Deputy CEO) and Stéphane Aubarbier (Executive Vice-President, Energy & Infrastructure).

This report is made up of three main sections: one concerning the Board of Directors (**Section 2.1**), one concerning the compensation of Company officers (**Section 2.2**) and one describing the terms and conditions applicable for participating in General Shareholders' Meetings as well as related-party agreements (**Section 2.3**).

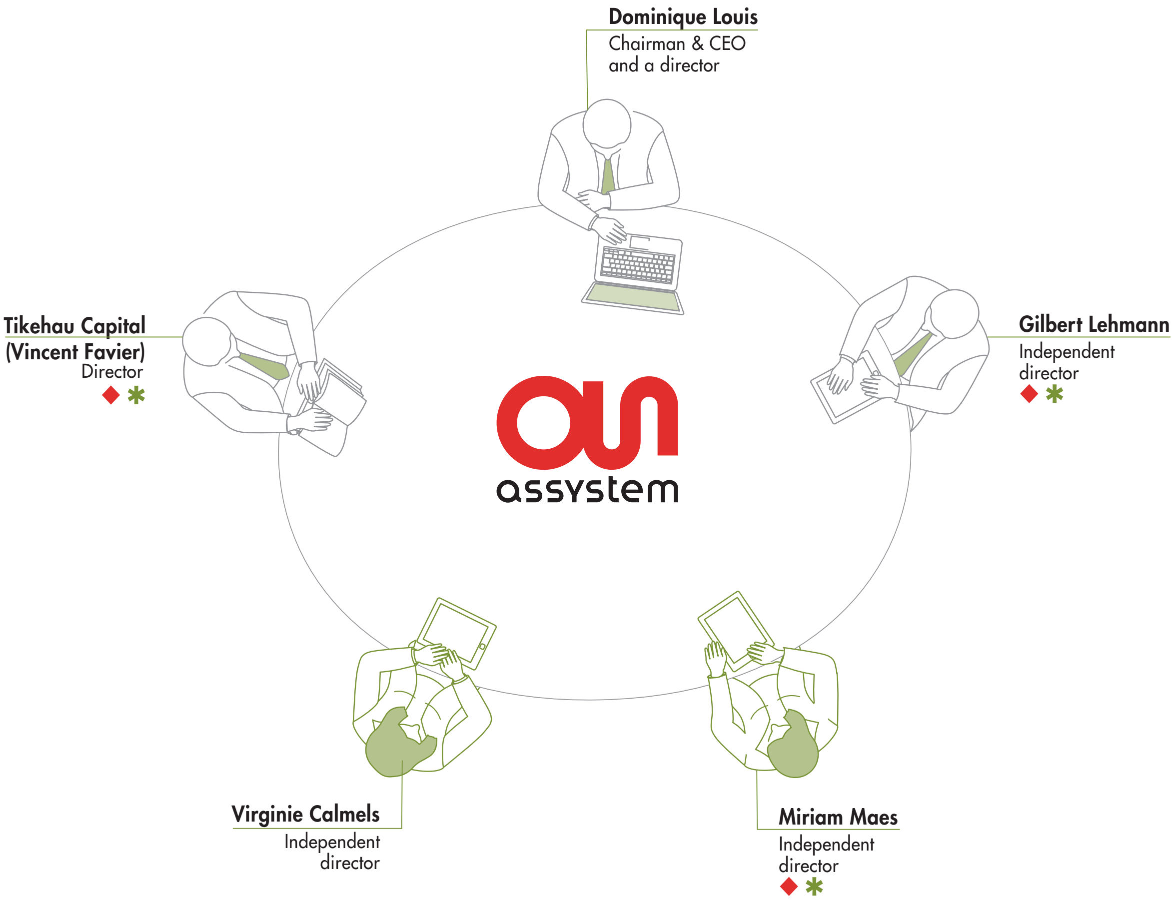
All of the information making up the corporate governance report is shown in the related cross-reference table in Chapter 9 of this Registration Document.

2.1 BOARD OF DIRECTORS

2.1.1 MEMBERS OF THE BOARD OF DIRECTORS

2.1.1.1 General information

MEMBERS OF THE BOARD OF DIRECTORS AT 31 DECEMBER 2017



◆ *Audit Committee*
✱ *Nominations and Compensation Committee*

SUMMARY TABLE OF THE MEMBERS OF THE BOARD OF DIRECTORS AND BOARD COMMITTEES

	Age	Male/ Female	Start of first term of office	End of current term of office	Number of years on the Board	Audit Committee	Nominations and Compensation Committee
Dominique Louis Chairman & CEO	66	M	4 February 1994	2020 AGM	23		
Gilbert Lehmann	72	M	3 May 2004	2020 AGM	13	Chairman x	x
Tikehau Capital (Vincent Favier)	49	M	22 May 2014	2020 AGM	4	x	x
Miriam Maes	61	F	12 May 2011	2020 AGM	7	x	Chair x
Virginie Calmels	46	F	9 March 2016	2020 AGM	2		
Number of meetings in 2017					12	7	1
Average attendance rate					93.33%	95.23%	100%

NUMBER OF DIRECTORS

In accordance with paragraph 1 of Article L. 225-17 of the French Commercial Code, the Board comprises a minimum of three and a maximum of eighteen members elected for a renewable three-year term.

At 31 December 2017, the Board comprised five members:

- Dominique Louis, Chairman & CEO.
- Gilbert Lehmann, independent director(1), Chairman of the Audit Committee and member of the Nominations and Compensation Committee.
- Miriam Maes, independent director(1), member of the Audit Committee and Chair of the Nominations and Compensation Committee.
- Tikehau Capital (whose permanent representative is Vincent Favier), a corporate director and member of the Audit Committee and the Nominations and Compensation Committee. On 30 November 2017, the Board of Directors appointed Tikehau Capital to replace Salvepar as a director (as Salvepar had been merged into Tikehau Capital), for the remainder of Salvepar's term of office, expiring at the Annual General Meeting to be called to approve the 2019 financial statements. The shareholders will be invited to ratify this appointment at the Annual General Meeting on 16 May 2018 (see Chapter 8 of this Registration Document).
- Virginie Calmels, independent director(1).

The Company does not currently have any directors representing employees. However, as a result of the French Act dated 17 August 2015 (the Rebsamen Act), public limited companies in France are now required to have employee representatives on their management bodies. Consequently, following the issue of the Group's Works Council's opinion on this matter on 10 March 2017, during the extraordinary session of the 16 May 2017 Annual General Meeting, the shareholders amended the Company's Articles of Association in order to (i) provide for the Board to include one or more employee representatives, depending on the size of the Board, i.e. one employee representative director if the Board has fewer than 12 members (which is currently the case for Assystem) or two employee representative directors if the Board has more than 12 members, and (ii) set the terms and conditions for appointing the employee representative director(s) (in Assystem's case, appointment by the Group Works Council).

The director representing employees was supposed to take up office within six months of the 16 May 2017 Annual General Meeting. However, in view of the transfer of control of the GPS division that took place on 28 September 2017, the existing Group Works Council was automatically dissolved on 13 September 2017. A new Group Works Council is currently being formed and its scope will include ECP and BQG which were acquired in late 2017 (see Chapter 1). The Company plans to have an employee representative director on the Board by 30 June 2018.

GENDER BALANCE ON THE BOARD OF DIRECTORS

At 31 December 2017, at least 40% of the Board's members were women, in compliance with the requirement of French Act 2011-103 of 27 January 2011 relating to gender equality in the workplace and in particular to gender balance on Boards of Directors.

INDEPENDENT DIRECTORS

The AFEP-MEDEF Code states that in order for a director to be deemed independent they must not:

- be – or have been in the past five years – an employee or executive officer of the Company, or an employee, executive officer or director of its parent or an entity that is consolidated by its parent;
- be an executive officer of an entity in which the Company is a corporate director, either directly or indirectly, or in which an employee or executive officer of the Company (currently in office or having held such office in the past five years) holds a directorship;
- be a customer, supplier, investment banker or commercial banker:
  - that is significant for the Company or the Group, or
  - for which the Company or the Group represents a significant proportion of the entity's business.

(1) As defined in Article 8.5 of the November 2016 version of the AFEP-MEDEF Code.

The Board discusses and assesses whether or not directors have a significant relationship with the Company or the Group. It sets out in the Registration Document the criteria leading to its final assessment, namely that an independent director must not:

- have any close family ties with a company officer;
- have been a Statutory Auditor of the Company in the past five years;
- have been a director of the Company for more than 12 years.

The AFEP-MEDEF Code further specifies that directors who represent major shareholders of the Company may be deemed independent if they do not have a controlling interest in the Company. If a shareholder owns 10% or more of the Company's capital or voting rights, the Board should systematically review whether the director representing that shareholder may be deemed independent in view of the Company's capital structure and any potential conflicts of interest.

At its meeting on 15 March 2018, based on the recommendation of the Nominations and Compensation Committee issued following the Committee Meeting held on that same day, the Board assessed the independence status of its members based on each of the above criteria.

The Board's conclusions are set out in the table below:

	Dominique Louis	Miriam Maes	Gilbert Lehmann	Tikehau Capital (Vincent Favier)	Virginie Calmels
Is not – and has not been in the past five years – an employee or executive officer of the Company, or an employee, executive officer or director of its parent or an entity that is consolidated by its parent.		x	x		x
Is not an executive officer of an entity in which the Company is a corporate director, either directly or indirectly, or in which an employee or executive officer of the Company (currently in office or having held such office in the past five years) holds a directorship.	x	x	x	x	x
Is not a customer, supplier, investment banker or commercial banker: • that is significant for the Company or the Group; or • for which the Company or the Group represents a significant proportion of the entity's business.	x	x	x		x
Has no close family ties with a company officer.	x	x	x	x	x
Has not been a Statutory Auditor of the Company in the past five years.	x	x	x	x	x
Has not been a director of the Company for more than 12 years.		x	*	x	x
Does not represent a shareholder with a controlling interest in the Company or in its parent.		x	x		x
Director's independence status	**Not independent**	**Independent**	**Independent**	**Not independent**	**Independent**

* *As Gilbert Lehmann has been a director of the Company since 3 May 2004, he has not met this criterion since 31 December 2016. In accordance with the AFEP-MEDEF Code, his independence status, along with that of all of the directors, was reviewed by the Board on 7 March 2017, particularly as the Board planned to put him forward for re-election at the 16 May 2017 Annual General Meeting, at which he was accordingly re-elected. Mr. Lehmann's independence status was once again reviewed by both the Nominations and Compensation Committee and the Board on 15 March 2018. As in 2017, the Board considered that the fact Mr. Lehmann has been a director for more than 12 consecutive years does not mean he should lose his classification as an independent director. The aim of this criterion is to ensure that as a result of their time spent on the Board, the director concerned does not lose their financial and professional independence or their capacity to be critical with respect to the Company's executive management team. In reaching its decision the Board took into account not only Mr Lehmann's expertise in key accounting and financial matters related to the nuclear sector – which is Assystem's core business – and his extensive experience in general, but also the fact that he has always taken a completely objective stance in Board discussions and decisions and has demonstrated his ability to express his opinions and form a balanced judgement about the Company's executive management team in all circumstances. The Board also considers that Mr. Lehmann is financially independent from the Group as the directors' fees that he receives from the Company only represent a low proportion of his overall income.*

The membership structure of the Board of Directors, the Audit Committee and the Nominations and Compensation Committee therefore complies with the AFEP-MEDEF Code which specifies that:

- Independent directors must represent at least one third of the Board members of companies that have a controlling shareholder and at least one half for other companies. At 31 December 2017, three of the Company's five directors were independent, i.e. at least one third of the Board.
- At least two thirds of the Audit Committee's members must be independent directors. At 31 December 2017, two of this Committee's three members (Gilbert Lehmann and Miriam Maes) were independent (Tikehau Capital is not independent), i.e. at least two thirds of the Committee.
- The majority of the Nominations and Compensation Committee members must be independent. At 31 December 2017, two of this Committee's three members (Gilbert Lehmann and Miriam Maes) were independent (Tikehau Capital is not independent), i.e. the majority of the Committee.

RESPONSIBLE DIRECTORS

Conflicts of interest

The Company is not aware of any potential conflicts of interest between the directors' and executive managers' duties to Assystem and their own personal interests and/or other obligations.

Furthermore, to the best of the Company's knowledge, none of its officers:

- has been convicted of fraud in the past five years;
- has been associated with a bankruptcy, receivership or liquidation in the past five years;

- has been publicly and officially incriminated and/or sanctioned by statutory or regulatory authorities (including professional bodies);
- has been disqualified by a court from acting as a member of an administrative, management or supervisory body of an issuer or from taking part in the management or conduct of the business of any issuer in the past five years.

Lastly, there are no family ties between the members of the Board.

Securities Trading Code of Conduct

In compliance with the recommendations of the AMF's General Regulations, members of the Board are required to disclose any trades they carry out in the Company's securities and to refrain from trading in any Assystem securities they hold personally during the closed periods specified in the applicable laws and set out in the AMF's General Regulation.

The procedures for applying these trading rules are described in the Company's Securities Trading Code, which was revised by the Board on 1 February 2017 in order to align it with European Union Regulation no. 596/2014 dated 16 April 2014 on market abuse and its implementing legislation, which came into force on 3 July 2016. Each company officer is required to declare in writing that they have read this Code. In addition, each year the Company informs its directors and officers of the dates on which it intends to publish quarterly and half-yearly financial information and the associated closed periods.

This process has been extended to all of the Group's key personnel who have access to inside information.

DIVERSITY POLICY

The Board regularly assesses whether its own membership and that of its Committees is balanced in view of the Company's ownership structure and in terms of the diversity of their members' profiles. Currently, two out of the Board's five members are women, corresponding to 40%. Going forward, the Board intends to keep at least the same proportion of female members and independent directors as it currently has. In addition, the Board has one non-French member (Miriam Maes) and all of its members have international experience.

The Board's structure is aimed at achieving a balance in terms of experience, independence and gender, while reflecting the Group's international profile and avoiding conflicts of interest. The directors are selected based on the above criteria, and notably for their experience and skills (particularly in terms of managing large international groups, understanding of specific issues related to Assystem business, knowledge of the Company's markets, and financial skills).

Thanks to this balanced structure, the Board's discussions and decision-making processes are of the highest quality.

CHANGES ON THE BOARD

Apart from the changes described in Section 2.1.1.1 above, no changes on the Board occurred in 2017 and none are expected to occur in 2018.

2.1.1.2 Information about the Company's directors and officers

Recommendation of the AFEP-MEDEF Code not applied by Assystem	Explanations
The AFEP-MEDEF Code recommends staggering directors' terms of office in order to avoid re-electing all directors at the same time and to ensure a smooth re-election process.	Members of the Board of Directors of Assystem are elected for a three-year term but these terms are not staggered. Consequently, all of the Board's members were re-elected on 16 May 2017. The Company's decision not to apply this recommendation was based on the underlying principles of the Articles of Association and the Rules of Procedure governing the Board's membership structure. As Assystem has a majority shareholder, these principles guarantee fair and collective representation of all shareholders and the best interests of the Company, particularly in view of the presence of independent directors. It was therefore not considered useful to stagger directors' terms of office.

DOMINIQUE LOUIS
Chairman & CEO, Chairman of the Board of directors and a director of Assystem

Born in 1951

A French national

Business address:

Assystem – 70, boulevard de Courcelles, 75017 Paris, France

Date appointed as Chairman & CEO and elected a director:

16 May 2017

End of current term of office: Annual General Meeting to be held in 2020 to approve the 2019 financial statements

As 31 December 2017, Dominique Louis held an indirect interest in the Company's share capital as described in Chapter 1, Section 1.3 of this Registration Document.

Profile

- A qualified engineer (ENSEM), Dominique Louis began his career as a test engineer with Atem, a company specialised in industrial and nuclear engineering. Several years later he created the company R'Data and subsequently, Alphatem, a subsidiary formed jointly with Cogema. Assystem came into being in 1994 following the amalgamation of Atem, R'Data and Alphatem. Dominique Louis oversaw Assystem's IPO in 1995 and has continuously served as the Chairman of the Management Board or the Board of directors since the Company's formation.
- Dominique Louis is a Knight of the French Legion of Honour.

LIST OF OFFICES AND POSTS HELD BY DOMINQIUE LOUIS AT 31 DECEMBER 2017

Offices and posts	Group companies
Offices and posts held in France	
Chairman & CEO and a director	Assystem*
Offices and posts held outside France	
Director	Assystem Solutions DMCC
Offices and posts	**Non-Group companies**
Offices and posts held in France	
Permanent representative of HDL as Chair	HDL Development
Chairman	HDL SAS
Chairman	Entreprises en Croissance SAS (EEC)
Chairman	CEFID SAS
Joint Legal Manager – Chairman of the Management Board	H2DA Sarl
Legal Manager	SCI Les Grives Comtadines
Member of the Supervisory Board	Assystem Technologies Groupe
Offices and posts held outside France	
None	

* *Listed company.*

LIST OF FORMER OFFICES AND POSTS HELD BY DOMINIQUE LOUIS IN THE PAST FIVE YEARS

Offices and posts	Group company
Offices and posts held in France	
Chairman of the Management Board	Assystem*
Offices and posts held outside France	
None	
Offices and posts	**Non-Group company**
Offices and posts held in France	
None	
Offices and posts held outside France	
Director	Samuel Créations (Switzerland)

* *Listed company.*

PHILIPPE CHEVALLIER
CFO & Deputy CEO

Born in 1958

A French national

Business address:

Assystem – 70, boulevard de Courcelles, 75017 Paris, France

Date appointed as CFO & Deputy CEO: 5 June 2015

End of current term of office: Annual General Meeting to be held in 2020 to approve the 2019 financial statements.

At 31 December 2017, Philippe Chevallier did not hold any Assystem shares.

Profile

- A graduate of ESSEC Business School and Sciences Po, Philippe Chevallier began his career at Usinor (later ArcelorMittal) where he was director of financing and director of mergers & acquisitions.
- Mr. Chevallier subsequently held the post of Chief Financial Officer at Elior for 12 years, managing refinancing and equity transactions as well as acquisitions and divestments. After working as a senior advisor at the financial consulting firm June Partners, he was appointed CFO and General Counsel at Assystem on 5 January 2015.
- Since 5 June 2015, Philippe Chevallier has been CFO & Deputy CEO of Assystem.

LIST OF OFFICES AND POSTS HELD BY PHILIPPE CHEVALLIER AT 31 DECEMBER 2017

Offices and posts	Group companies
Offices and posts held in France	
CFO & Deputy CEO	Assystem*
Chairman	ASG Assistance Sécurité et Gardiennage
Non-voting Board member	Assystem Technologies Groupe
Offices and posts held outside France	
Director	Assystem Solutions DMCC
Offices and posts	**Non-Group companies**
Offices and posts held in France	
None	
Offices and posts held outside France	
None	

* *Listed company.*

LIST OF FORMER OFFICES AND POSTS HELD BY PHILIPPE CHEVALLIER IN THE PAST FIVE YEARS

Offices and posts	Group company
Offices and posts held in France	
None	
Offices and posts held outside France	
None	
Offices and posts	**Non-Group companies**
Offices and posts held in France	
Member of the Supervisory Board	Elior Participations
Legal Manager	Elior Concessions Services
Chairman	Elior FA3C
Chairman	Elior Trésorerie
Chairman	Elior Gestion
Chairman	Elior Concessions Marketing
Chairman	Elior Data Concessions
Chairman	Elior Data
Chairman	Bercy Services I
Chairman	Bercy Services II
Chairman	Bercy Services XX
Chairman	Elior Services à la Personne ESP
Chairman	Société de Conception et de Réalisation de Restaurants
Chairman	Ansamble Investissements
Chairman	Assystem International
Offices and posts held outside France	
Chairman and a director	Assystem Canada
Director	Assystem Talent International Management
Director	Assystem Group UK
Director	Assystem Engineering Consulting (Shanghai)
Director	Assystem GmbH
Director	Elior Ristorazione
Director	Elior Investimenti
Director	Gemeaz Elior
Director	Grande Vitesse Catering
Director	MyChef Ristorazione Commerciale
Director	Areas
Director	Serunion

2

GILBERT LEHMANN

A director of Assystem, Chairman of the Audit Committee and member of the Nominations and Compensation Committee

Born in 1945

A French national

Business address:

Assystem – 70, boulevard de Courcelles, 75017 Paris, France

Date elected as a director: 16 May 2017

End of current term of office: Annual General Meeting to be held in 2020 to approve the 2019 financial statements.

At 31 December 2017, Gilbert Lehmann held two Assystem shares.

Profile

- After obtaining a degree in economics and graduating from Sciences Po, Gilbert Lehmann worked in a number of positions in the public banking sector before joining the Framatome Group in 1983, where he served as director of financing and corporate treasury, and then CFO (from 1990 to 1996) and Deputy CEO (from 1996 to 2001).He was subsequently appointed Deputy CEO of Areva when the Company was incorporated in 2001, a post he held until 2008.
- Gilbert Lehmann has held several directorships in listed companies in France and the United States.
- Mr. Lehmann is also a director and Chairman of the Audit Committee of Cadogan Plc. He was a member of Assystem's Supervisory Board from 2003 to 2014.

LIST OF OFFICES AND POSTS HELD BY GILBERT LEHMANN AT 31 DECEMBER 2017

Offices and posts	Group company
Offices and posts held in France	
Director and Chairman of the Audit Committee and member of the Nominations and Compensation Committee	Assystem*
Offices and posts held outside France	
None	
Offices and posts	**Non-Group companies**
Offices and posts held in France	
Managing Partner	Gilbert Lehmann Conseil
Offices and posts held outside France	
Chairman of the Audit Committee and a director	Cadogan Plc (London)*

* *Listed company.*

LIST OF FORMER OFFICES AND POSTS HELD BY GILBERT LEHMANN IN THE PAST FIVE YEARS

Offices and posts	Group company
Offices and posts held in France	
Member of the Supervisory Board	Assystem*
Offices and posts held outside France	
None	
Offices and posts	**Non-Group companies**
Offices and posts held in France	
Vice-Chairman of the Board of Directors and member of the Audit Committee	Eramet*
Director	Framapar*
Director	CNS
Chairman of the Supervisory Board	Lina's Developpement
Offices and posts held outside France	
Director	St Microelectronics Holding BV
Chairman and a director	Sepi – Switzerland

* *Listed company.*

MIRIAM MAES

A director of Assystem, member of the Audit Committee and Chair of the Nominations and Compensation Committee

Born in 1956

A Dutch national

Business address:

Assystem – 70, boulevard de Courcelles, 75017 Paris, France

Date elected as a director: 16 May 2017

End of current term of office:

Annual General Meeting to be held in 2020 to approve the 2019 financial statements.

At 31 December 2017, Miriam Maes did not hold any Assystem shares.

Profile

- Miriam Maes holds a Business Administration degree from Nyenrode Business Universiteit in the Netherlands. She has 30 years' experience of working for multinationals, more than 20 of which spent managing national and international profit centres.
- She began working in the energy sector in 2002, initially at Texas Utilities (TXU) as a member of the European Executive team and later at EDF where she worked as Chief Operating Officer in charge of non-regulated networks and decentralised energy business.
- In 2007 she took on the role as Chair of Foresee, a consulting firm specialising in sustainable development and energy management for businesses.
- In 2010 she was appointed as an adviser to the UK Secretary of State for Energy & Climate Change with the specific task of supporting the UK government's public sector energy and carbon emissions reduction programmes
- Miriam Maes is currently Chair of Elia Group, Chair of the Supervisory Board of the Port of Rotterdam and a director of Naturex, Vilmorin & Cie and Eramet.

LIST OF OFFICES AND POSTS HELD BY MIRIAM MAES AT 31 DECEMBER 2017

Offices and posts	Group company
Offices and posts held in France	
Director, member of the Audit Committee and Chair of the Nominations and Compensation Committee	Assystem*
Offices and posts held outside France	
None	
Offices and posts	**Non-Group companies**
Offices and posts held in France	
Director	Eramet
Director and member of the Compensation Committee	Naturex*
Director and Chair of the Audit Committee	Vilmorin & Cie*
Offices and posts held outside France	
Chair	Elia Asset BV – Brussels (Belgium)*
Chair	Foresee – London (UK)
Chair	Elia System Operator Bv
Non-executive director and member of the Audit Committee	Urenco and Ucn

* *Listed company.*

LIST OF FORMER OFFICES AND POSTS HELD BY MIRIAM MAES IN THE PAST FIVE YEARS

Offices and posts	Group company
Offices and posts held in France	
Member of the Supervisory Board	Assystem*
Offices and posts held outside France	
None	
Offices and posts	**Non-Group companies**
Offices and posts held in France	
None	
Offices and posts held outside France	
Chair	Sabien Technology Group Ltd (UK)
Non-executive director	Elia System Operator - NV
Non-executive director	Elia Asset - NV
Non-executive director	Kiwi Power Ltd

* *Listed company.*

TIKEHAU CAPITAL, REPRESENTED BY VINCENT FAVIER

Public limited company (*société anonyme*) with a share capital of €1,237,754,976 – Registered office located at 32, rue de Monceau, 75008 Paris – Registered with the Paris Trade and Companies Registry under no. 477 599 104.
A director of Assystem, member of the Audit Committee and the Nominations and Compensation Committee, represented on Assystem's Board of Directors and Board Committees by Vincent Favier.

Business address:

Assystem – 70, boulevard de Courcelles, 75017 Paris, France

Date appointed by the Board as a director: 30 November 2017

End of current term of office:

Annual General Meeting to be held in 2020 to approve the 2019 financial statements.

As 31 December 2017, Tikehau Capital held an indirect interest in the Company's share capital as described in Chapter 1, Section 1.3 of this Registration Document.

Profile

- Tikehau Capital is a private equity firm listed on Euronext Paris stock exchange (Code SY). It supports mid-cap companies with the aim of reinforcing the stability of their shareholder structure and accelerating their growth. Tikehau Capital seeks to acquire minority interests in both listed and unlisted companies, favouring companies with international projects or international growth prospects.

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LIST OF OFFICES AND POSTS HELD BY TIKEHAU CAPITAL AT 31 DECEMBER 2017

Offices and posts	Group company
Offices and posts held in France	
Director, member of the Audit Committee and member of the Nominations and Compensation Committee	Assystem*
Offices and posts held outside France	
None	
Offices and posts	**Non-Group companies**
Offices and posts held in France	
Director	HDL Development SAS
Director	Afica – Affinage Champagne Ardennes
Director	Eren Renewable Energy SA
Member of the Supervisory Board	Financière Spie Batignolles
Director	Favi – Le Laiton Injecté
Member of the Supervisory Board and the Audit Committee	Spie Batignolles
Director	Lippi Management
Member of the Supervisory Board	Asten Santé
Director	Derives Resiniques et Terpéniques
Chair	Zéphyr Investissement
Chair	Salvepar Sequoia Investissement
Offices and posts held outside France	
Director	Just Group Holdings Pte Ltd

* *Listed company.*

LIST OF FORMER OFFICES AND POSTS HELD BY TIKEHAU CAPITAL IN THE PAST FIVE YEARS

Offices and posts	Group company
Offices and posts held in France	
Member of the Supervisory Board	Assystem*
Offices and posts held outside France	
None	
Offices and posts	**Non-Group companies**
Offices and posts held in France	
Member of the Supervisory Board	Aviation Latécoère*
Member of the Supervisory Board	Touax*
Non-voting Board member	Le Noble Age*
Member of the Supervisory Board	Lohr SA
Offices and posts held outside France	
None	

* *Listed company.*

VINCENT FAVIER

Permanent representative of Tikehau Capital on the Board of Directors, the Audit Committee and the Nominations and Compensation Committee of Assystem

Born in 1968

A French national

Business address:

Assystem – 70, boulevard de Courcelles, 75017 Paris, France

At 31 December 2017, Vincent Favier did not hold any Assystem shares.

Profile

- A graduate of École Centrale de Lyon and HEC Paris, Vincent Favier began his career as a strategy consultant with Olivier Wyman, where he worked until 1999.
- Mr. Favier subsequently became director of business development and equity interests and a member of the Management Committee at Worms & Cie until 2005 before joining Amber Capital as managing director with responsibility for investment in listed companies and private equity in France.
- From January 2013 to March 2015 Vincent Favier was director of investments and equity interests at Tikehau Capital Advisors. Since April 2015 he has been CEO of Ecoslops, a firm that transforms marine oil residues into fuel.

LIST OF OFFICES AND POSTS HELD BY VINCENT FAVIER AT 31 DECEMBER 2017

Offices and posts	Group company
Offices and posts held in France	
Permanent representative of Tikehau Capital	Assystem*
Offices and posts held outside France	
None	
Offices and posts	**Non-Group companies**
Offices and posts held in France	
Permanent representative of Tikehau Capital	HDL Development SAS
CEO and a director	Ecoslops
Legal Manager	Croissance et Finances
Offices and posts held outside France	
None	

* *Listed company.*

LIST OF FORMER OFFICES AND POSTS HELD BY VINCENT FAVIER IN THE PAST FIVE YEARS

Offices and posts	Group company
Offices and posts held in France	
Permanent representative of Salvepar	Assystem*
Offices and posts held outside France	
None	
Offices and posts	**Non-Group companies**
Offices and posts held in France	
Director	Salvepar
Director	Groupe Flo SA*
Permanent representative of Salvepar as a member of the Supervisory Board and member of the Audit Committee	Spie Batignolles
Permanent representative of Salvepar as a member of the Supervisory Board	Financière Spie Batignolles
Director	Financière Flo Sas
Offices and posts held outside France	
None	

* *Listed company.*

VIRGINIE CALMELS
A director of Assystem

Born in 1971

A French national

Business address:

Assystem – 70, boulevard de Courcelles, 75017 Paris, France

Date elected as a director: 16 May 2017

End of current term of office:

Annual General Meeting to be held in 2020 to approve the 2019 financial statements.

At 31 December 2017, Virginie Calmels did not hold any Assystem shares.

Profile

- Virginie Calmels began her career as an auditor with Salustro Reydel before becoming Chief Financial Officer of the Dutch start-up Sky Gate BV in 1999. She then joined the Canal+ Group where she successively held the positions of Chief Financial Officer, Deputy CEO and joint Chief Operating Officer between 2000 and 2002.
- In 2003, Ms. Calmels was appointed CEO of Endemol France and was subsequently named Chair and CEO in 2007. She then became Chief Operating Officer of the Endemol Group in 2012. She left the Endemol Group in 2013.
- Virginie Calmels is Deputy Mayor of Bordeaux in charge of the Economy, Employment and Sustainable Growth and Vice-President of the Bordeaux Metropolitan Area. She is also a regional councillor and heads a parliamentary Group for the Aquitaine-Limousin-Poitou-Charentes region.
- As well as holding these elected offices, Ms. Calmels is Chair of the Supervisory Board of Euro Disney and a director of Iliad (Free) and Chair of Iliad's Nominations and Compensation Committee.
- Virginie Calmels is also the founder and Chair of SHOWer company and Vice-President of the Centre for Strategic and Prospective Studies (CEPS).

LIST OF OFFICES AND POSTS HELD BY VIRGINIE CALMELS AT 31 DECEMBER 2017

Offices and posts	Group company
Offices and posts held in France	
Director	Assystem*
Offices and posts held outside France	
None	
Offices and posts	**Non-Group companies**
Offices and posts held in France	
Chair	SHOWer company SASU
Director	Iliad
Director	Aéroport de Bordeaux Mérignac
Director	BGI Bordeaux Gironde Investissement
Director	Aerospace Valley
Director	Bordeaux Aéroparc SPL
Deputy Mayor of Bordeaux	
Vice-President of the Bordeaux Metropolitan Area	
Regional councillor for the Aquitaine-Limousin-Poitou-Charentes region	
Offices and posts held outside France	
None	

* *Listed company.*

LIST OF FORMER OFFICES AND POSTS HELD BY VIRGINIE CALMELS IN THE PAST FIVE YEARS

Offices and posts	Group company
Offices and posts held in France	
None	
Offices and posts held outside France	
None	
Offices and posts	**Non-Group companies**
Offices and posts held in France	
Director	MEDEF Paris
Chair	Endemol France
Chair	Endemol Fiction
Chair	Endemol Productions
Chair	Mark Burnett Productions France
Chair	NAO
Chair	DV Prod
Chair	Endemol Jeux
Chair	Tête de Prod
Chair	Orevi
Member of the Executive Committee	Formidooble
Vice-President	Syndicat des producteurs et créateurs d'émissions de télévision
Vice-President	Centre for Strategic and Prospective Studies (CEPS)
Member of the Board of Directors	Technicolor SA
Director	SAEML Régaz
Offices and posts held outside France	
Chief Operating Officer	Endemol Group
Director	Endemol Holding BV
Director	Endemol Denmark A/S
Director	Endemol Italia SpA
Director	Endemol Espana SL
Substitute member of the Board of Directors	Endemol Finland OY
Chair and a director	Endemol Nordic AB
Chair and a director	Endemol Norway AS
Chair and a director	Endemol Sweden AB
Member of the Supervisory Board	Nijenhuis & de Levita Holding BV

2.1.2 CONDITIONS FOR THE PREPARATION AND ORGANISATION OF THE WORK OF THE BOARD OF DIRECTORS

2.1.2.1 General information on the duties and work of the Board of Directors

In accordance with the Company's Articles of Association and the Board of Directors' Rules of Procedure, the Board meets as often as required in the interests of the Company and at least four times a year.

The Board determines the strategic, economic and financial agendas for Assystem's business activities and oversees their implementation. On the initiative of its Chairman, it examines all matters relating to the proper running of Assystem and makes all decisions – notably of a strategic nature – regarding the Company, within the limits of the corporate purpose and subject to the powers expressly vested in shareholders in General Meetings. In particular, this covers all Assystem's strategic decisions.

The Board has sole discretion for deciding how Assystem's executive management should be carried out and who should head the executive management team. This person, who is accountable to the Board, may be the Chairman of the Board or another individual appointed by the Board as Chief Executive Officer.

As stated at the beginning of this Chapter, the Board has set up two specialised Committees with consultative powers tasked with studying and preparing issues to be discussed and decided on by the Board. These Committees are:

- An **Audit Committee**, responsible for assisting the Board in carrying out its financial and audit-related duties and responsibilities. In particular, this Committee's duties include:
  - examining the interim and annual parent company and consolidated financial statements, management reports and trading and earnings statements,
  - verifying compliance with the accounting standards used in the parent company and consolidated financial statements,
  - ensuring that the internal procedures for compiling and verifying data are properly applied,
  - inspecting the quality and relevance of the information disclosed to shareholders,
  - examining the Company's procedures for selecting its Statutory Auditors, and particularly concerning how the auditors are chosen and the conditions applicable to their fees, and ensuring that they maintain their independence throughout the term of their engagement,
  - analysing the annual audit plans drawn up by the Statutory Auditors,
  - reviewing the Board's annual report on the Group's risk exposure, particularly concerning financial and litigation risks, and significant off-balance sheet commitments.
- A **Nominations and Compensation Committee**, responsible for submitting proposals to the Board on the election and re-election of Board members and the appointment or re-appointment of any future CEO and members of the Audit Committee. It is kept informed by the Chairman of the Board of the appointment of other Group executives.

  Furthermore, the Nominations and Compensation Committee makes recommendations to the Board on the amount of directors' fees to be submitted for approval at the Annual General Meeting and how these fees should be allocated among Board members. It may also submit proposals to the Board on the compensation of certain company officers and, at the request of the Chairman of the Board, may issue an opinion on which methods to use for calculating compensation for company executives.

In order for the Board to properly perform its duties, prior to its meetings it is regularly and fully advised of matters submitted to it covering all agenda items, and particularly the running of the Company. In this respect, the Board's Rules of Procedure specify that:

- it is the responsibility of the Chairman of the Board to decide on the agenda for each Board Meeting and to send this agenda to all Board members in a timely fashion and by any appropriate means;
- information about the agenda items must be sent on a timely basis to members prior to Board and Committee Meetings;
- in exceptional cases the Board is authorised to hold its meetings by videoconference or any other means of telecommunication.

In compliance with the AFEP-MEDEF Code, the Board conducts an annual assessment of its operating procedures, its organisation and its membership structure. A formal assessment must also be carried out at least once every three years.

Accordingly, on 6 February 2018, a self-assessment questionnaire about the Board was submitted to its members. The questionnaire covered the Board's organisation and operating procedures, the relationship between the Board and the executive management team, an appraisal of the Company's governance, and an evaluation of individual contributions to the work of the Board and its Committees.

In general, all of the directors thought that the Board's organisation was appropriate and in line with market practices. They felt that the presentations given and the discussions held demonstrated the Board's spirit of cooperation and its collegiate nature. All of the directors considered relations between executive management and the Board to be good and most of the directors felt that they had a good understanding of the Company's business activities, goals and challenges. They believed that there were good-quality, regular discussions and contacts outside of Board Meetings between the directors themselves and between the Board and the executive management team.

A number of areas for improvement were identified, however, such as holding more frequent discussions with E&I operations staff to more effectively monitor the Group's performance and strategy, as described in Chapter 1 of this Registration Document.

2.1.2.2 Work of the Board of Directors and the Board Committees in 2017

THE BOARD OF DIRECTORS

The Board met 12 times in 2017 with an average attendance rate of 93.33%. The main topics addressed by the Board during these meetings were as follows:

- recurring matters, including the parent company and consolidated financial statements, the interim financial statements, quarterly revenue, earnings and trading forecasts, the budget, the compensation packages of executives, the appointment of a director, the self-assessment of Board members, the allocation of directors' fees, sureties, deposits and guarantees and reviewing related party agreements;

- changes in the Group's strategy and planned external growth transactions.

The Board's work particularly covered the following:

- on 25 January 2017, the Board authorised the Chairman & CEO to redeem in advance of maturity all of the outstanding Odirnane bonds issued by the Company in 2014;
- on 9 May 2017, the Board approved:
  - an agreement on transferring the control of the GPS division to an investment fund managed by Ardian (a private equity firm), following which it called a General Meeting for the Company's shareholders to be consulted on the transaction,
  - the filing of a binding offer to invest approximately €125 million in the capital of New Areva NP (renamed Framatome in January 2018), giving it a 5% ownership stake in this company,
  - the principle of a public share buyback offer, involving the repurchase of at least 25% of the Company's outstanding shares (corresponding to at least €200 million), to be launched by the Company in the fourth quarter of 2017 subject to the completion of the transfer of control of GPS;
- on 16 May 2017, the Board renewed Dominique Louis' term of office as Chairman & CEO for a further three years and decided to keep the same members of the Board's Committees;
- on 26 July 2017, the Board decided to grant free shares to 89 Group managers and authorised the refinancing of Assystem's bank borrowings in connection with the transfer of control of GPS to Ardian;
- on 7 September 2017, the Board decided to grant free shares to 12 Group managers and, because a provisional date of 28 September 2017 had been set for the transfer of control of the GPS division, it appointed an independent valuer for the share buyback offer;
- on 16 October 2017, the Board placed on record the independent valuer's statement that the terms and conditions of the share buyback offer were fair, approved said terms and conditions and called a General Meeting in order for the shareholders to vote on the resolution relating to reducing the Company's capital by way of repurchasing shares through a public buyback offer with a view to cancelling them;
- on 21 December 2017, the Board authorised the Company to (i) invest up to €60.72 million in a potential equity financing round to be carried out by Assystem Technologies Groupe in order to help fund the potential acquisition of SQS by an Assystem Technologies Groupe subsidiary, (ii) sign a rider to the revolving credit facility agreement, raising the amount of the facility to €150 million from €120 million, and (iii) set up a €30 million investment loan.

In accordance with Article 10.3 of the AFEP-MEDEF Code, the Company's non-executive directors meet at least once a year without any of the executive directors being present.

THE AUDIT COMMITTEE

The Audit Committee met seven times in 2017 with a 95.23% attendance rate. During these meetings the main topics addressed by the Committee were as follows:

- recurring matters including the forecast budget for the year, the parent company and consolidated financial statements, an analysis of risks and the corresponding provisions and the interim financial report for 2017;
- the review of all draft financial press releases and analyst presentations.

During its meetings the Committee's work specifically covered the following:

- on 26 January 2017, it examined the 2017 budget;
- on 1 February 2017, it reviewed the draft financial press release on 2016 revenue and examined the developments relating to the tax reassessment notice received by the Company in 2014 for tax research credits relating to 2010, 2011 and 2012;
- on 7 March 2017, it examined (i) the presentation of the parent company and consolidated financial statements for 2016 and the related accounting options selected, (ii) the Board of Directors' draft management report for 2016 and significant events after the reporting date, (iii) the draft report of the Chairman of the Board on the work of the Board of Directors and internal control procedures, and (iv) the draft press release for the Group's 2016 results and the related slideshow;
- on 26 April 2017, it examined the draft financial press release on Q1 2017 revenue as well as the related business review and reporting schedules at 31 March 2017;
- on 29 July 2017, it reviewed the draft financial press release on H1 2017 revenue and the related business review;
- on 7 September 2017, it (i) examined the Group's consolidated financial statements and interim financial report at 30 June 2017 as well as the draft press release and related slideshow, and (ii) renewed the annual authorisation for the Chairman & CEO and the CFO & Deputy CEO to each decide on behalf of the Company to assign specific engagements to the audit firms KPMG and Deloitte or any entities in their network or to any other service providers;
- on 8 November 2017, it examined the draft financial press release on Q3 2017 revenue as well as the related business review and reporting schedules at 30 September 2017.

THE NOMINATIONS AND COMPENSATION COMMITTEE

The Nominations and Compensation Committee met once in 2017 (on 7 March) with 100% attendance. During this meeting, it:

- calculated and approved the variable compensation payable to the Company's executive management team for 2016;
- determined the criteria for setting the variable compensation of the Company's executive management team for 2017;
- drew up the information to be included in the shareholders' say on pay votes;
- examined the succession plan for executives;

- studied the principle of putting in place a performance share plan for 2017 and the related terms and conditions, and assessed whether the performance target for Tranche 1 of the July 2016 plan had been achieved;
- examined the implementation of France's "Rebsamen" Act;
- set the directors' fees budget for 2017;
- examined the independence criteria applicable to the members of the Board of Directors as set out in the AFEP-MEDEF Code.

Restrictions on the powers of the Chairman & CEO and the CFO & Deputy CEO

The Company's executive management team is headed by Dominique Louis, who was re-appointed as Chairman & CEO by the Board of directors at its meeting on 16 May 2017. At that same meeting the Board re-iterated its decision not to separate the roles of Chairman and Chief Executive Officer.

The Board has decided not to place any restrictions on the powers of the Chairman & CEO other than the applicable legal and regulatory restrictions and those set out in its Rules of Procedure. The Rules of Procedure state that for internal procedural purposes the Chairman & CEO must obtain the Board's prior authorisation before (i) carrying out any acquisition or disposal or forming a joint venture where the value of the transaction exceeds €20 million, and (ii) carrying out any major internal restructuring(s). The Company's Articles of Association do not provide for any additional restrictions on the Chairman & CEO's powers.

On 5 June 2015, the Board decided that in his role as CFO & Deputy CEO, Philippe Chevallier would have the same powers vis à vis third parties as the Chairman & CEO. However, for internal procedural purposes, Mr. Chevallier has the powers set out in the Board's Rules of Procedure, it being specified that his scope of responsibility is limited to the Company's financial and legal matters.

2.2 COMPENSATION AND BENEFITS IN KIND ALLOCATED BY THE COMPANY AND OTHER GROUP ENTITIES IN 2017 TO MEMBERS OF THE ADMINISTRATIVE AND MANAGEMENT BODIES IN OFFICE

Recommendation of the AFEP-MEDEF Code not applied by Assystem	Explanations
Defined benefit supplementary pension plans should be subject to the condition that the beneficiary must be an officer or employee of the Company when he or she claims their pension pursuant to the applicable rules and regulations.	Not applicable.
No hedging of risks related to performance shares.	Performance shares whose vesting conditions have been met are allocated to the beneficiaries out of treasury stock.

2.2.1 COMPENSATION OF MEMBERS OF THE BOARD OF DIRECTORS

The compensation of directors takes the form of directors' fees and is based on (i) directors' actual attendance at Board and Committee Meetings and (ii) their level of responsibility.

Following the change of governance structure approved by shareholders at the Annual General Meeting held on 22 May 2014, at its first meeting on 22 May 2014 the Board of Directors indicated that the rules previously governing the allocation of attendance fees for Supervisory Board members would remain unchanged under the Company's new governance structure and specified that only independent directors would be remunerated. However, at its meeting on 29 April 2015, after closely studying the situation of Salvepar, the Board authorised Salvepar (now Tikehau Capital) to also receive directors' fees.

At the Annual General Meeting of 16 May 2017, the Company's shareholders set the maximum total amount of directors' fees at €215,000 for 2017.

At its 8 November 2017 meeting, the Board approved the allocation of directors' fees for 2017 proposed by the Nominations and Compensation Committee on 7 March 2017. These fees were paid on 16 November 2017.

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A breakdown of the fees paid in 2016 and 2017 to members of the Board of Directors is provided in the following table:

Name	Title	Paid in 2016 for 2016 *(in euros)*	Paid in 2017 for 2017 *(in euros)*
Gilbert Lehmann	Director, Chairman of the Audit Committee and member of the Nominations and Compensation Committee	69,231	74,423
Miriam Maes	Director, Chair of the Nominations and Compensation Committee and member of the Audit Committee	53,846	57,885
Tikehau Capital	Director, member of the Audit Committee and member of the Nominations and Compensation Committee	46,154	49,615
Vincent Favier	Permanent representative of Tikehau Capital	–	–
Virginie Calmels	Director	24,615	28,943
Total		**193,846**	**210,866**

At its 7 March 2017 meeting, in accordance with Articles 19 and 22 of the November 2016 version of the AFEP-MEDEF Code, the Board of Directors decided that:

- all of the Company's directors – except Dominique Louis and Tikehau Capital, who are already indirect shareholders of Assystem – would be required to invest a portion of their directors' fees in Assystem shares over the following three years (i.e. by the end of 2019) until the total amount invested corresponds to 10% of their annual directors' fees received;
- Philippe Chevallier would be required to invest a portion of his annual compensation in Assystem shares over the following two years (i.e. by the end of 2018) until the total amount invested corresponds to 10% of his annual compensation.

2.2.2 COMPENSATION OF THE COMPANY'S EXECUTIVE OFFICERS

At 31 December 2017, the Company's executive officers were:

- Dominique Louis, Chairman & CEO since 22 May 2014;
- Philippe Chevallier, CFO & Deputy CEO since 5 June 2015.

2.2.2.1 Presentation of the say on pay procedure

Following the introduction of the "Sapin II" Act in France, the non-binding say on pay vote provided for in Article 26 of the AFEP-MEDEF Code has been replaced by a binding system that requires shareholders to give their approval through two different types of vote:

- A forward-looking (*ex-ante*) vote on the compensation policy applicable to executive officers. In accordance with Article L. 225-37-2 of the French Commercial Code, once a year – and each time an executive officer's term is renewed – a resolution must be submitted at the Annual General Meeting concerning the principles and criteria used for determining, allocating and awarding the fixed, variable and exceptional components making up the total compensation and benefits of the Chairman, Chief Executive Officer(s) and Deputy Chief Executive Officer(s).
- A backward-looking (*ex-post*) vote on the implementation of the above-mentioned compensation policy, whereby shareholders at the Annual General Meeting are asked to approve the actual amounts of the fixed, variable and exceptional components making up executive officers' total compensation and benefits for the previous financial year. There has to be a separate resolution for the Chairman & CEO and the CFO & Deputy CEO. The *ex-post* vote provided for in Article L. 225-100 of the French Commercial Code will only be applicable as from the 2018 Annual General Meeting.

In accordance with the November 2016 revised version of the AFEP-MEDEF Code, at their Annual General Meetings companies are required to present the compensation due or paid to each executive officer for the previous year. This presentation is broken down into various components, including fixed, variable and exceptional compensation, stock options, performance shares, benefits payable on taking up or leaving office, supplementary pension benefits, and benefits in kind. In all cases this presentation has to be followed by a shareholder vote.

2.2.2.2 Principles and components of the compensation and benefits of executive officers for 2018

GENERAL PRINCIPLES APPLICABLE TO EXECUTIVE OFFICERS' COMPENSATION

The Board of Directors determines the general principles of the Company's compensation policy for executive officers, based on proposals issued by the Nominations and Compensation Committee.

This compensation policy takes into account the following principles as set out in the AFEP-MEDEF Code, which the Company uses as its corporate governance framework:

- Achieving a balanced structure between the various compensation components. In line with this, the Nominations and Compensation Committee must ensure that each compensation package is in the Company's interests and that the underlying reasons for its components are disclosed.
- Ensuring that the compensation determined by the Board of Directors is comprehensive, with all components of compensation taken into account when setting the overall compensation package.
- The Board of Directors and the Nominations and Compensation Committee must take care to ensure that the interests of the executive management team are aligned with those of the Company's shareholders in order to encourage shared value creation.
- Respecting the concept of comparability, which means that the Board and the Nominations and Compensation Committee must align executive officers' compensation packages with market practices, taking into account each officer's specific roles and responsibilities, the work they actually carry out and their performance.

- Creating a clear framework. This means that the Nominations and Compensation Committee and the Board must ensure that the rules are straightforward, consistent and transparent and that the performance criteria used correspond to the Company's objectives and are clear, exacting and – wherever possible – cover a suitably long period.
- Complying with the principle of proportionality, namely striking the right balance between the various compensation components and taking into account the best interests of both the Company and its stakeholders, as well as market practices and the performance of the executive officers.

STRUCTURE OF THE EXECUTIVE OFFICERS' COMPENSATION PACKAGES FOR 2018

The compensation packages of the Company's executive officers comprise annual fixed and variable compensation, both of which are cash-settled (see below for details). Assystem's executive officers do not receive any directors' fees or other forms of compensation for their duties carried out within the Company. As an exception to this general rule, the Chairman & CEO's compensation package is exclusively made up of fixed compensation.

The Company's compensation policy for its executive officers is regularly adapted in line with market practices for listed companies. The structure of the executive officers' compensation packages is reviewed each year by the Board of Directors – which sets their various components based on the recommendations of the Nominations and Compensation Committee – and will be submitted for shareholder approval at the 16 May 2018 Annual General Meeting (in the seventh and eighth resolutions) in accordance with paragraph 2 of Article L. 225-37-2 of the French Commercial Code.

FIXED COMPENSATION

Chairman & CEO – Dominique Louis

Dominique Louis receives an annual amount of fixed compensation for his role as Chairman of Assystem's Board of Directors, which is set by the Board of Directors based on recommendations issued by the Nominations and Compensation Committee. This fixed compensation totals €50,000 (gross), unchanged since 2014. He does not receive any specific compensation for his duties as Chief Executive Officer.

For the purposes of completeness, it should be noted that:

(i) HDL, represented by Dominique Louis, receives gross annual compensation of €200,000 in its capacity as Chair of HDL Development;

(ii) On 1 April 2014, HDL and HDL Development signed a services agreement under which HDL undertook to provide services to HDL Development involving strategy definition, management, organisation and oversight for the Assystem Group. This agreement was amended on 1 October 2014, 29 April 2015 and 7 March 2017. HDL's fixed compensation under the agreement has been set at €348,000 for 2018.

If a new Chairman & CEO were to be appointed or if these two positions were to be separated and a new Chief Executive Officer or Chairman of the Board of Directors appointed, the compensation principles described below in relation to the CFO & Deputy CEO would apply temporarily until a new compensation policy is approved by the shareholders in accordance with the applicable legislation.

CFO & Deputy CEO – Philippe Chevallier

At its meeting on 15 March 2018, the Board of Directors decided that Philippe Chevallier's fixed compensation for his role as CFO & Deputy CEO would remain unchanged at a gross annual amount of €315,000.

If one or more new Deputy CEOs were to be appointed the principles applicable to the CFO & Deputy CEO would apply for determining their compensation policy, although the amount could vary depending on the profile, experience and level of responsibility of the new executive officer.

VARIABLE COMPENSATION

Chairman & CEO – Dominique Louis

Dominique Louis does not receive any variable compensation for his role as Chairman of the Board of Directors or Chief Executive Officer.

For the purposes of completeness, it should be noted that on 1 April 2014, HDL and HDL Development signed a services agreement under which HDL undertook to provide services to HDL Development involving strategy definition, management, organisation and oversight for the Assystem Group.

An addendum to this agreement provides for the payment of variable compensation for 2018 representing up to €800,000, based wholly on Asssytem's consolidated EBITA margin, i.e. EBITA (including the share of profit of equity-accounted investees apart from Assystem Technologies Groupe) expressed as a percentage of revenue. The amount payable in relation to this criterion will be determined on a straight-line basis between a floor (i.e., the level below which the criterion is deemed not to have been met) and a cap (i.e. the level at which the criterion is deemed to have been fully met), it being specified that EBITA corresponds to profit (including the share of operating profit of equity-accounted investees whose business is directly related to the business of the Company's fully-consolidated entities) before share-based payment expense (free shares/performance shares and stock options), acquisition costs, capital gains and losses arising on business divestments, and non-recurring items (i.e. income and expenses related to unusual, atypical and infrequent events).

Based on the recommendation of the Nominations and Compensation Committee issued on 15 March 2018, the Board considered that this was the most appropriate criterion for setting the variable compensation payable for 2018 pursuant to this addendum. This is because EBITA margin is a key indicator of the Group's profitability as it can be used to assess operating performance without taking into account the effect of non-recurring events or the financing methods chosen by the Company.

The floors and caps set for the criterion cannot be disclosed as they are strategically and financially sensitive.

CFO & Deputy CEO – Philippe Chevallier

Philippe Chevallier receives annual gross variable compensation of up to €300,000, depending on the achievement of objectives set each year.

His variable compensation for 2018 is based on the amount of Assystem's consolidated EBITA (60% weighting) and the year-on-year improvement in average quarterly days sales outstanding (DSO) (40% weighting). For this purpose (i) an improvement in average quarterly DSO corresponds to a reduction in said DSO, and (ii) quarterly DSO corresponds to the number of days obtained by dividing the amount of trade receivables in the consolidated balance sheet at the end of the quarter (including accrued trade receivables and net of any accounts receivable credit balances) by the amount of consolidated revenue for the quarter (including VAT and determined on an annualised basis for calculating DSO), it being specified that both of these figures will be adjusted where necessary for changes in the scope of consolidation.

The amount payable based on each of these criteria will be determined on a straight-line basis between a floor (i.e. the level below which the criterion is deemed not to have been met) and a cap (i.e. the level at which the criterion is deemed to have been fully met).

Based on the recommendation of the Nominations and Compensation Committee issued on 15 March 2018, the Board considered that these were the most appropriate criteria for setting Philippe Chevallier's variable compensation for 2018 because they reflect both operating and cash generation performance (other than operating performance, DSO is the main factor that determines cash generation).

The floors and caps set for each of the criteria cannot be disclosed as they are strategically and financially sensitive.

The Board of Directors has decided that if a new executive officer were to be appointed, these same principles would apply to the variable compensation of the person concerned. If the new executive officer were appointed during the second half of a given year, the Board of Directors may assess his or her performance on a discretionary basis.

LONG-TERM AND EXCEPTIONAL COMPENSATION

Neither of Assystem's executive officers receives any compensation classified as "long-term", such as performance shares.

In certain highly specific circumstances and in accordance with the principles set out in the AFEP-MEDEF Code, the Board may grant exceptional compensation to any current or newly-appointed executive officers. The payment of any such exceptional compensation would be subject to shareholder approval, as required under Article L. 225-100 of the French Commercial Code.

DIRECTORS' FEES

Neither of Assystem's executive officers receives any directors' fees.

COMPENSATION RELATED TO THE TERMINATION OF EXECUTIVE OFFICERS' DUTIES

- Non-competition indemnity.

Neither of the Company's executive officers is entitled to an indemnity under a non-competition clause.

- Termination benefit.

Dominique Louis

Dominique Louis would not be entitled to any termination benefit in the event of a forced departure from the Company.

Philippe Chevallier

On 9 March 2016, the Board agreed that if, for any reason, Philippe Chevallier's term of office as CFO & Deputy CEO were to be terminated by the Company before the Annual General Meeting to be held in 2020 to approve the 2019 financial statements, then he would be entitled to a termination benefit of €500,000. The Board felt that this benefit was appropriate in view of the nature of Philippe Chevallier's office.

Payment of this termination benefit would, however, be subject to the following conditions:

- the Statutory Auditors must have signed off on the consolidated financial statements, without any reservations and within the legally prescribed timeframe, throughout Philippe Chevallier's term of office;
- average ROCE (after tax) must amount to at least 6% for the three financial years preceding his departure.

The termination benefit would not be payable in the event of gross negligence or wilful misconduct.

EMPLOYMENT CONTRACT

Neither of Assystem's executive officers have an employment contract.

Philippe Chevallier's employment contract was terminated on 5 June 2015 when he took up the post of CFO & Deputy CEO.

BENEFITS IN KIND

In accordance with the overall compensation policy applicable to executive officers, Dominique Louis and Philippe Chevallier have the use of a company car, which corresponds to a benefit in kind.

Philippe Chevallier is also covered by an unemployment insurance policy specifically set up for executive officers.

SUPPLEMENTARY PENSION PLAN

Neither of the executive officers is covered by a supplementary pension plan in connection with their office.

2.2.2.3 Components of the compensation and benefits due or awarded for 2017 to Dominique Louis and Philippe Chevallier

In accordance with Article L. 225-100 of the French Commercial Code, the shareholders will be asked to approve the following components of the compensation and benefits due or awarded for 2017 to each executive officer:

- fixed compensation;

- annual variable compensation and any multi-year variable compensation and the targets used for determining this variable compensation;
- exceptional compensation;
- stock options, performance shares and any other long-term compensation;
- indemnities related to taking up or terminating office;
- supplementary pension plan;
- benefits in kind.

Consequently, in the ninth and tenth resolutions of the 16 May 2018 Annual General Meeting, the shareholders will be asked to approve the components of the compensation and benefits due or awarded for 2017 to Dominique Louis (Chairman & CEO) and Philippe Chevallier (CFO & Deputy CEO).

2.2.2.3.1 DOMINIQUE LOUIS

Following the formation of HDL Development and its successful takeover bid for Assystem shares, two related party agreements were signed:

- On 1 April 2014, HDL and HDL Development signed a services agreement in relation to HDL's compensation as Chair of HDL Development. In 2017, €200,000 was paid to HDL under this agreement.
- On 1 April 2014, HDL and HDL Development signed a services agreement under which HDL undertook to provide services to HDL Development involving strategy definition, management, organisation and oversight for the Assystem Group.

This second agreement between HDL and HDL Development – which was amended on 1 October 2014, 29 April 2015 and 7 March 2017 – provided for the payment of €348,000 in fixed compensation to HDL for 2017. In addition to this fixed compensation, HDL was entitled to variable compensation representing up to €817,800, based on (i) Assystem's consolidated EBITA (75% weighting) and (ii) Assystem's free cash flow (25% weighting). The amount payable based on each of these criteria was determined on a straight-line basis between a floor (i.e. the level below which the criterion is deemed not to have been met) and a cap (i.e. the level at which the criterion is deemed to have been fully met). The definition of EBITA is provided on page 32 above. Free cash flow corresponds to net cash generated from operating activities less capital expenditure, net of disposals and excluding cash generated by discontinued operations.

However, in view of the transfer of control of the GPS division that took place on 28 September 2017 (see Chapter 1), these criteria were automatically rendered null and void. Consequently, at its meeting on 15 March 2018, acting on the recommendation of the Nominations and Compensation Committee, the Board decided to award HDL €280,000 in variable compensation for 2017.

In compliance with Articles L. 225-47 and 225-53 of the French Commercial Code, at its meeting on 22 May 2014, the Board set at €50,000 the gross annual compensation payable to Dominique Louis in his capacity as Chairman of Assystem's Board of Directors. Dominique Louis was paid this sum in 2017, divided into monthly instalments.

No stock options or performance shares were awarded to Dominique Louis in 2017.

2.2.2.3.2 PHILIPPE CHEVALLIER

At its 9 March 2016 meeting, the Board unanimously decided, effective 1 January 2016, to modify the components of Philippe Chevallier's compensation for his duties as CFO & Deputy CEO. Following these changes, his overall compensation now corresponds to:

- gross annual fixed compensation of €315,000;
- gross annual variable compensation of up to €300,000 depending on the achievement of performance targets set each year.

Philippe Chevallier's variable compensation for 2017 should have been based on (i) Assystem's consolidated EBITA (75% weighting) and (ii) Assystem's free cash flow (25% weighting). The amount payable based on each of these criteria would have been determined on a straight-line basis between a floor (i.e. the level below which the criterion is deemed not to have been met) and a cap (i.e. the level at which the criterion is deemed to have been fully met). The definitions of EBITA and free cash flow are provided on page 32 above.

However, in view of the transfer of control of the GPS division that took place on 28 September 2017 (see Chapter 1), these criteria were automatically rendered null and void. At its meeting on 15 March 2018 the Board decided to award Philippe Chevallier a gross amount of €300,000 in variable compensation for 2017. This decision was based on a recommendation issued on the same date by the Nominations and Compensation Committee that took into account the effect of the transfer of GPS and the role played by Philippe Chevallier in the strategic transactions carried out by the Group in 2017.

Also at its 9 March 2016 meeting, the Board decided that if Philippe Chevallier's term of office as CFO & Deputy CEO were to be terminated at the Company's initiative before the Annual General Meeting to be held to approve the parent company and consolidated financial statements for 2019, he would be eligible for a termination benefit of €500,000.

Payment of this termination benefit would, however, be subject to the following conditions:

- Philippe Chevallier must not have committed gross negligence or wilful misconduct within the meaning of the provisions of French labour law and employment-related case law;
- the following performance criteria set at Group level must have been met: (i) the Statutory Auditors must have signed off on the consolidated financial statements without any reservations, and within the legally prescribed timeframe, throughout Philippe Chevallier's term of office, and (ii) average ROCE (after tax) must amount to least 6% for the last three financial years preceding his departure.

In compliance with Articles L. 225-42-1 and L. 225-40 of the French Commercial Code, this termination benefit was approved by Assystem's shareholders at the Annual General Meeting held on 24 May 2016.

No stock options or performance shares were awarded to Philippe Chevallier in 2017.

TABLE 1 – SUMMARY OF COMPENSATION DUE AND STOCK OPTIONS AND PERFORMANCE SHARES AWARDED TO EACH EXECUTIVE OFFICER

Dominique Louis Chairman & CEO	2016	2017
Compensation paid for the year (detailed in table 2)	€253,600	€253,600
Valuation of multi-year variable compensation granted during the year	None	None
Valuation of stock options granted during the year (detailed in table 4)	None	None
Valuation of performance shares awarded during the year (detailed in table 6)	None	None
Total	**€253,600**	**€253,600**

Philippe Chevallier CFO & Deputy CEO since 5 June 2015	2016	2017
Compensation paid for the year (detailed in table 2)	€571,196	€626,519
Valuation of multi-year variable compensation granted during the year	None	None
Valuation of stock options granted during the year (detailed in table 4)	None	None
Valuation of performance shares awarded during the year (detailed in table 6)	None	None
Total	**€571,196**	**€626,519**

TABLE 2 – SUMMARY OF THE COMPENSATION AND BENEFITS OF EACH EXECUTIVE OFFICER

Dominique Louis Chairman & CEO	Amounts for 2016		Amounts for 2017	
	Due	Paid	Due	Paid
Fixed compensation *(paid by (i) HDL Development in respect of HDL's role as Chair of HDL Development and (ii) Assystem in respect of Dominique Louis' role as Chairman of the Board of Directors of Assystem)*	€250,000	€250,000	€250,000	€250,000
Variable compensation	None	None	None	None
Exceptional compensation	None	None	None	None
Directors' fees	None	None	None	None
Benefits in kind	€3,600	€3,600	€3,600	€3,600
Total	**€253,600**	**€253,600**	**€253,600**	**€253,600**

Philippe Chevallier CFO & Deputy CEO since 5 June 2015	Amounts for 2016		Amounts for 2017	
	Due	Paid	Due	Paid
Gross fixed compensation	€315,000	€315,000	€315,000	€315,000
Variable compensation	€300,000 paid in 2017 for 2016	€239,200 paid in 2016 for 2015	€300,000 paid in 2018 for 2017	€300,000 paid in 2017 for 2016
Exceptional compensation	None	None	None	None
Directors' fees	None	None	None	None
Benefits in kind	€16,996	€16,996	€11,519	€11,519
Total	**€631,996**	**€571,196**	**€626,519**	**€626,519**

TABLE 3 – DIRECTORS' FEES AND OTHER COMPENSATION RECEIVED BY NON-EXECUTIVE DIRECTORS

See Section 2.2.1 above.

TABLE 4 – STOCK OPTIONS AWARDED DURING THE YEAR TO EACH EXECUTIVE OFFICER

None.

TABLE 5 – STOCK OPTIONS EXERCISED DURING THE YEAR BY EACH EXECUTIVE OFFICER

None.

TABLE 6 – PERFORMANCE SHARES AWARDED TO EACH EXECUTIVE OFFICER IN ACCORDANCE WITH THE LAWS AND REGULATIONS IN FORCE AT THE AWARD DATE

2016: None.

2015: None.

2014: None.

TABLE 7 – PERFORMANCE SHARES WHOSE LOCK-UP PERIOD ENDED DURING THE YEAR FOR EACH EXECUTIVE OFFICER

None.

TABLE 8 – AWARD OF STOCK OPTIONS

None.

TABLE 9 – STOCK OPTIONS AWARDED TO AND EXERCISED BY THE GROUP'S TEN EMPLOYEES (OTHER THAN EXECUTIVE OFFICERS) WHO RECEIVED THE LARGEST NUMBER OF OPTIONS

None.

TABLE 10

	Employment contract		Supplementary pension plan		Eligible for compensation in the event of termination of or a change in duties		Eligible for compensation under a non-competition clause	
Executive officer	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Dominique Louis								
Chairman & CEO		No		No		No		**No**
Start of current term of office: 22 May 2014								
End of current term of office: 16 May 2020								
Philippe Chevallier								
CFO & Deputy CEO		No		No	Yes, for termination at Assystem's initiative except in the event of termination for gross negligence or wilful misconduct. Amount set: €500,000*			**No**
Start of current term of office: 5 June 2015								
End of current term of office: AGM to be held in 2020 to approve the 2019 financial statements								

* *This termination benefit would be due if, for any reason, Philippe Chevallier's term of office as CFO & Deputy CEO were to be terminated at the Company's initiative before the Annual General Meeting to be held in 2020 to approve the 2019 financial statements.*

2.3 ADDITIONAL INFORMATION

The procedures for attending General Shareholders' Meetings are provided in Chapter 7, Section 7.1 of this Registration Document.

Information on related-party agreements and commitments is provided in Chapter 2, Section 2.2.2 of this Registration Document.

3

MANAGEMENT REPORT

3.1 BUSINESS OVERVIEW

3.1.1 ASSYSTEM'S MARKET AND BUSINESS SEGMENTS

3.1.1.1 Market trends

Assystem operates in the infrastructure engineering market. The role of engineering is to study, design and oversee the production or construction of all or part of an industrial component or civil engineering structure.

Assystem's teams assist major industrial players with reducing their project costs and lead times and optimising their development, manufacturing and marketing processes, and enable them to design and produce innovative solutions across the globe.

According to an Xerfi market analysis[1], construction engineering firms in France have embarked on 2018 with optimism and the short-term economic outlook is still positive following an upturn in 2017. Revenue growth for engineers specialised in construction is set to continue in 2018, with Xerfi estimating a 3.5% rise in absolute value terms. This trend will be particularly driven by the ramp-up of works for the Grand Paris project, in which Assystem is taking part, and the improvement in the economy should lead to better market conditions. However, the industry is facing a shortage of skills for certain profiles.

In the nuclear sector, large-scale maintenance programmes and the scheduled start-ups of EPRs in Finland and France are boosting business volumes. At the same time, infrastructure engineering firms are feeling the benefits of a bullish spending cycle for transport infrastructure. And the more generalised use of digital modelling is opening up a raft of opportunities as this technology not only leads to major productivity gains but also plays a key role in enhancing the buildings and services delivered.

In the field of technology consulting (in which Assystem is present through its 39.2% stake in the Assystem Technologies group – see Note 3.1.2 below), business volumes will once again be propelled by the automotive sector.

ASSYSTEM'S POSITIONING

Assystem began as Atem, which was founded in 1966 by engineers from the French nuclear programme in order to serve the engineering needs of the French nuclear industry. This business accounted for the majority of the Group's revenue up until the latter part of the twentieth century. Atem then merged with Alphatem, jointly owned by Dominique Louis and Cogema, to create Assystem which went public in 1995.

Shortly after its stock market flotation the Company diversified, with the acquisition in 1996 of an engineering firm specialised in the aeronautics and automotive sectors, which launched the outsourced R&D business. This business drove the Group's growth as from the year 2000, especially following its merger with Brime Technologies in 2003. The formation of Global Product Solutions (GPS) in 2014 brought all of the Group's outsourced R&D activities together in one division.

In the face of the market consolidation taking place for outsourced R&D services, in order for GPS to remain a leading player in its market, accelerate its growth, extend its geographic and sector coverage and meet the needs of its industrial clients who are now seeking to work with fewer suppliers and are looking for one-stop worldwide offerings, in 2017 Assystem decided to team up with the private equity firm Ardian (see Note 3.1.2 – Significant events of the year).

Following this strategic move, Assystem's core business is now complex infrastructure engineering, operated by the Energy & Infrastructure division. The Group is a key player in the nuclear engineering markets where it has a strong reputation for its specialist know-how.

Assystem brings added value to industrial companies, utilities and contractors operating in nuclear energy, conventional energy, transport infrastructure, life sciences and other complex infrastructure thanks to its long-standing presence in the nuclear industry, and therefore its experience of operating in restricted environments with stringent safety requirements. The Group's experts help major players in the energy industry (operators and equipment manufacturers) to manage their capital expenditure at every stage of their assets' life cycles – from design through to construction, commissioning, maintenance and ultimately decommissioning. Assystem's competitors in this market are mostly UK and North American groups such as Atkins (an Assystem partner in the Engage and N.triple.a alliances), CH2MHill, Amec Foster Wheeler (a partner of Assystem in the Momentum consortium) and Jacobs Engineering, as well as French groups including Egis, Systra and Ingérop.

Assystem also has another business which consists of seconding consultants specialised in Oil & Gas and Industry, essentially in the Middle East, Africa and Asia. This business – which is known as "Staffing" and accounts for 11% of the Group's revenue – is principally inherited from an acquisition carried out in 2012 (MPH Group) to which Assystem's pre-existing staffing activities were added. Assystem's main market for Staffing – Oil & Gas – has been hit hard by plunging oil prices since 2015 and the business is working to diversify its client portfolio in the Industry sector, which accounted for 35% of Staffing revenue in 2017.

3.1.1.2 Assystem's organisational structure

On 28 September 2017, Assystem completed the transfer of control of its GPS business to Ardian (see Note 3.1.2 – Significant events of the year).

Following this divestment, the Assystem Group ("the Group") refocused on its long-standing business activities in the nuclear sector and infrastructure engineering. It is now made up of two divisions – the Energy & Infrastructure division (comprising nuclear, infrastructure, life sciences and project management activities) and the Staffing division.

(1) Source: Xerfi France, Les services d'ingénierie, d'études et de conseils techniques Analyse du marché – November 2017.

3.1.2 SIGNIFICANT EVENTS OF THE YEAR

2017 marked a turning point in the Group's history, with the transfer of control of GPS and the acquisition of an ownership interest in Framatome.

TRANSFER OF CONTROL OF THE GLOBAL PRODUCT SOLUTIONS (GPS) DIVISION

1/ Reasons for the transaction

In early 2017, the private equity firm, Ardian, put forward an unsolicited expression of interest for the acquisition of Assystem's GPS division. Assystem considered this opportunity very carefully and came to the conclusion that in view of the fast-paced consolidation taking place in the R&D sector (see Section 3.1.1.1 above – Market trends) such an acquisition could be advantageous for GPS. Its reasoning was that the transaction would give GPS access to Ardian's resources and expertise in terms of driving the growth of its equity interests and particularly in identifying, financing and integrating acquisitions.

As a result, Assystem decided to agree in principle to Ardian's suggestion set out in its expression of interest, provided that it could take a 40% ownership interest in the acquisition company in order to share in the value creation potential of a build-up strategy.

Based on this understanding, Assystem allowed Ardian to carry out the customary due diligence procedures during the first few months of 2017, following which Ardian issued an offer that valued all of GPS's activities at €550 million and confirmed that Assystem could take a 40% ownership interest in the acquisition entity.

2/ Implementation

On 9 May 2017, having examined the deal and the main components of the draft memorandum of understanding, Assystem's Board of Directors unanimously decided to recommend to the Company's shareholders that they vote in favour of the offer, including Assystem's potential 40% ownership interest in the acquisition entity. On the same date, HDL Development – Assystem's controlling shareholder – confirmed its unconditional support for the deal.

Consequently, on 11 May 2017 Assystem published a press release announcing that it had entered into a memorandum of understanding with Ardian.

In June 2017, the Company obtained the opinion of its employee representative bodies as required by the applicable legislation, and in accordance with the recommendation of the AFEP-MEDEF Code, on 5 July 2017 the deal was put to the vote of Assystem's shareholders in an Ordinary General Meeting. It was approved by 99.6% of the shareholders present or represented at this meeting.

Clearance was received from the relevant competition authorities on 18 August 2017.

The deal was closed on 28 September 2017, and on the same date, Assystem invested €124.28 million in equity and quasi-equity financing raised by Assystem Technologies Groupe (ATG) – the parent of the new group comprising the entities that previously constituted GPS – in order to help finance the acquisition of GPS. Following this transaction, Assystem held 39.24% of ATG's equity and quasi-equity (and 39.23% of its ordinary shares) alongside its majority shareholder which is a fund managed by Ardian. The overall investment took the form of €62.14 million worth of ordinary shares and €62.14 million worth of convertible bonds paying an annual coupon of 9% which is capitalisable each year.

3/ Accounting treatment

In application of IFRS 5, GPS's profit for the period from 1 January to 28 September 2017, as well as the net disposal gain after transaction costs and taxes, have been included under "Profit from discontinued operations" in the 2017 financial statements.

Since 1 October 2017, ATG's consolidated profit has been accounted for by the equity method and included in a separate line of Assystem's consolidated income statement, based on its 39.23% equity investment in ATG. The interest received on the convertible bonds issued by ATG and taken up by Assystem has also been recognised in a separate line of Assystem's consolidated income statement.

SHARE BUYBACK OFFER

On 11 May 2017, Assystem announced its intention to allocate at least €200 million (i.e. around 50% of the proceeds of the sale of GPS, net of the reinvestment in ATG and the transaction costs incurred on the deal) to a public share buyback offer scheduled to be launched during the quarter following the close of the GPS deal. The idea was to structure the buyback in such a way that the respective holdings of HDL Development and the free float would remain unchanged after the transaction.

When the offer was announced it involved a total of €225 million, corresponding to 6 million shares purchased at a unit price of €37.50, as validated by an independent valuer appointed by the Board of Directors. The French securities regulator (the AMF) approved the information memorandum on 31 October 2017 and the Board of Directors called an Extraordinary General Meeting held on 22 November 2017 at which 99.96% of the shareholders present or represented approved the offer. The offer period then ran from 24 November to 14 December 2017 (inclusive).

On 19 December 2017, Assystem announced that it had bought back 6 million of its own shares with a par value of €1 each, for a total €225 million. These shares represented 27.00% of the number of shares making up Assystem's capital and 28.35% of the number of Assystem shares outstanding (i.e. the number of shares making up the capital less the number of shares held in treasury). All of the shares bought back under the offer were cancelled on 21 December 2017, together with 550,000 shares already held in treasury, by way of a decision taken by Assystem's Chairman and Chief Executive Officer acting under powers delegated to him by the Board of Directors. Consequently, the Company's capital was reduced to 15,668,216 shares with a par value of €1 each.

INVESTMENT IN FRAMATOME

As announced on 11 May 2017, Assystem used another portion of the net proceeds received from the transfer of control of GPS to purchase a 5% interest in Framatome (formerly "New NP") for €123.7 million.

Framatome is the Company to which Areva NP transferred its assets and activities related to (i) the design and supply of nuclear reactor equipment, (ii) the design and supply of fuel assemblies and (iii) services provided to a large worldwide installed base of nuclear reactors. On 31 December 2017, the following interests in Framatome's capital were sold by Areva NP: 75.5% to EDF, 19.5% to Mitsubishi Heavy Industries Ltd and 5% to Assystem.

Assystem is seeking to accelerate the development of its Energy & Infrastructure (E&I) division in a context of rapid growth in the world's nuclear engineering needs, driven by the necessary replacement of fossil fuels by carbon-free sources of electricity production. Assystem's investment in Framatome alongside EDF is in line with this objective and forms part of a wider agreement that consolidates its position as a key partner of EDF, particularly concerning maintenance services carried out on civilian nuclear reactors in France and the United Kingdom to ensure they remain in proper operating condition. It also opens up new opportunities for Assystem to take part in new-build projects in the French nuclear industry and is intended to help develop the Group's links with the Japanese nuclear industry so that it can participate in its international new-build projects.

ONGOING EXTERNAL GROWTH

The Group continued to carry out external growth transactions in 2017, both in France and abroad, taking control of The Biotech Quality Group (BQG), which allowed it to strengthen its positions in the Life Sciences sector, and also acquiring Euro Contrôle Projet (ECP), a company specialised in project management services (see Chapter 1 of this Registration Document).

3.1.3 THE GROUP'S REVENUE AND EARNINGS IN 2017

Based on its new scope of fully-consolidated companies, Assystem's consolidated revenue for 2017 rose 4.0% to €395.2 million. Revenue from Nuclear activities – which accounted for 52% of consolidated revenue in 2017 – kept up a brisk pace of growth during the year, advancing 8.9%. This robust showing was led by demand for engineering services related to (i) the construction of new reactors in France and abroad and (ii) maintenance of existing nuclear power plants in France.

In its new structure – comprising the Energy & Infrastructure and Staffing divisions – the Group had a total of 4,832 employees at 31 December 2017 versus 4,603 one year earlier (based on a comparable scope of consolidation).

The Company's main employee-related information and more broadly, its Corporate Social Responsibility (CSR) actions and key indicators are provided in Chapter 4 of this Registration Document.

3.2 GROUP RESULTS

3.2.1 KEY FIGURES

In millions of euros	2017	2016*	Year-on-year-change
Revenue	395.2	380.1	+4.0%
Operating profit before non-recurring items – EBITA(1)	26.0	22.1	+17.6%
% of revenue	*6.6%*	*5.8%*	*+0.8 pt.*
Consolidated profit for the period	404.6	32.1	-
Free cash flow(2)	20.8	-	-
% of revenue	*5.3%*	-	-
Net cash/(debt)(3)	23.9	(16.1)	-
Dividend per share (in euros)(4)	1.00	1.00	-

* *Restated to facilitate year-on-year comparisons.*
(1) *Operating profit before non-recurring items (EBITA) including share of profit of equity-accounted investees (€1.4 million in 2016 and €0.9 million in 2017).*
(2) *Free cash flow from continuing operations – corresponding to net cash generated from operating activities less capital expenditure, net of disposals.*
(3) *Cash and cash equivalents less debt and after taking into account the fair value of hedging instruments.*
(4) *For 2017, the figure corresponds to the dividend that will be recommended at the Annual General Meeting on 16 May 2018.*

3.2.2 REVENUE BY DIVISION

In millions of euros	2017	2016*	Year-on-year-change	Like-for-like change**
Group	395.2	380.1	+4.0%	+4.0%
Energy & Infrastructure	341.3	317.7	+7.4%	+6.6%
Staffing	45.1	53.2	(15.3%)	(13.2%)
Other	8.8	9.2	-	

* *Restated to facilitate year-on-year comparisons.*
** *Based on a comparable scope of consolidation and constant exchange rates.*

Revenue for the Energy & Infrastructure business climbed 7.4% to €341.3 million. Within this business, the Nuclear segment reported revenue of €205.5 million, up 8.9%, or 9.6% on a like-for-like basis, and Energy Transition & Infrastructures revenue rose 5.3% to €135.8 million, with 2.1% like-for-like growth (or 4.8% excluding Radicon's revenue decline).

At €45.1 million, revenue for the Staffing business retreated 13.2% year on year at constant exchange rates, or 15.3% on a reported basis, as performance was weighed down throughout the year by lower business volumes in the Oil & Gas sector. However, projects in the Industry sector have now started up, which should help to at least stabilise annual revenue in 2018.

3.2.3 RESULTS OF OPERATIONS AND FINANCIAL POSITION

3.2.3.1 Operating profit before non-recurring items (EBITA)

Consolidated EBITA advanced 17.6% to €26.0 million in 2017 from €22.1 million in 2016, and EBITA margin represented 6.6% of revenue, up 80 basis points year on year.

EBITA[(1)]

In millions of euros	2017	% of revenue	2016*	% of revenue
Group	26.0	6.6%	22.1	5.8%
Energy & Infrastructure	27.9	8.2%	24.1	7.6%
Staffing	1.9	4.2%	2.4	4.6%
Holding company and Other	(3.8)	-	(4.4)	-

* *Restated to facilitate year-on-year comparisons.*
(1) Operating profit before non-recurring items (EBITA) including share of profit of equity-accounted investees (€1.4 million in 2016 and €0.9 million in 2017).

EBITA for the Energy & Infrastructure business climbed €3.8 million to €27.9 million, which drove a 60 basis-point increase in EBITA margin to 8.2%.

Staffing EBITA decreased by €0.5 million to €1.9 million, representing an EBITA margin of 4.2%.

The Group's "Holding company" expenses, net of the EBITA of the activities classified in the "Other" category, had a €3.8 million negative impact on consolidated EBITA in 2017 versus a €4.4 million negative impact in 2016 (as restated in order to facilitate year-on-year comparisons).

3.2.3.2 Operating profit

Consolidated operating profit after non-recurring items came to €14.2 million, up 11.8% on the €12.7 million reported for 2016.

Non-recurring items represented a net expense of €11.8 million, breaking down as:

- €6.8 million corresponding to a provision recognised in addition to that booked in 2015 for a tax dispute concerning the former GPS division's research tax credits for 2010, 2011 and 2012. The risks relating to this dispute are now fully covered by this provision.
- €5 million primarily representing charges and provisions related to (i) adapting some of the Group's resources to its new scope of consolidation and (ii) restructuring measures for conventional energy activities.

The contribution of Assystem Technologies Groupe (ATG) to Assystem's consolidated profit for 2017 (before the tax recognised on the coupon on ATG convertible bonds held by Assystem) was €3.8 million, breaking down as (i) €2.3 million for Assystem's 39.2% share of ATG's profit for the period from 1 October 2017 to 31 December 2017 and (ii) €1.5 million in income from the convertible bonds.

3.2.3.3 Financial income and expenses

Assystem recorded net financial income of €0.1 million for the year, including €2.7 million in "Net financial expense on cash and debt" which was more than offset by a net €2.8 million positive impact from "Other financial income and expenses".

The income tax expense for continuing operations was €4.8 million. This total includes €1.3 million in net income related to dividend tax and a €0.1 million tax charge on the coupon received on the ATG convertible bonds.

3.2.3.4 Profit for the period

Profit from discontinued operations amounted to €391.3 million and primarily corresponds to the gain arising on the transfer of control of the former GPS division to ATG. It also includes the profit figure of the former GPS division for the first three quarters of 2017.

Consolidated profit for the period came to €404.6 million, of which €0.5 million was attributable to non-controlling interests.

The Group estimates that its pro forma consolidated profit for the period amounts to €29.0 million. This figure, which does not include non-recurring income or expenses, was calculated based on the following:

- EBITA for the year (i.e. €26.0 million);
- an estimate of what ATG's contribution to Assystem's 2017 consolidated profit would have been (including the income tax charge on the coupon on the convertible bonds) if ATG had been set up on 1 January 2017 and if Assystem had held a 39.2% stake in ATG at that date (i.e. €13.0 million);
- an estimate of the annual recurring net financial expense based on the Group's balance sheet configuration at 31 December 2017 (i.e. €1.9 million);

- a pro forma income tax charge on EBITA after deducting financial income and expenses (i.e. €8.1 million).

INFORMATION ON THE REVENUE AND EBITA GENERATED IN 2017 BY THE ENTITIES CONTROLLED BY ASSYSTEM TECHNOLOGIES GROUPE (ATG)

Revenue generated by the entities controlled by ATG – in which Assystem currently holds a 38.2% interest (compared with 39.2% at 31 December 2017) – totalled €673.6 million for the full twelve months of 2017, up 16.7% year on year (with 13.4% like-for-like growth).

EBITA reported by the entities controlled by ATG was €56.8 million for full-year 2017.

3.2.3.5 Net cash/(debt)

Assystem had net cash of €23.9 million at 31 December 2017 (versus €16.1 million in net debt one year earlier). This positive swing reflects the following:

- €20.8 million in free cash flow from the Group's continuing operations, representing 5.3% of revenue;
- a €60.4 million net cash inflow relating to (i) GPS and the transfer of control of this division to ATG (a €409.2 million inflow) (ii) the share buyback offer carried out in the fourth quarter of 2017 (a €225.1 million outflow) and (iii) the acquisition of a 5% stake in Framatome (a €123.7 million outflow);
- a €21.2 million dividend payment to Assystem's shareholders;
- a negative €20.0 million in other cash flows, mainly related to the acquisitions of BQG and ECP.

An analysis of the year-on-year change is provided in the table below:

In millions of euros		
Net debt at 31 December 2016	(16.1)	
Free cash flow from continuing operations	20.8	
Strategic transactions (net cash inflow)	60.4	*Breaking down as (i) a €409.2 million cash inflow relating to GPS's operations, the transfer of control of GPS and the investment in ATG; (ii) a €225.1 million cash outflow resulting from the share buyback offer and (iii) a €123.7 million cash outflow for the acquisition of a 5% stake in Framatome*
Dividends paid to Assystem's shareholders	(21.2)	
Acquisitions and other	(20.0)	Mainly relating to the acquisitions of BQG and ECP
Net cash at 31 December 2017	**23.9**	

3.2.4 OUTLOOK FOR 2018

In the nuclear market, Assystem expects to see continued robust growth in 2018 for services provided to existing power plants and a ramp-up of business for new-build projects in the United Kingdom, Turkey and the Middle East.

In its other markets, the Group expects to reap the benefits of strong momentum in the life sciences and transport infrastructure sectors.

The combination of the above factors is expected to support overall growth and operating margin but it is likely that the conventional energy sector will see significant decreases in revenue, EBITA and operating margin.

On a consolidated basis, the Group's targets – which only take into account the acquisitions completed by end-2017 – are as follows for 2018:

- at least 10% growth in consolidated revenue and EBITA, with stronger growth in the second half than in the first due to an unfavourable basis of comparison with first-half 2017;
- free cash flow representing more than 5% of revenue.

3.2.5 SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Additional investment in Assystem Technologies Groupe

On 31 January 2018 the Group took up €60.72 million worth of shares and convertible bonds (split into 50% ordinary shares and 50% convertible bonds with a capitalisable 9% annual coupon) issued by Assystem Technologies Groupe ("ATG") as part of equity and quasi-equity financing raised to help fund the acquisition of SQS Software Quality Systems AG ("SQS") by an ATG subsidiary. Consequently, Assystem now holds a 38.16% interest in ATG's capital and 38.17% of its equity and quasi-equity instruments.

In order to finance this additional investment, the Group (i) put in place a €30 million medium-to-long term bullet loan repayable in September 2022 and (ii) drew down €30 million of its renewable credit facility set up in September 2017. At the same time, the maximum amount of the revolving credit facility was increased from €120 million to €150 million.

3.3 ASSYSTEM SA PARENT COMPANY FINANCIAL STATEMENTS

In 2017 the Company continued to perform its role as the head of the Group.

The Company's operating income for 2017 totalled €10 million and was derived from management services and expertise provided to the subsidiaries of the Assystem Group.

The Company ended the year with profit of €387.8 million (versus a loss of €16.3 million in 2016).

The Company's assets totalled €469.9 million at 31 December 2017, down €28.3 million compared with 31 December 2016.

The Company had no employees at 31 December 2017.

3.3.1 ACQUISITIONS OF SHARES IN NEW SUBSIDIARIES

During 2017, Assystem SA acquired the entire capital of Assystem Conseils (previously owned by HDL Development) for €3 thousand and all of the shares in Assystem Energy and Infrastructure UK Ltd for €5,514 thousand.

On 19 July 2017, Assystem SA injected €19 thousand into the capital of Assystem Technologies Belgium (ATB) and then on 8 September took up €346 thousand worth of shares issued under a capital increase carried out by ATB. Assystem SA subsequently sold its ATB shares on 28 September, at their cost price, in connection with the transfer of control of GPS.

On 3 August 2017, Assystem SA injected €19 thousand into the capital of Assystem Technologies Switzerland (ATS) and then on 12 September took up €608 thousand worth of shares under a capital increase carried out by ATS. Assystem SA subsequently sold its ATS shares on 31 October, at their cost price, in connection with the transfer of control of GPS.

Also in 2017, Assystem SA acquired (i) a 39.23% interest in Assystem Technologies Groupe for €62,140 thousand (on 28 September), (ii) a 72.70% interest in The Biotech Quality Group for €10,905 thousand, and (iii) a 5% interest in Framatome for €123,726 thousand.

At 31 December 2017, Assystem SA either directly or indirectly held 100% of the shares and voting rights of its main operating subsidiaries, which are as follows:

Companies incorporated in France

- Assystem Engineering & Operation Services SAS and subsidiaries
- Assystem Investissements SAS
- MPH Global Services and subsidiaries

Companies incorporated outside France

- Assystem Energy Infrastructure UK and subsidiaries
- Assystem Belgium
- ASM Technologies (based in Morocco)
- Assystem Switzerland

3.3.2 ACQUISITIONS OF ADDITIONAL SHARES IN EXISTING SUBSIDIARIES

On 24 February 2017 Assystem SA acquired, for €3,679 thousand, a 60% interest in Plast Concept, raising its interest in this subsidiary to 100%. All of Plast Concept's capital was transferred to Assystem Technologies on 28 September in connection with Assystem SA's transfer of control of GPS.

On 28 April 2017, Assystem SA acquired 683,690 shares in MPH Global Services SAS (MPH GS) from its subsidiary Assystem Engineering & Operation Services, representing 15.14% of MPH GS's capital, for €4,650 thousand. Following this transaction Assystem SA held all of the shares in MPH GS.

3.3.3 SALE OF SHARES IN SUBSIDIARIES

See Chapter 1 of this Registration Document and Section 3.1.2 for a detailed description of the transfer of control of the GPS division.

3.3.4 PAYMENT TIMES

In accordance with the provisions of the French Commercial Code and the Governmental Order dated 20 March 2017, the tables below provide a breakdown of the payment times for trade payables and receivables, showing invoices received and issued but not settled at the reporting date and which are past due.

Trade payables:

Article D.441.1-1°, Invoices received but not settled at the reporting date and which are past due.

In thousands of euros	1-30 days	31-60 days	61-90 days	Beyond 91 days	Total
Number of invoices concerned	13	5	5	29	52
Total amount (incl. VAT) of invoices concerned	**75**	**2**	**(12)**	**51**	**116**
% of total amount of purchases for the year (excl. VAT)	0.3%	0.0%	(0.1%)	0.2%	0.5%

Trade receivables:

Article D.441.1-2°, Invoices issued but not settled at the reporting date and which are past due.

In thousands of euros	1-30 days	31-60 days	61-90 days	Beyond 91 days	Total
Number of invoices concerned	31	16	0	44	91
Total amount (incl. VAT) of invoices concerned	**270**	**8**	**0.0**	**186**	**464**
% of total amount of revenue for the year (excl. VAT)	2.2%	0.1%	0.0%	1.8%	4.2%

The payment times used to calculate late payment interest correspond to the legally applicable periods.

No invoices related to disputed or unrecognised payables or receivables have been excluded from the above tables.

3.3.5 NON-TAX-DEDUCTIBLE EXPENSES

The aggregate amount of non-tax-deductible expenses as referred to in Article 39-4 of the French Tax Code amounted to €26,209 for 2017, generating income tax of €9,024 (disclosure made in application of Articles 223 *quater* and *quinquies* of said Code).

3.4 COMPENSATION OF COMPANY OFFICERS

See Chapter 2 of this Registration Document.

3.5 INFORMATION CONCERNING ADMINISTRATIVE BODIES

See Chapter 2 of this Registration Document.

3.6 INFORMATION ABOUT THE COMPANY'S CAPITAL

Chapter 7 of this Registration Document contains all information concerning changes in the Company's capital, the crossing of disclosure thresholds, transactions in the Company's securities carried out by executives, a summary table of financial authorisations granted by shareholders and currently in force, elements likely to have an impact in the event of a takeover bid, dividends and the share buyback programme.

3.7 DESCRIPTION OF MAIN RISKS AND UNCERTAINTIES

See Chapter 5 of this Registration Document.

The effects of climate change and the measures taken by the Company to reduce these effects are set out in Chapter 4 of this Registration Document (particularly Sections 4.1.1 and 4.6.3.2).

3.8 INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES PUT IN PLACE BY THE COMPANY RELATING TO THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

The Group's internal control system comprises a combination of resources, procedures, behavioural standards and actions adapted to the specific features of each Group company and the Group as a whole. This overall system:

- helps the Group manage its business activities and ensure the effectiveness of its operations and the efficient use of its resources;
- is designed to enable the Group to appropriately factor in the significant risks to which it is exposed (operational, financial and compliance-related risks).

The purpose of internal control is to ensure:

- compliance with the applicable legislation and regulations;
- the application of instructions and guidelines stipulated by the Board of Directors;
- the smooth functioning of each entity's internal procedures, in particular those designed to take into account risks encountered in their activity and consequently, to safeguard assets;
- the reliability of financial information.

However, internal control cannot provide an absolute guarantee that Assystem's objectives will be met, as any internal control system has inherent limitations. These limitations are due to various factors, such as uncertainties in the external environment, the exercise of judgement, or the cost/benefit relationship of setting up new control mechanisms.

Assystem's internal control system concerns all fully consolidated subsidiaries controlled by the Group.

The summary information set out below relating to internal control procedures is focused on significant elements that could have an impact on the accounting and financial information published by the Group.

The Group has chosen to apply the internal control framework advocated by the AMF in its recommendation no. 2015-01 issued on 12 January 2015.

The internal control procedures in place within the Group, and notably those relating to the preparation and processing of accounting and financial information, are broken down on the basis of the five main components of internal control (see Section 3.8.3 below).

The sections below also describe the procedures in place for identifying, analysing and managing accounting and financial risks.

See Chapter 5 for further information on the Group's risk factors.

3.8.1 INTERNAL CONTROL PLAYERS AND ORGANISATION OF INTERNAL CONTROL PROCEDURES

The Company has a full set of measures in place intended to control and reduce any risks that could prevent it from achieving its objectives. These measures take the form of procedures, instructions, supervisory arrangements, authorisations, delegations of responsibility, etc.

The overall internal control system forms an integrated framework covering the entire scope of the Group: divisions, business units, legal entities, countries, departments and all business processes.

Assystem's Board of Directors is ultimately responsible for ensuring that the internal control system is implemented properly and functions effectively.

Since it is responsible for initiating and spearheading the Group's clearly-expressed strategy of deploying an integrated internal control system, Assystem's management team is the system's owner. However, all Group players are part-owners in the sense that they are the agents and custodians of the system.

The table below summarises the main roles and responsibilities of each category of internal control player.

Internal control player	Internal control roles and responsibilities
Board of Directors	• Initiates and spearheads the internal control system by relaying clear information and guidelines. • Is responsible for deploying the internal control system across the Group and ensuring that it functions effectively. • Ensures that the internal control system is in line with the Group's business strategy and risk portfolio.
Audit Committee	• Ensures that the Group has a consistent internal control system that is compatible with its overall business strategy and risk profile. • Approves the internal control system and is regularly informed of the findings of audits and the recommendations implemented. • Consults the executive management team in order to form an opinion on the construction and effectiveness of the internal control system. • Ensures the effective functioning of the risk management process related to the preparation of financial information.
Group executive management team	• Steers the Group's business strategy and sets the targets for consolidated entities, allocates the resources necessary for their achievement and tracks performance based on those targets. The executive management team draws on the work performed by the Quality Department to ensure that client projects are performed to the required standards.
Finance and legal teams	• The Financing and Treasury Department, the Management Control Department, the Legal Affairs Department and the divisional and country-level financial directors play a key role in internal control due to their cross-disciplinary skills.
Operations management	• Is responsible for deploying the internal control system within the scope of its remit (i.e. its BU, legal entity, country or department) and ensuring that it functions effectively. • Ensures that the internal control system is aligned with the structure, strategy, tactics and organisation of its scope of remit.
Operations and support staff	• Are actively involved in implementing the internal control system. • Carry out work and operations in compliance with the established internal control system. • Inform Management of any malfunctions and help determine remedial measures.

The overall system also involves the participation of external players, including the Statutory Auditors. It is not part of the legal engagement of the Statutory Auditors to assume ownership of the internal control and risk management systems. Their responsibility is to review these systems and to issue an independent opinion on their suitability. Each year the Statutory Auditors perform a Group audit as part of their legal engagement to certify the consolidated financial statements and to audit the separate financial statements of Group companies. In compliance with French commercial law, the certification of Assystem's consolidated and parent company financial statements is carried out by two Statutory Auditors, who jointly examine all the financial statements, the methods used for their preparation and specific internal control procedures related to the preparation of accounting and financial information.

3.8.2 INTERNAL CONTROL OBJECTIVES

The Group's internal control system aims to provide appropriate and reasonable assurance of:

- the reliability of financial information;
- compliance with the applicable legislation and regulations;
- the proper functioning of internal processes, such as those used to safeguard the Group's business and assets;
- the application of instructions and guidelines stipulated by the Board of Directors;

More generally, it helps the Group manage its business activities and ensure the effectiveness of its operations and processes and the efficient use of its resources.

In line with the above, the internal control system has five main objectives which can be summarised as follows:

Objective	Reasonable assurance
Finance	That the financial information produced and published is reliable.
Compliance	That the applicable laws, regulations, standards and all other obligations are respected.
Operations	That operations, activities and processes work effectively and efficiently.
Integrity	That assets (human, tangible and intangible) are secure and protected.
Strategy	That the Group's strategy and the resources put in place to implement it contribute to achieving the objectives of growth, profitability and business sustainability.

3.8.3 COMPONENTS OF THE INTERNAL CONTROL SYSTEM

The main procedures of the internal control system, in particular those relating to the preparation and processing of accounting and financial information, are described in the Section below, "Organisation, responsibilities, operating procedures and tools".

3.8.3.1 Organisation, responsibilities, operating procedures and tools

ORGANISATION

The Group's organisational structure is largely decentralised, which by definition results in a high degree of delegation of operational, functional and legal responsibilities to company officers and managers. Its internal control system and information systems therefore need to be adapted to this structure in order to effectively contribute to monitoring its operations.

Delegations of authority and responsibilities are drawn up in writing after approval by executive management.

The Group's Code of Conduct, validated by the Board of Directors, is available to all employees.

RESPONSIBILITIES

The responsibilities assigned to employees are set out in writing in job descriptions which are validated by their line managers and supplemented, where applicable, by delegations of authority. Job descriptions help to clarify the nature of the work and transactions for which the employees are responsible by clearly describing the type and method of supervision applicable and by integrating, where required, the internal control dimension by setting out their responsibilities related to complying with and updating procedures, etc.

The delegations of authority describe the permanent or temporary transfer of responsibilities and chiefly relate to the departments involved in financial transactions (incurring and authorising capital expenditure, ceilings set regarding procurement, supplier payments, etc.). The bank signing powers put in place at local level must reflect these delegations of authority as closely as possible.

Having suitable resources to achieve its objectives is essential for the Group, notably due to the level of staff turnover. The Human Resources Departments play a key role in guaranteeing this suitability. In conjunction with the operations departments, they draw up staff training plans and coordinate annual performance appraisals during which the achievements for the past year are reviewed, targets for the following year are set and the skills that need to be acquired or consolidated are identified.

OPERATING PROCEDURES

Business operating procedures

In France, the Group has put in place a quality management system (QMS) which is available on its Intranet. The QMS – which is a key repository of information on quality for the Group's operations – is also applicable in other countries that are significant for the Group's business. It includes a map of business processes and a set of related procedures and instructions. The quality managers use this system to carry out periodic audits aimed at assessing whether the applicable quality standards are being respected.

Pre-sales and client contracts

Pre-sales and client contract processes are defined in the QMS.

Before any bid is submitted, an internal decision-making process takes place on whether or not to actually respond to the client's invitation to tender. If the decision is positive, a technical and commercial bid is drawn up and is then subject to validations concerning its technical, financial, and legal aspects.

Performing services and reviewing ongoing projects

The performance of contracts is overseen by project managers. Monthly reviews are organised, at an operational level, for major fixed-fee projects, involving an examination of the project's technical status, costs and revenues, cash flow curve and margin on completion. In addition, within the Group, a task force (essentially made up of operations managers) conducts periodic project audits covering all of the Group's business units.

This project management system has been rounded out via the creation of the Project Management Community, which now provides a forum for around 50 of the Group's leading project managers to exchange ideas, share experiences and achieve continuous improvement. Assystem also has a Project Management Institute, which was created at the same time as the Project Management Community with a view to strengthening the project culture within the Group. The Project Management Institute provides a specific and structured training programme each year, facilitating the development and assessment of project managers' skills.

The risk analysis procedure created in 2013 has now been fully rolled out across all existing offerings and contracts. Training on this procedure is provided to some 20 project managers every year.

Project reviews are also organised on a quarterly basis at the Group's head office in the presence of the CFO & Deputy CEO. These reviews relate to projects that represent amounts exceeding a defined threshold (which varies depending on the scopes and countries concerned) as well as projects that have specific characteristics or are exposed to specific risks. They are used to examine the technical and financial progress of the projects and to update the assessment of associated risks, and where required, to draw up appropriate action plans and determine the ways and means to implement them (both for clients and in-house).

Human resources, recruitment, and payroll management

Human resource requirements are determined and conveyed by line management, and the corresponding recruitment procedures are defined and managed by each country's human resources department. Overall budgets for pay increases are managed at the level of each operating entity and each country and are reviewed and validated by the management team.

Administrative procedures

Sales

In France, investigations are carried out before any client account is opened in order to ensure the client's solvency (supported by a monitoring process to alert the Company to any major changes in solvency). All client accounts are covered by a debt recovery procedure based on tailored reminder scenarios.

For this purpose, the Company uses client account and debt recovery management software in France. This software is used at various stages of the billing process as from when the invoice is issued: pre-reminders before the due date, reminders, identification of late payments, identification of disputes and monitoring of their resolution, inventory of promises to pay (and verification of invoice payments at the specified dates).

Similar procedures, adapted on a case-by-case basis to the specific businesses and countries concerned, are implemented in the Group's non-French entities. Consequently, the measures and procedures put in place to prevent client risks and to improve the effectiveness of trade receivables recovery allow the Group, as far as possible, to limit bad debts and ensure good generation of operating cash flow.

In addition, the Group has strict internal rules that apply to all consolidated entities and which stipulate the revenue recognition procedures for the various types of activities and projects (mainly time and materials, work packages and fixed-fee projects).

Lastly, the Group has drawn up reinforced General Terms and Conditions of Service, which are systematically integrated into the bids it submits to clients.

Real estate

If new premises are required for particular operations, a statement of requirements is drawn up by the operations manager concerned, which is then validated by the head of the relevant Business Unit and forwarded to the General Services Department at Group and/or country level for processing and examination of the corresponding business case. The executive management team is then responsible for analysing the project and validating the size and cost of the premises selected.

The Procurement and General Resources Department then participates at various stages of the negotiation process in order to ensure that leases are effectively tracked, in France, and where necessary, in other countries. Regular budget reviews concerning premises both in and outside France are carried out so that information can be regularly exchanged between the General Services and Management Control Departments and that data on existing premises can be updated and current and future projects analysed.

Delegations of authority

The principles applicable to the delegations of authority put in place meet a three-fold objective:

- to raise the awareness of operations managers about their responsibilities in terms of health and safety;
- to create a power of representation for the Assystem Group for the benefit of operations managers;
- to set a precise framework within which operations managers exercise their authority (including the possibility of sub-delegation).

The delegations mainly concern commitments directly related to operational areas (hiring of consultants or sales managers, signature of client contracts, dispute management, etc.).

Bank signing powers are only partly delegated, in France and abroad, and for limited amounts.

Budgeting and management control

The various operating units draft and present their strategy and annual budget to the executive management team. The Group's annual budget is then approved by the Audit Committee and the Board of Directors.

The Group’s executive management team and the Group Finance Department carry out a monthly analysis and cross-check of the various key reporting indicators in order to identify any variation from forecasts, detect any significant shortfalls (notably in terms of the gross margin on contracts, operating gross margin, the operational non-billing rate and client payment times) and propose remedial measures if required.

Purchases

Purchasing procedures are subject to separate controls at the following stages of the process:

- issue of the requirement by the internal client;
- purchase of the equipment or service by the department concerned (general services, IT, etc.);
- validation of the service and/or delivery by the department concerned;
- validation of the payment authorisation and invoice by the Accounting Department based on the relevant documents.

Payment of invoices is organised by the Accounting Department, which ensures that upstream controls have been carried out and checks, using sampling techniques, the information used as the basis for validating the invoices.

The Group has strengthened its General Purchase Conditions.

Consolidation

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), based on accounting data prepared under the responsibility of the heads of the operating units.

Points of particular significance for the Group are dealt with centrally. For example, the Group Finance Department reviews the accounting treatment of disposals and acquisitions of assets and shares and the regular tests carried out on the value of the Company's assets.

Accounting

The Group Finance Department coordinates the accounts closing processes and sends out any necessary memorandums and instructions to all consolidated entities. In addition, it meets regularly with the Statutory Auditors in order to present specific and significant transactions carried out during the year and the accounting options selected.

Financing and cash management

The Group has put in place a centralised management system for cash and investments, by setting up a cash pool and a Treasury Management System for entities in Eurozone countries and putting in place other cash centralisation procedures for other entities. The Board of Directors defines the cash management policy on a yearly basis with the overall aim of guaranteeing the liquidity and security of investments.

Currency and interest rate hedges as well as the counterparties for these hedges are centralised at the level of Assystem SA. The number of banks used for these instruments is limited.

The Group has chosen Swift Net to ensure that its bank messaging is secure. Combined with its cash management software in Saas mode, this solution provides an optimised system for centrally managing the Group's cash on a day-to-day basis and for minimising financial risk by offering a fully integrated management solution for cash and payments.

The Group monitors actual and forecast cash flows for each subsidiary on a daily basis for the Eurozone and on a monthly basis for other countries. These reviews cover the forecasts for the main cash flows related to operating, financing and investing activities.

The Group has rolled out across the majority of its consolidated entities a web-based system for cash flow consolidation, reporting and analysis, which provides specific responses for highly operational issues, including:

- building and structuring processes for monitoring "sliding" and updated cash flow forecasting;
- standardising and simplifying the reporting and data collection processes;
- analysing, for a given period, gaps between actual and forecast figures;
- easily dealing with the other issues that arise as a result of the Group's activities (cash pooling, inter-company transactions, multiple currencies, identification of cash and non-cash flows).

Financial commitments

Financial commitments – including off-balance sheet commitments – require prior approval. In addition, as part of the accounts closing process, the operating units are required to list all of the commitments they have given and received.

Capital expenditure

A capital expenditure authorisation procedure covering all capex categories is applicable to all Group subsidiaries. Given the Group's business, these expenditures are limited and mainly concern computer hardware and software.

Acquisitions and disposals

The identification of acquisition targets and their pre-selection are initiated by a dedicated department and/or the operations department concerned and are then validated by the executive management team and the Finance Department.

Following the performance of operational, financial, HR, tax and legal audits, aimed at ensuring the targets are compatible with the Group's business model, as well as reviewing their financial performance and identifying potential risks, acquisition proposals are presented to the Board of Directors for approval.

Acquired companies are immediately integrated into the Group's operational and management reporting process and, depending on their size, the Group's information systems are deployed to guarantee the reliability of financial information.

Disposals of assets and securities are validated by the Board of Directors and the executive management team and are managed and monitored at Group level in conjunction with the operations department concerned.

Legal disputes

Legal disputes involving Assystem SA and its subsidiaries are monitored and reported on a continuous basis by the Group Legal Affairs Department in conjunction with legal experts at the level of the operations departments and/or countries concerned. A quarterly reporting system has been set up in France whereby the potential financial impact of legal disputes is analysed by the finance directors of each operations department, and, if required, by the Group Finance Department.

Communication of results

The preparation and validation of press releases and investor presentations concerning the Group's results are governed by a specific procedure involving the Group's executive management team, the Finance Department, the Communications Department and the Statutory Auditors. Draft earnings releases are submitted to the Audit Committee and the Board of Directors for review.

The Group takes all reasonable measures to provide regular, reliable, clear and transparent information to its shareholders and financial analysts.

Information is provided through press releases, the quarterly publication of the Group's revenue figures and the half-yearly and yearly publication of its results.

The Group organises meetings with financial analysts twice a year, when it publishes its results, as well as conference calls four times a year, when it publishes its quarterly revenue figures.

TOOLS

The Group has put in place a set of key indicators which enable it to monitor project management. These indicators are tracked during the quarterly project reviews carried out with operations staff by the CFO & Deputy CEO. The Group's financial reporting also includes a series of indicators and aggregates which allow for a finely-tuned analysis of the performance of the various subsidiaries and business units. In addition to these indicators, the Group specifically monitors its indirect costs, billable staff time and billing rates. All of the tools used are also rounded out by the Group's internal control measures.

3.8.3.2 Internal communication

The Intranet and the reporting and consolidation system are the two centralised communication channels used by the Group to relay key information that is necessary for the people concerned to exercise their responsibilities.

The QMS manual and the main procedures applicable at local level (relating to IT, human resources and project management) are published on the Intranet.

All of the subsidiaries are equipped with the reporting and consolidation system (LINK), which is the platform used for the financial information published by the Group. An accounting guide is distributed to all Group subsidiaries to ensure that information is submitted in a standardised fashion.

The Group communicates with its subsidiaries by circulating memorandums and procedures in order to ensure that matters affecting the Group as a whole, such as investments, cash management, the monitoring of trade receivables, etc., are dealt with in a consistent manner.

Lastly, subsidiaries are responsible for setting up and maintaining management information systems that are compatible with the Group's objectives in terms of reporting financial information and managing projects. At this stage, the Group has not opted to implement a shared management information system for all of its subsidiaries. It does, however, take care to ensure that the descriptions and content of its key performance indicators are harmonised for comparable activities in order to enable cross-business analyses (in particular project profitability analyses) to be carried out based on the same data, and to facilitate the exchange of skills between business units and countries.

3.8.3.3 Identifying, analysing and managing risks

The Group attaches critical importance to effectively managing its risks.

The "Risk Factors" Chapter of this Registration Document (Chapter 5) describes the Group's main risks as well as the measures implemented to manage them.

The quarterly project reviews help to identify the risks involved in ongoing projects and to decide on any actions to be taken to reduce them. These reviews – which mainly relate to fixed-fee projects – are carried out using check-lists and enable the following areas to be dealt with:

- recognition of revenue in line with the financial progress of the contract;
- margin on completion;
- contractual risks and related reserves and provisions;
- cash flows.

Each business unit also carries out monthly project reviews, which cover the vast majority of ongoing projects.

The risk mapping procedure put in place by the Group covers the different categories of major risks to which the Group is exposed and measures these risks in terms of impact and vulnerability (i.e. net exposure to risks after taking existing controls and risk reduction measures into account).

Assystem has opted for a "top-down" approach to allow the Group's management to obtain an overall view of the major risks to which it is exposed. This overall view emerges as a result of discussions with members of the executive management team and with Assystem's key operations and corporate support managers. The discussions are based on an inventory of the main risk factors and an assessment of their potential impact and probability of occurrence, and they cover the following principal themes:

- business/operations;
- contract and project management;
- HR/people and skills management;
- finance.

For each of the above categories, the main risks have been identified, defined and assessed in terms of their impact and probability of occurrence.

The criteria used to assess the impact of identified risks and the probability of their occurrence are described below.

IMPACT

For risks whose consequences can be measured in monetary terms, their impact on consolidated operating profit is determined in accordance with the following scale.

Magnitude	Monetary impact on operating profit
Very low	Less than €0.5m
Low	Between €0.5m and €1m
Medium	Between €1m and €2m
High	Between €2m and €5m
Very high	Over €5m

PROBABILITY

The probability of risks occurring is measured by reference to the past occurrence of comparable and/or similar events, according to the following scale:

Extent	Occurrence of comparable/similar events in the past
Improbable (less than 5%)	Never occurred in the past 5 years
Unlikely (between 5% and 15%)	Occurred once or twice in the past 5 years
Possible (between 15% and 30%)	Occurred once a year in the past 5 years
Very possible (between 30% and 90%)	Occurred more than once a year in the past 5 years
Certain (over 90%)	The risk is the result of non-compliance

The various risks thus assessed are positioned on a map with two axes (impact and probability), which is then used to rank them as follows:

- **High probability/significant impact:** priority risks which require attention and monitoring by the Board of Directors. These risks are placed under the direct responsibility of one or more members of the Board of Directors, who are tasked with ensuring that a related action plan is in place and that the resulting measures taken effectively reduce the level of risk.
- **High probability/low to medium impact:** risks requiring that the Board of Directors is regularly informed in order to provide it with a reasonable assurance of the proper functioning of controls aimed at reducing the possibility of the risks occurring.
- **Low to medium probability/low to medium impact:** risks requiring that the Board of Directors is regularly informed in order to provide it with reasonable assurance of the proper functioning of controls aimed at mitigating the impact in the event that the risks occur.
- **Low probability/low impact:** non-priority risks requiring that the Board of Directors is periodically informed in order to provide it with reasonable assurance of the proper functioning of controls aimed at containing the risks in this category or completely eliminating them.

3.8.3.4 Control activities in line with objectives

In view of the Group's high degree of decentralisation and its policy of delegating powers and responsibilities, the scope of the controls implemented is defined by each subsidiary's management team based on the Group's underlying internal control framework.

The main purpose of the controls performed is to reduce the major risks to which the Group is exposed.

The principal categories of control activities cover the following areas:

- Contract authorisation: the Group has established delegation principles which give the appropriate managers the necessary powers to authorise contracts.

The controls performed cover each contract phase:

  - selection of invitations to tender,
  - submission of bids,
  - definition of billing rates and pricing,
  - contract riders;
- Contract review: the Legal Affairs Department conducts an independent review of major contracts before they enter into force. In particular, the Legal Affairs Department is responsible for defining the general terms and conditions of services, which are stated on client invoices.
- Time management and billing: each subsidiary verifies the time entered into the applications used for this purpose. The controls carried out ensure that time is correctly allocated to ongoing projects and also trigger client invoicing.
- Payments: the Group has introduced a dual signature policy for means of payment. In line with this policy, the Company defines thresholds for the authorisation of subsidiaries' expenses based on categories of authorised signatories. The secure bank messaging system, “swaps”, is used to ensure that the policy is respected. In order to reinforce the supervision and control of certain geographically distanced subsidiaries, the Group Treasury Department receives details of monthly expenses incurred and carries out ex-post controls on these expenses.
- Budget and budget adjustments: each subsidiary presents the budget that it has drawn up for the current financial year to the members of the executive management team who authorise budgets. The same procedure applies to budget adjustments that are made during the year.
- Periodic results and reporting: periodic results are reported every month via the reporting and consolidation application (LINK). The Group Finance Department conducts a critical review of these results and obtains any further information that it may require from the relevant subsidiaries.

The Group also places particular importance on the appropriate segregation of tasks in order to strengthen the controls undertaken in relation to critical transactions, particularly payments.

In small-sized entities, the appropriate segregation of tasks is sometimes difficult to achieve owing to the entity's organisational structure. In such cases, specific controls are put in place, essentially in the form of increased supervision by management, which conducts an independent review of critical transactions for control and authorisation purposes.

3.8.3.5 Ongoing monitoring of the internal control process

Overseeing the internal control process is one of the primary duties of the Board of Directors and the Audit Committee as well as of the Group's support and operations departments.

The Group's executive management team defines the Group's overall internal control principles and ensures that they are correctly applied.

The Audit Committee examines the main reports related to the accounts as well as those concerning internal control.

3.8.3.6 2018 action plan

The Group has made internal control part of a continuous improvement plan with the aim of enhancing the operational effectiveness of its processes for preparing and processing accounting and financial information. In line with this, the action plan drawn up for 2018 notably includes carrying out a priority review of recently-acquired subsidiaries, covering financial, organisational and operational issues.

3.9 ANTI-CORRUPTION MEASURES

In 2011 Assystem pledged to uphold the UN Global Compact which sets out ten universal principles covering human rights, labour, the environment and anti-corruption measures, and reaffirmed its pledge in a letter dated 16 January 2017. Within the Group, these principles are translated into mandatory behaviours and practices, as indicated in the cross-reference table in the CSR report on page 212 and reproduced below.

Anti-corruption measures	
Global Compact principles	**Sources**
Businesses should work against corruption in all its forms, including extortion and bribery	• COP 2013, 2014, 2015 and 2016 • Code of Ethics (see pages 20 and 47 of this Registration Document) • Code of Business Conduct (see pages 52 and 75 of this Registration Document)

3.9.1 SECURITIES TRADING CODE OF CONDUCT

The Board is guided in its work by its Rules of Procedure which define its *modus operandi* and include the Securities Trading Code of Conduct. The Board regularly reviews its Rules of Procedure in order to ensure that they are continually in compliance with the applicable laws and regulations. The latest update was carried out by the Board on 1 February 2017 in order to align the Rules with European Union Regulation no. 596/2014 dated 16 April 2014 on market abuse and its implementing legislation, which entered into force on 3 July 2016.

3.9.2 FAIR BUSINESS PRACTICES

Employing fair business practices is one of the Group's key priorities.

Assystem has had a Code of Ethics since 2006 and it now also has a Code of Business Conduct which provides practical guidance on the application of the Group's ethical values by defining and describing the principles and behaviours to be followed when conducting business. The Code of Business Conduct adds to but does not replace pre-existing local policies. Its purpose is to ensure that the Group's ethical ethos is applied consistently in all countries, taking into account the differences in local business practices.

The Code of Business Conduct describes four specific policies:

- Policy concerning gifts and invitations:
  - gifts given or accepted by executives and employees must be:
  - – of reasonable and symbolic value,
  - – occasional,
  - – in compliance with the applicable laws and regulations and consistent with local practices;
  - gifts given by the Group must be transparently recorded in Assystem's accounts.
- Anti-bribery policy: executives and employees must give the following undertakings:
  - not to solicit money, gifts, invitations or any other form of advantage,
  - not to offer, give or promise gifts, invitations or any other form of advantage to a public official or private individual in order to obtain a benefit or preferential treatment, or to influence the completion of a transaction or the awarding of a contract,
  - to obtain details of the anti-corruption rules applicable in the Group's host countries,
  - to notify their superior of any dubious requests or solicitations.

- Policy concerning exports, dual-use items and technologies and military equipment and related items. Assystem complies with all international trade rules and export and import controls in its host countries, including bans on exports of military equipment and dual-use items, as well as with United Nations and European Union embargoes.
- Conflict of interest policy. Assystem's executives and employees, the members of their families and persons close to them, may not hold any interests in a sub-contractor, supplier, client or competitor that could affect the exercise of their duties.

In late 2016, a communication campaign was organised to promote awareness of the Code of Business Conduct and related policies among employees in France and other countries and since 2016 the importance of business ethics has been highlighted in a specific section of the Group's Intranet. A training programme for the employees most exposed to ethical risks was piloted in 2017, which the Group intends to continue and intensify in 2018.

Ethical considerations have been an integral part of the Group's purchasing policies for many years and it expects its subcontractors and suppliers to uphold the same values. Although sub-contractors and suppliers are chosen for their technical expertise, service quality and compliance – notably with the rules governing concealed work (in particular, presentation of the "e-attestation" compliance certificate required in France) – their ethical practices and sustainable development initiatives are also a factor in the selection process.

The responsible purchasing principle is also mentioned in the Assystem Code of Ethics and Code of Business Conduct.

See Chapter 5 – Risk factors, and Section 3.8 above for a description of the procedures used to assess the ethics and business practices of the Group's clients and suppliers.

The accounting and financial control procedures set out in Section 3.8 also enable the Group to ensure that its accounts are not being used to hide any corruption.

The Group is currently adapting its Code of Business Conduct as well as its policies and resources dedicated to anti-corruption measures in order to fully meet the requirements of French Act 2016-1691 dated 9 December 2016 on transparency, anti-corruption and modernisation of business practices (the "Sapin II" Act).

3.10 CORPORATE SOCIAL RESPONSIBILITY (CSR)

All of the information on Assystem's Corporate Social Responsibility is provided in the CSR report in Chapter 4 of this Registration Document, which forms an integral part of this management report.

3.11 RELATED-PARTY AGREEMENTS AND COMMITMENTS

See Chapter 2, Section 2.2.2 of this Registration Document.

3.12 STATUTORY AUDITORS' FEES

The fees paid to the Statutory Auditors are set out in Chapter 7, Section 7.3.3 of this Registration Document.

3.13 FIVE-YEAR FINANCIAL SUMMARY FOR ASSYSTEM SA

Year	2013	2014	2015	2016	2017
I . Capital at year-end					
Share capital	19,326,066	22,154,831	22,218,216	22,218,216	15,668,216
Number of shares issued	19,326,066	22,154,831	22,218,216	22,218,216	15,668,216
Number of convertible bonds	4,181,818	6,837,098	6,861,795	807,438	None
II. Results of operations					
Net revenue	11,427,562	12,371,760	11,342,261	11,974,072	10,057,485
Profit (loss) before tax, depreciation, amortisation and provisions	26,215,004	14,194,383	50,292,852	(6,401,391)	387,980,428
Corporate income tax	2,250,236	3,230,075	5,315,395	7,143,932	(2,115,209)
Profit (loss) after tax, depreciation, amortisation and provisions	25,589,684	14,033,557	93,212,545	(16,350,387)	387,767,535
Dividends paid	9,908,478	16,226,024	16,992,599	21,164,539	*
III. Per share data					
Earnings per share after tax but before depreciation, amortisation and provisions	1.47	0.79	2.50	0.03	24.63
Earnings (loss) per share after tax, depreciation, amortisation and provisions	1.32	0.63	4.20	(0.74)	24.75
Dividend per share	0.45	0.75	0.80	1.00	*
IV. Employee data					
Number of employees	1	1	0	0	0
Total payroll	307,438	523,093	1,468,064	685,571	606,598
Social security contributions	241,251	355,854	578,586	268,782	238,507

* *Dividend to be recommended at the next Annual General Meeting.*

4

2017 CORPORATE SOCIAL RESPONSIBILITY REPORT (CSR)

Testimonial by Stéphane Aubarbier, Executive Vice-President, Assystem E&I: "*As a complement to renewable energies, nuclear energy is the best option for reconciling the conflicting aims of combating global warming and meeting growing energy needs. Many countries, such as the United Kingdom, Saudi Arabia, India and the United Arab Emirates, have chosen this option and are reviving their nuclear programmes.*"

4.1 CSR VISION AND GOVERNANCE

4.1.1 VISION

The energy and digital transitions are breathing life into a new industrial revolution. Climate risk is the first truly global challenge in the history of our planet and one that affects all countries of the world.

For over a hundred years, massive use of fossil fuels has enabled major advances to be made in most sectors of the economy – transport, housing, manufacturing and healthcare – but this development model is now being threatened by climate change and the depletion of natural resources. Carbon-based fuel (coal, oil and gas) still accounts for two-thirds of global electricity production. A transition to carbon-free energies is essential if we want to limit global warming to 2°C. By changing our relationship with energy and keeping up our efforts, we will contribute to meeting the COP 21 sustainable development goals.

Nuclear, a low-carbon energy source supporting the energy transition

Assystem is convinced that carbon-free primary energy sources (nuclear, hydraulic, solar and wind power), which currently account for 32% of global electricity production, can provide a response to the effects of an increasingly urban population while also contributing to a low-carbon economy. Nuclear accounts for around 12% of global electricity production[1].

France has a long-standing energy independence policy focused on sustainable energy sources. Its energy mix combines nuclear (71%), renewables (22%), gas (6%) and coal (1%)[2].

A recognised nuclear expert

Assystem has the highly-skilled teams and technological expertise needed to help public and private sector clients to reinvent their production processes, upgrade their infrastructure and transition to low-carbon energy sources.

We have a 50-year track record of partnering very large scale nuclear projects. Designing and executing a nuclear project requires a good command of the processes, solid technical expertise, behavioural skills, and a strong security and compliance culture. Our nuclear segment's 2,500 employees are present at all stages in the nuclear project life cycle, from initiation (feasibility studies, environmental surveys and project design), through execution (construction and commissioning) and operation, to end-of-life decommissioning and waste management.

In July 2017, the Group signed a strategic agreement with EDF. One of the first initiatives under the agreement consisted of partnering EDF in its late-2017 acquisition of Framatome by acquiring a 5% interest in this company. In this way, we participated closely in strengthening the French electricity industry's competitive response to the challenges of the energy transition.

Digital technology helping to drive the industrial and energy revolution

Digital technology is the second driver of the industrial revolution, changing the way we think and act and reshaping our professions. Technological innovation is also an opportunity to create shared value by combining improved corporate profitability with enhanced personal lifestyles. With our deep roots in the knowledge economy, our Group's value added is based on our strong innovation culture, our ability to offer new concepts and our focus on creating a learning community supported by the sharing and transfer of skills. During the last ten years, the expertise acquired by our teams in the nuclear market has been deployed in other heavily regulated sectors, including healthcare and transport.

LIFE SCIENCES: COLLABORATIVE ROBOTICS HELPING TO IMPROVE PATIENTS' WELL-BEING

The healthcare sector has to be organised differently to cope with the emergence of a vast number of new pathologies and ageing populations. We are sharing with medical institutions and laboratories our expertise in the latest technologies, such as hypervision technology for physical security, cyber security technology for data security, and cobotics (autonomous mobile robots) to improve healthcare services and free up nursing staff to perform other tasks. Some 400 specialised engineers, 400 systems engineers and 800 project engineers participate in healthcare sector projects throughout Europe and we are further extending our strong presence in the European healthcare sector by continuing to develop our competitiveness, especially through increased use of digital technologies.

(1) Source: Le Nucléaire dans le Monde/SFEN.

(2) Source: RTE, electricity production by type, 2017.

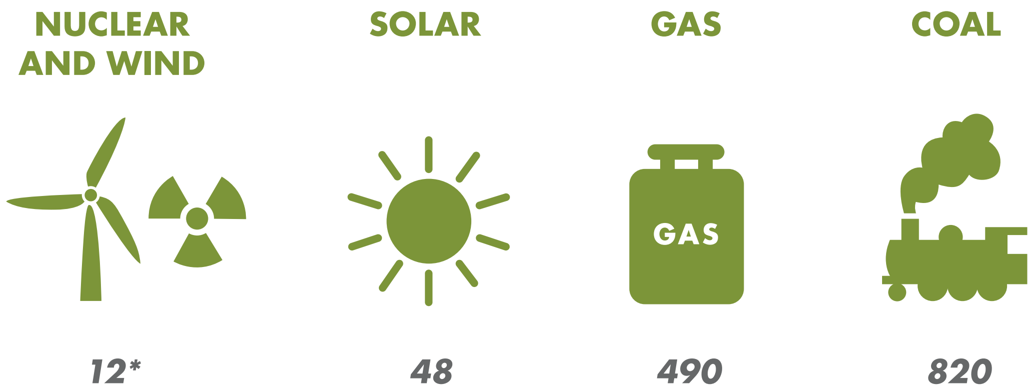
TRANSPORT: WORKING TOWARDS SUSTAINABLE AND CONNECTED MOBILITY

In a more open and more urbanised world, transport infrastructure operators are faced with many challenges, including growing passenger numbers, pollution concerns and passenger safety. We partner urban, suburban, regional and international public transport network operators, especially railway companies. Digital technologies such as Product & Project Lifecycle Management (PLM) software and digital 3-D Building Information Modelling (BIM) software, combined with solutions to improve transport systems' energy efficiency and responsible materials and resources choices are also helping us to manage engineering projects more competitively and responsibly. Our teams responsible for developing and integrating critical control and safety systems also contribute to optimising transport system operations and safety.

NUCLEAR: DIGITAL TECHNOLOGY, THE KEY TO MAKING PROJECT SECURITY RHYME WITH COMPETITIVENESS

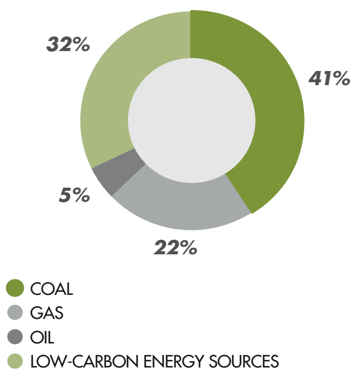
Companies operating in the nuclear sector have to manage and analyse vast quantities of data. Deployment of PLM and BIM digital software helps multi-disciplinary teams to archive, analyse and share data in real time over the nuclear infrastructure's entire life cycle. This data traceability also translates into greater security at each stage of the project. Our digital solutions deliver improved operating margins and significant reductions (around 25%) in development and construction costs. The digital engineering software deployed for the ITER project has helped the companies in the consortium (from three different countries) and the 400-strong project team to work better together, leading to a 15% saving in design costs.

CARBON EMISSIONS BY ELECTRICITY SOURCE (source: Assystem)



* CO_2 emissions per kWh (in grams)

BREAKDOWN OF WORLDWIDE ENERGY SOURCES (source: Le Nucléaire dans le Monde/SFEN)



Nantes and Lyon hospitals: autonomous mobile robots lending a hand to nursing staff

Today's hospitals are vast and departments are often located far from each other. The Nantes teaching hospital needed a reliable autonomous system to move medical equipment from one part of the hospital to another and between its four different floors.

We deployed a cobotics solution (where people and robots learn to work together) in partnership with the hospital's medical teams. Two mobile robots were developed to carry endoscopes from the sterilisation area to the operating theatres.

Value created: By having robots perform this task, the nursing staff can spend more time caring for patients.

Managing the largest energy efficiency project in Dubai

Enova, a joint venture between Majid al Futtaim and Veolia, has signed an Energy Savings Performance Contract (ESPC) with Etihad ESCO for the deployment of energy saving measures in the Jafza industrial zone. This is the largest ESPC signed to date in the United Arab Emirates and one of the largest in the world.

The contract covers the renovation of 157 buildings providing employee housing, the replacement of 5,000 air-conditioning units, and the upgrading of 6,000 air-conditioning units, 85,000 lighting units and 34,500 water management appliances. Some 42,000 people will benefit from the project. Assystem was selected to provide Project Management Consultancy (PMC) services for the execution phase of the project.

Value created: The project will deliver a guaranteed 30% reduction in annual electricity and water use. The €13 million investment will generate a guaranteed €29 million worth of savings in energy costs over six years.

CO_2 emissions will be reduced by 18,500 tonnes and 5.5 billion litres of water will be saved over six years.

Marseille subway system: safer, connected trains and a more fluid service

Three disruptive technologies – connected mobility, sustainable mobility and autonomy – are reshaping the transport sector. Public transport is increasingly recognised as being the best way of reducing traffic congestion and CO_2 emissions. The new connected driverless subway systems are not only safer and more reliable, they also offer an improved passenger experience. Assystem was selected to manage the Marseille subway system upgrade, alongside the Parsons engineering Group. The most difficult aspect of the project consists of replacing driver-operated trains with fully automated driverless trains without interrupting the traffic.

Value created: the subway system is safer and more comfortable; trains run more frequently and are more punctual thanks to the automatic traffic management system.

Responsible effluent management at the Marcoule nuclear site

The STEMA project undertaken by France's Atomic Energy and Alternative Energies Commission (CEA) at the Marcoule nuclear site consists of embedding radioactive effluent using a mineral cement matrix. Two new buildings have had to be constructed:

- a waste unloading station to collect off-site effluent and on-site effluent delivered by tanker truck;
- a cementation building to condition the effluent in cement matrices inside waste drums after the radioactivity has been trapped through chemical coprecipitation.

Assystem and another engineering firm, EGIS, have been chosen to provide Engineering Procurement and Construction management (EPCm) services for the entire project, from preliminary studies to commissioning.

Value created: Development of a 3-D Building Information Model (BIM) providing the manager and the operator with all the information needed throughout the building's life cycle (operations, maintenance, modifications, dismantling). More responsible and secure management of radioactive waste in nuclear facility clean-up and dismantling operations.

4.1.2 CSR GOVERNANCE

We have adopted an assertive CSR strategy aligned with our business imperatives. Our CSR commitments are built around our commitment to complying with the laws and regulations in force in our host countries and reflect the best way of conducting our business. Integrity, fairness, intelligence-sharing and teamwork are also central to our CSR governance. The strategy is based on a process of continuous improvement and is promoted by management as well as by all concerned employees. We will report to shareholders each year on the measures taken and the results obtained.

The CSR strategy is organised around four key objectives:

In 2017, we stepped up our commitment through the following key initiatives:

Be a responsible employer

We have a long-standing commitment to helping people with disabilities to obtain employment. In 2017, we celebrated the 10th anniversary of the creation of our "*Mission Handicap*" by organising events throughout the year and embarking on a RoadTour. An iconic Airstream caravan (based on a 1930s design) criss-crossed France, stopping at all the Group's facilities. Many events were organised, including "silent cafés" where employees were invited to place their order using sign language. The employment rate* for disabled employees has increased threefold in the last ten years.

We also pursue an ambitious gender balance strategy around three main pillars:

- networking, to create an internal community of women and men interested in gender balance issues;
- hiring, to tempt more women to pursue scientific careers, preferably at Assystem;
- advancing, to guarantee the well-being and career development of women employees, notably through awareness-raising, training and mentoring initiatives.

The progress made in terms of both hiring (with women representing 30% of new hires) and gender balance (women now account for 26% of the workforce) attests to our commitment to driving up the employment rate.

* *Disabled employees as a percentage of total employees in France. We call this the "direct employment rate for disabled employees". In 2018, it stands at 2.5%.*

In 2017, we conducted an engagement survey of around 3,500 employees, with a 63% response rate. The survey measured employee engagement based on three key factors:

- interest in their job, the projects they are working on and the opportunities available to them to expand their skills;
- pride in working for the Group, in the contracts won and the clients served;
- the quality of client service (level of excellence).

The results provided an opportunity for us to build on our strengths (a workforce that is confident in the Group's future and proud of the Group, the quality of its management and the quality of the services delivered to clients) and to address the concerns and expectations expressed by respondents (career momentum and improved visibility about trajectories and opportunities).

Be an ethical market player

Assystem has developed a strong culture that has been enhanced by the integration of new teams and by our success in overcoming challenges.

The Assystem culture is illustrated by the following values which represent a set of guideposts for an organisation that is constantly open to change:

- the *creativeness* of our teams, when it comes to finding solutions, resolving complex situations and supporting innovations;
- the *responsiveness* of a client-centric organisation that is constantly doing things for the first time in an increasingly competitive and global market;
- the *solidarity* demonstrated between seasoned experts and engineers who are just starting out on their careers, within multicultural teams serving industrial and economic sectors with different cycles;
- the *responsibility* of our teams for meeting the highest standards of excellence and professional performance in the execution of a project or engagement, and also the Group's Corporate Social Responsibility.

These values are listed in the Assystem Code of Conduct which sets out for employees the core principles that should guide their actions and decisions. They are also embodied in the 10 principles of the UN Global Compact which Assystem has pledged to uphold since 2011.

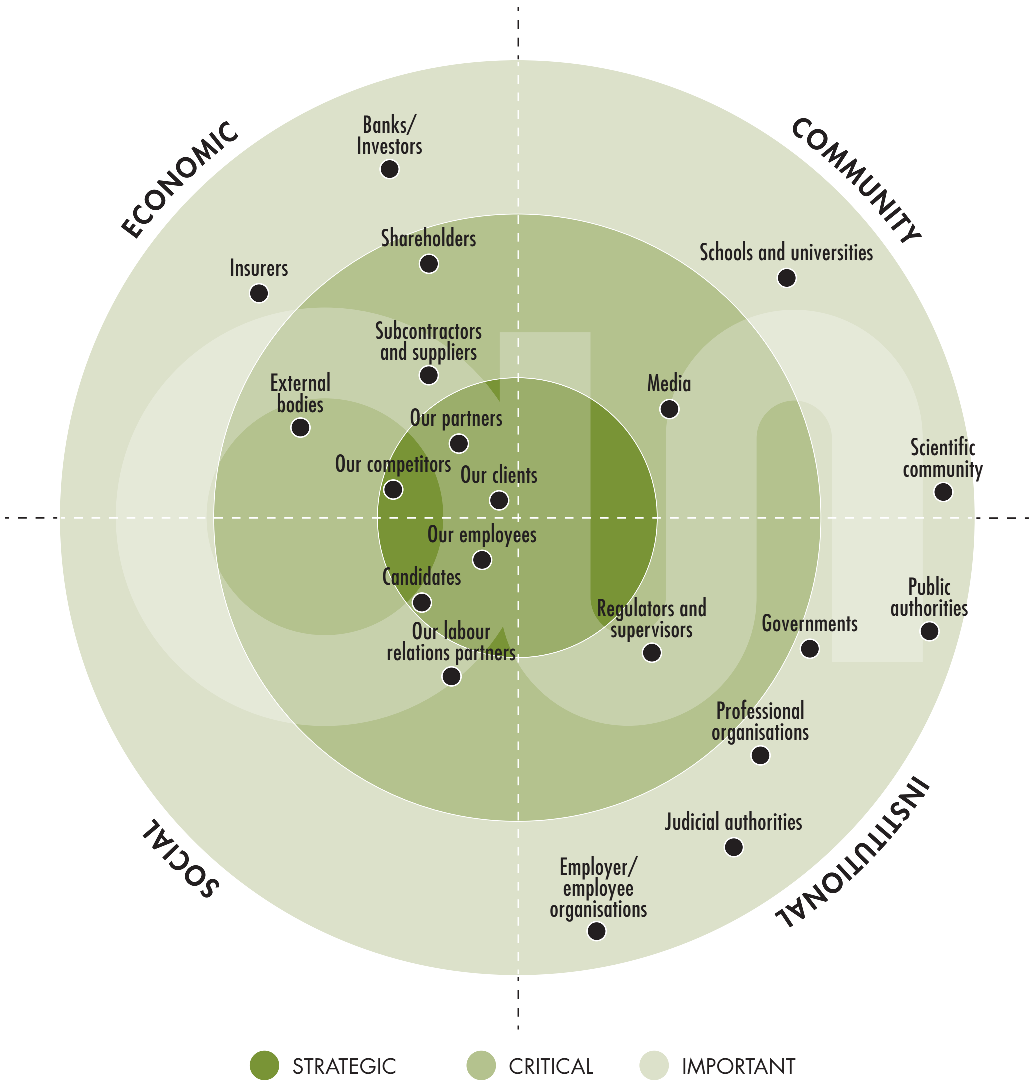
Manage the Group's environmental footprint

Sustainable mobility is a core focus of the strategy to reduce the Group's carbon footprint, given that business travel by employees currently accounts for 98% of the Group's CO_2 emissions. Among the solutions deployed in France in 2017, we issued guidelines recommending that travel be undertaken by train rather than plane for journeys of less than three hours, began transitioning the car fleet towards green vehicles and actively promoted car-sharing.

Create value for clients through sustainable and innovative solutions

The ENGAGE consortium team (of which Assystem is a member), won the Syntec Ingénierie 2017 Industry and Technology Prize for the ITER (International Thermonuclear Experimental Reactor) project. Launched several years ago in Cadarache in the south of France, the ITER project aims to create a new type of power station functioning on nuclear fusion. The project consists of recreating on Earth the fusion reaction of hydrogen atoms, in the same way as it occurs in the centre of the sun and stars. This could potentially create a safe and inexhaustible source of energy that is environmentally friendly due to the absence of radioactive waste.

4.2 STAKEHOLDER MAPPING



We are committed to listening to stakeholders in France and internationally, be they clients, employees, partners, public authorities, regulators and supervisors, students or non-profit organisations, in order to understand their expectations, identify the main risks and opportunities, adapt our approach and improve our performance.

In this way, we intend to create the necessary conditions for lasting, responsible and shared business growth. In 2017, we reviewed the stakeholder map, classifying them according to their degree of influence over the Group, the legitimacy of their demands and expectations, and the urgency with which these need to be addressed.

	Interactions	Expectations	Dialogue method
Clients	Our clients are our main source of business referrals. Thanks to them, we generate revenue and create value. Our clients' business environment influences our business. Our agile business model and ability to adapt to their environment are essential.	• Deliver projects • Engagement and service quality • Compliance with safety, security and environmental imperatives • Innovative technological solutions	• Frequent and recurring dialogue to partner them in implementing their strategy and addressing their business challenges • Annual satisfaction survey covering 300 clients. 90% satisfaction rate • Joint participation in conferences and symposia on future developments in our businesses • EcoVadis Gold CSR rating
Employees	Our employees are essential to our value creation process. We need to develop their employability and promote an open and flexible work environment.	• Interesting engagements • High quality management • Competitive remuneration • Attractive employer • Skills development • Workplace wellness	• Engagement survey every two years • High quality dialogue with employee representatives • Live chats with senior management
Our partners	Our partners are strategic and complementary. They enable us to access new techniques and skills in order to win new contracts. We create groups to work together on long-term projects.	• Joint projects built around innovative solutions • Shared project governance • High quality client service	• Creation of project teams to work on common solutions
Candidates	There is a shortage of qualified engineers and it is therefore important for us to make Assystem an attractive employer brand. Attracting and hiring talent is crucial to support our growth.	• Interesting projects • Career paths and development opportunities • Quality of work life and attractiveness (pride in their employer)	• Presence on engineering school campuses • Sponsoring partnerships with selected schools • Social media presence • Presence at job fairs • Media relations (employer brand)
Our competitors	Our competitors are in direct competition with us. We operate in the same markets, bid for the same contracts and "source" the same candidates. We offer competing innovations and technological solutions to clients. It is important that we continue to present competitive, attractive and differentiating bids in order to win contracts.	• Comply with the principles of healthy competition • Contribute to the public debate and industry discussions in order to drive advances in our disciplines and in professional practices	• Continuous dialogue with competitors, some of which are also partners • Membership of industry organisations (Syntec Ingénierie) • Participation in conferences, debates and trade fairs.
Shareholders	The support of our shareholders is critical to the Group's medium-term development. They want to be informed about our major decisions and core strategies. They expect us to meet the highest standards of corporate governance, in accordance with the AFEP-MEDEF Code.	• A sustainable business model • Recurring performance • Ethical practices • Transparency about financial and other issues	• Publication of the reports required under the applicable regulations • Organisation of • General Meetings • Organisation of investor and analyst meetings • Code of Conduct • Securities Trading Code of Conduct

4.3 HUMAN RESOURCES INFORMATION: HR DEVELOPMENT AS A DRIVER OF PERFORMANCE

The Group's 2017 HR indicators are as follows:

	2017	Global Reporting Initiative (GRI) V4 equivalent
Total number of Group employees* at 31 December	4,832	G4-9
% of permanent contracts at 31 December	86%	G4-10 (b)
% of women at 31 December	25%	G4-10 (a)
% of seniors* at 31 December	26%	G4-LA12 (b)
% of employees with disabilities* at 31 December	2%	G4-LA12 (b)
Average age of employees at 31 December *(in years)*	37.5	G4-LA12 (b)
Number of new hires during the year	1,135	G4-LA1 (a)
Employee turnover during the year	199	
Absentee rate* for the year *(number of absentee days lost per 100 days worked)*	3.47	G4-LA6 (a)
Accident frequency rate* for the year *(number of workplace accidents per million hours worked)*	3.13	G4-LA6 (a)
Accident severity rate* for the year *(number of accident days lost per 1,000 hours worked)*	0.08	G4-LA6 (a)
Number of employees trained* during the year	2,292	G4-LA9 (a)
Total number of hours' training* given during the year	59,088	G4-LA9 (a)
Average duration of training* given during the year *(in hours)*	25.78	G4-LA9 (a)

* *These terms are defined in Section 4.6 below. Except for the total number of Group employees, all of the above indicators exclude Insiéma, MPH Global Services and MPH Global Services' subsidiaries and associates.*

4.3.1 A DYNAMIC HUMAN RESOURCES STRATEGY BUILT IN THE GROUP'S IMAGE

Employees are the Group's lifeblood. The challenge for Assystem is to nurture diverse profiles and offer equal opportunities to progress in the organisation, so that each and every employee can follow an interesting career path. Our teams' expectations are changing and it is up to management to come up with responses when staffing client engagements.

4.3.1.1 Number of employees

As of 31 December 2017, Assystem had 4,832 employees.

The total can be broken down as follows:

By geographic region:

- France: 3,441, representing 71.2% of the Group total;
- International: 1,391, representing 28.8% of the Group total.

The average age of employees as of 31 December 2017 was 37.6 years, with seniors (employees aged 45 or over) representing 26% of the Group total. Women make up 25% of the workforce.

4.3.1.2 Employee turnover

A total of 1,135 people were hired in 2017 (permanent and temporary contracts), of which 980 in France. Employees with permanent contracts represent 86% of the Group workforce and 93% of the workforce in France. The high proportion of employees with permanent contracts has been a constant feature of the workforce for many years and demonstrates our commitment to offering stable employment opportunities while also helping young people to set foot on the career ladder. In 2017, young people accounted for 19% of new hires in France. Seniors (employees aged 45 or over) represented 10% of new hires.

Employees are taken on under fixed-term contracts only as short-term replacements or to deal with a temporary surge in activity, in accordance with French labour laws. Around 2% of employees in France have been hired under "CDIC" open-ended project contracts with an average duration of more than two years, corresponding to the development cycle at Assystem.

Hiring people with disabilities is another important challenge for the Group. In recent years, various initiatives have been launched to improve our performance in this area, particularly in France. Examples include:

- development of partnerships with job sites and recruitment firms specialised in helping people with disabilities to find work;
- awareness-raising initiatives among managers and other staff responsible for hiring new employees;
- organisation of hiring events (job forums, handicafés, etc.).

Lastly, a total of 1,040 employees left the Group in 2017, including 199 who were dismissed.

4.3.1.3 Remuneration

In 2017, the Group's payroll costs were as follows (see also Note 5.3.1 to the consolidated financial statements in this Registration Document):

In millions of euros	2017
Wages and salaries	(218.5)
Social security contributions	(59.2)
Total	**(277.7)**

At its meeting on 26 July 2017, the Board of Directors used the authorisation granted by shareholders in the 24th resolution of the Annual General Meeting of 24 May 2016 to:

- Amend the 4 July 2016 performance share plan by setting the portion of Tranche 2 shares that will vest for their beneficiaries at the end of the vesting period (30 April 2020) at 40% of the shares originally granted to them under Tranche 2 on 4 July 2016, corresponding to a total of 91,800 shares for all 89 beneficiaries. The vesting of the Tranche 2 shares will not be subject to any performance conditions and the only applicable condition will be that the beneficiary remains a member of the Group from 4 July 2016 until 30 April 2020. In addition, the shares will not be subject to any lock-up period.
- Award 66,750 free shares to 89 beneficiaries, without any performance conditions, subject only to their remaining a member of the Group from 26 July 2017 to 30 April 2020. These shares will not be subject to any lock-up period.
- Award 1,000 free shares to one beneficiary, without any performance conditions. The vesting period for this free share plan will end on 26 July 2019 and the shares will not be subject to any lock-up period.
- Award 3,000 free shares to one beneficiary, without any performance conditions. The vesting period for this free share plan will end on 30 April 2020 and the shares will not be subject to any lock-up period.

At its meeting on 7 September 2017, the Board of Directors used the authorisation granted by shareholders in the 26th resolution of the Annual General Meeting of 16 May 2017 to grant 10,500 free shares to 13 beneficiaries, without any performance conditions. The vesting period for this free share plan will end on 30 April 2020 and the shares will not be subject to any lock-up period.

Information about these free share plans is also provided in Note 5.3.3 to the consolidated financial statements in this Registration Document.

4.3.1.4 Organisation of working hours

We ensure that employees work in a safe, respectful and pleasant environment, in line with our belief that happy employees are engaged employees.

We have backed up this policy by issuing a work/life balance charter and we also support employees during important life events such as the birth of a child, a serious illness or an accident, as well as proposing flexible working arrangements. The Group's organisation and processes are designed to promote employee empowerment, initiative and accountability. In 2017, the absentee rate in France was 3.62%.

ADOPTING NEW FORMS OF WORK

A teleworking agreement was signed during 2017 with trade union representatives, following a pilot scheme implemented the previous year. Teleworking has many social, financial and environmental benefits. The agreement provides a protective and structured framework for eligible employees, who are given the option of working from home one or two days a week.

It gives employees more flexibility and independence in organising their working hours. By limiting commuting time and reducing tiredness, stress and the related risks, teleworking enables employees to enjoy a better work/life balance. This solution is also a factor of social inclusion, by making it easier to employ people with disabilities or suffering from a chronic illness.

The agreement enables us to create a more engaged workforce, reduce our overall carbon footprint, optimise workspace utilisation and improve our teams' accountability and performance.

Training tools were developed to support this cultural change, which requires a degree of trust, clear objectives and manager and team buy-in. A half-day training session and a guide to teleworking enabled managers to find out more about the system, embrace this new form of remote management and remove any obstacles. Eligible employees were given a teleworker's handbook setting out their rights and obligations and outlining the benefits of teleworking. A communication campaign was organised to support the introduction of the new agreement and further awareness-raising initiatives will be launched in 2018 to inform employees and managers about this new working arrangement that is also available for staff working in clients' offices.

RIGHT TO DISCONNECT

Extending the initiatives to improve the quality of work life, in 2017 a collective agreement was signed implementing the "right to disconnect" provisions of French labour regulations. The aim of the agreement is to establish rules for the use of professional digital applications, especially outside working hours. We want to promote reasonable use of computers, smartphones, e-mail and other digital devices by insisting that employees remain disconnected from these tools between 8:00 pm and 7:30 am on working days and throughout weekends, holidays and other leave periods.

An innovative system for employees who are on bench

Innovation is part of Assystem's DNA and we actively promote this culture within the organisation and through specific programmes. To stimulate team creativeness, engineers who have finished one engagement and are waiting for a new one to begin are invited to join the Innovation unit and work on ground-breaking technological solutions such as the use of 3-D Building Information Modelling (BIM) in engineering projects. They can also devote the time to community outreach initiatives, such as the Handroide exoskeleton project to develop a wheelchair that enables people with reduced mobility to pass obstacles more easily, thereby facilitating their access to industrial sites. This type of project is financed by the French research tax credits generated by the Innovation unit's R&D activities.

4.3.2 OPEN DIALOGUE WITH TEAMS AND EMPLOYEE REPRESENTATIVES

Social dialogue is a powerful component of Assystem's corporate identity. We work hard to maintain smooth communications between management, elected employee representatives, the trade unions and employees.

4.3.2.1 Social dialogue

We are building social dialogue with employee representatives and the trade unions on issues concerning the Group's strategy, financial and business policies and human resources policies. The process enables us to share information about defining events in the life of the Group in a climate of trust and openness. One example is the regular participation of the heads of the Business Units in the monthly meetings organised between employee representatives and the trade unions. We are convinced of the benefits of continuous constructive dialogue based on mutual respect, a responsible attitude and kept promises.

In 2016, an agreement concerning special arrangements and resources for employee representatives was signed between AEOS and the trade unions. The purpose of the agreement, which goes beyond the Group's legal obligations, is to enable Works Council members to perform their duties in the best possible conditions by allocating additional hours for Council business to each member.

In 2017, all elected employee delegates were invited to an information day during which they had an opportunity to exchange views with members of management. The broad lines of the Group's strategy were presented, in the presence of the Chief Executive Officer, and during the afternoon, a question and answer session was organised on employment and other HR issues.

4.3.2.2 Overview of collective agreements

In accordance with the applicable legislation, two collective agreements were signed in France in 2017 on:

- teleworking;
- the right to disconnect.

These agreements, which concern work organisation and conditions, add to the collection of agreements signed in prior years that are still in full force and effect (covering such issues as gender equality, employment of disabled persons, employee profit sharing and time savings accounts). They aim to introduce more flexible working methods, while also helping the Company to operate efficiently and improve its performance through greater employee engagement and active dialogue with elected employee representatives.

4.3.3 DIVERSITY, AN INVALUABLE STRENGTH AND A DRIVER OF PERFORMANCE

Fighting discrimination is an integral part of our corporate values. We endeavour to create an inclusive environment and to promote diversity as a driver of performance in response to client expectations. The aim is to reflect the society in which we operate and to enable the women and men who make up our corporate community to express their talents.

4.3.3.1 Promoting gender equality

The engineering profession traditionally attracts more men than women. For many years now, we have been actively promoting gender balance and equality, and have signed a collective agreement on this topic. We are convinced that gender balance is a key driver of transformation, competitiveness and organisational innovation. Our assertive policy focuses on:

- increasing the number of women interviewed during the hiring process;
- implementing initiatives such as training and mentoring to help women move up the career ladder and take on senior management positions;
- guaranteeing pay equality;
- offering a good work/life balance.

To fulfil these commitments, we have set up a structured organisation comprising a gender diversity officer tasked with defining and deploying the Group's strategy and objectives in this area, a Group-level steering Committee that meets once a month to track the status of gender diversity projects and validate the work performed, a project team responsible for the projects' operational management that meets twice a month to ensure that initiatives are proceeding according to plan, and a network of correspondents responsible for deploying the gender diversity programme in their respective countries and regions.

Our commitment to going further and faster with this policy is supported by a set of clear objectives to be met by 2020:

- hiring: 40% of new hires to be women by 2020 (versus 30% in France in 2017 and 22% in 2010);
- gender balance: women to account for 30% of the Group's total workforce by 2020 (versus 25% in 2017 and 17% in 2010);
- proportion of women in management positions: 30% of managers to be women by 2020, reflecting the proportion of women in the total workforce (versus 11% in 2010).

We have adopted a two-pronged strategy to meet these goals:

- Encourage women to choose scientific careers in order to expand the talent pool and deploy a sponsoring strategy focused on training

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girls and women with priority given to scientific education. We are convinced that education and training are two key drivers of women's independence. We put this strategy into practice by:

- Joining forces with target engineering schools very early in the education cycle, to partner them in their awareness-raising initiatives in colleges and high schools, designed to encourage girls at a young age to specialise in technical and scientific subjects.
- Setting up mentoring programmes to provide young engineers with support in their training and career choices. In 2017, we renewed our commitment to the Lyon INSA science institute by creating a Gender Equality Chair *(see Section 4.3.5.2)*.
- Teaming up with external partners working in this area, such as the "Elles Bougent" non-profit organisation.

- Promoting the advancement of women within our organisation by:
  - Developing monthly opportunities for women to share experiences and network through the Incredible Women programme.
  - Organising a specific training programme for women, including a Women Leaders training module, to boost their careers.
  - Identifying a pool of high potential women engineers and offering them specific support and monitoring.
  - Setting up a mentoring system to steer young women towards management positions and allow them to benefit from the advice and guidance of seasoned engineers and managers.

Women have their own network at Assystem

Incredible Women is an initiative proposed by one of the women working at Assystem that was enthusiastically taken up by management. This internal network has around 300 members. Various events are organised to give women the opportunity to meet each other, exchange views with members of senior management or external speakers and receive advice and guidance. In 2017, an evening event was organised to present to women engineers the various nuclear engineering professions along with the positions to be filled in the Paris region.

4.3.3.2 Disability, a driver of social innovation

As a Group working in high-tech industries, Assystem believes that technological innovation is not enough on its own, it should be accompanied by innovations that benefit employees and the community. We are identified in part by our ability to propose innovative solutions that increase job opportunities for people with disabilities, explore new ways to communicate about disability issues and come up with original ideas to help employees view their activities through the eyes of a disabled person.

In 2017, we celebrated the 10th anniversary of our "*Mission Handicap*". Since it was created, we have tripled the disabled employment rate and multiplied by six the number of people with disabilities hired by the Group. As one of the first engineering groups to take assertive action in this area, we have succeeded in embedding disabled employment in our corporate culture by signing a second three-year agreement in favour of this category of employees, covering the period 2016-2018.

The Mission Handicap's results and advances are visible on a daily basis and are a genuine source of encouragement. Objectives have been set and a continuous improvement process is deployed by a network of correspondents through the following initiatives:

- Hiring and integration of people with disabilities: 20 full-time employees and 3 employees under work-study contracts, to attain the 3% disabled employment rate by end-2018. To achieve this objective, we are working with specialised recruitment firms such as RQTH Recrutement. In 2017, for the second year running, we supported Handiréseau's "Trophées des Femmes en Entreprises Adaptées" awards for women working in companies specialised in employing people with disabilities. These awards reflect two causes that are close to our hearts, employing people with disabilities and promoting gender balance.
- Partnerships with engineering schools – ENSAM and the Lyon INSA – and the "Hanploi & School" programme to raise student awareness of disability issues. Mission Handicap works with target engineering schools to promote integration of people with disabilities and raise awareness among future managers of the challenges of managing diversity. This is an important commitment, because people with disabilities experience problems in accessing higher education in order to qualify as engineers. It is why we are committed to setting up engineering skills acquisition programmes for people with disabilities who embark on three- or five-year degree courses.
- Helping people with disabilities to keep their jobs: we work with an ergonomist to adapt work stations, as well as implementing employability management initiatives. Mission Handicap works with the internal mobility unit to ensure that people with disabilities keep their jobs or transfer to other positions within the organisation.
- Regular information and awareness-raising initiatives targeting employees and managers alike. The HandiWeeks organised every year since 2014 consist of a week-long series of events dedicated to disability issues in our various facilities.
- Technological innovation, with the Innovation unit's Handroide project to build a prototype of a hybrid mobility assistance wheelchair. By combining three functions – wheelchair, exoskeleton and gyropod – Handroide will enable people with reduced mobility to access all industrial sites. Mission Handicap, which supports over 20% of employees with disabilities or motor impairment, is helping to fund the project.
- Development of partnerships through the purchase of services from sheltered workshops and companies specialised in employing people with disabilities (see Section 4.5.2).

A RoadTour to celebrate Mission Handicap's 10th anniversary

To mark Mission Handicap's 10th anniversary, the team criss-crossed France in an iconic vintage-style caravan, meeting employees, local partners (non-profits, regional authorities) and clients (EPR Flamanville and EDF Marseille), and organising sign-language courses, theatrical events and Christmas markets selling products made in sheltered workshops or by companies specialised in employing people with disabilities. Highlights of the RoadTour included "silent cafés" where employees were invited to place their orders using sign language and the installation of a photobooth outside the caravan with pictograms presenting different aspects of disability. The photos were then displayed in a collaborative fresco. This was an ingenious way of linking the Group's various entities. Following the example of the engineering professions, Mission Handicap endeavours to innovate by developing disruptive solutions. Some 290 employees took part in the RoadTour which was supported by a large-scale media campaign.

Preventing discrimination

We are also committed to creating an inclusive environment and preventing all forms of discrimination, in particular through the "Equal Access to Education" charter adopted in 2005. We have built on this charter by organising regular training and information initiatives. The "Manager's Employee Relations Toolkit" training programme for new managers includes diversity training designed to provide a basic understanding of all of these issues, including disability. In 2018, in compliance with new legislation in France, staff involved in recruitment, managers and HR teams will participate in a training programme on diversity-sensitive hiring practices addressing 24 discrimination criteria, conducted with the assistance of an external partner.

4.3.4 WORKPLACE HEALTH, SAFETY AND WELL-BEING: A PRIORITY

Workplace health and safety are a priority concern and we pay particular attention to identifying and preventing risks. Our safety culture is a significant driver of internal cohesion; however, it is also an important issue that we address through a broad-based approach to protecting employee health and safety that considers not only applicable health and safety regulations but also the standards set by our clients and our own internal standards.

4.3.4.1 Health and safety, focused on preventing risks

We have established a health and safety management system aligned with international standards such as OHSAS 18001.

In 2017, all of our facilities in France were OHSAS 18001-certified. In the belief that safety is a driver of performance, we are committed to conducting our business in a safe environment for our employees, clients, partners and other stakeholders.

We have developed a four-pronged health and safety strategy:

STRATEGY TO PREVENT MAJOR PHYSICAL AND PSYCHO-SOCIAL RISKS

Assystem is an engineering group and its exposure to the risk of serious accidents is therefore limited. Physical risks mainly concern road accidents (45%), slipping and falling (35%), dizziness (9%) and accidents linked to the work environment and technical gestures.

In 2017, we kept up our efforts to reduce the number of road accidents involving our employees in France. These occur mainly during employees' daily commute or business trips. Several initiatives have been deployed, including:

- campaigns to raise awareness of road accident risks;
- road safety training for employees who spend a lot of time on the road (i.e. drivers who clock up more than 27,000 km. a year);
- half-day eco-driving courses for employees who have been involved in an accident during the past year.

These courses helped to reduce the accident rate by 1.2% in 2017.

Preventing psycho-social risks is also a key concern for the Group. Management is keenly aware of situations that could make employees feel vulnerable or experience a loss of confidence, such as:

- exceptionally complex projects with very short deadlines, where the support and encouragement of all the teams involved is important;
- the on-bench periods that are a feature of Assystem's business model, leading to professional and geographic mobility for the consultants concerned who receive effective support from the Group;
- individual situations (such as extended periods of ill health or the loss of a loved one) and group situations (such as a terrorist attack or a state of emergency) that temporarily affect the life of employees.

We have a long-standing proactive strategy to address these risks, through a vigilance network made up of members of the Health, Safety & Working Conditions Committee, the directors of the regional offices and human resources professionals. The network's mission is to identify and monitor employees classified as "at risk" or who have become vulnerable following an adverse life event. Managers at all levels in the organisation receive regular training in ways to prevent these risks and to manage them if they arise. The focus on anticipating and listening ensures that employees who are struggling to cope receive the support they need. The solutions offered may include making adjustments to their workstations. Employees can also contact a confidential helpline operated by an external firm, Ileas.

Developing a genuine safety culture in the nuclear industry

The growth of our engineering services for the nuclear industry, coupled with the standards imposed by our clients and industry regulators, encouraged us to implement an assertive risk management strategy in this area. We are committed to actively working to raise employees' awareness of the risks by a variety of means, including regulatory and voluntary training programmes, practical guidelines and action to instil a culture of risk prevention. The broad lines of the strategy are presented in a nuclear safety charter. The charter presents the nuclear risk management strategy and extends the continuous improvement process in the areas of quality, safety and environmental protection.

Assystem and its partners and subcontractors have pledged to uphold the following principles:

- make nuclear safety a core priority; promote development of a joint and shared nuclear safety culture aligned with International Atomic Energy Agency (AIEA) guidelines and best practices for the management of human, social and organisational factors;
- guarantee deep management involvement in operating activities, focused on discipline, control and vigilance;
- build a culture of continuous improvement, to which all employees contribute, based on appropriate guidelines to guarantee compliance with the nuclear operators' safety standards and local nuclear safety regulations;
- maintain the highest internal and external standards in order to make Assystem's outstanding nuclear safety culture one of the Group's core strengths.

INVOLVING LINE MANAGEMENT IN MANAGING RISKS

We ensure that line managers and supervisors are warned of the risks associated with certain jobs. Safety training is given to regional office managers and project managers through half-day chat sessions designed to alert them to key safety issues. Led by an expert, the chat sessions are designed to develop a genuine safety culture based on experience sharing and feedback. In 2017, a total of 100 managers received training organised around eight specific topics. The chat session on "The right to leave the workplace" explained to participants the meaning of this term (individual right of an employee to leave his or her workplace in the event of serious and imminent danger to health and life), the manner in which the right may be exercised and the proposed solution for reorganising the work in a safe place. Further chat sessions will be organised in 2018 for 300 local managers, representing a total of 4,600 hours' safety training.

RAISING EMPLOYEES' AWARENESS OF HEALTH AND SAFETY RISKS THROUGH TRAINING

Over 2,500 health and safety chat sessions were organised in 2017 throughout France, involving 3,000 employees. Led by middle managers, these chats on topics raised by front-line employees are one of the highlights of our health and safety strategy. They represented some 6,000 hours' training in 2017. Management and employee appropriation of health and safety issues reflects a high-level commitment to continuously improving project and site safety.

We have also developed a digital Health-Safety-Environment guide for new hires, describing the main risks associated with our businesses (nuclear risks, electrical risks, chemical risks, road accident risks, slipping and falling risks, risks associated with working on computer screens, etc.), the related preventive measures and the behaviours to be adopted to prevent their occurrence.

DEVELOPING A CULTURE OF LEARNING BY EXPERIENCE

Learning by experience and through continuous improvement is an integral part of the Assystem health and safety strategy. Risks identified by front-line employees are reported using the Easy digital app and integrated in the information system. Over 500 risks were reported via Easy in 2017. The data are analysed and discussed during monthly steering Committee meetings. The aim is to lead a dynamic risk reporting process at the Group's various facilities, share best practices and feedback from front-line employees.

4.3.4.2 Promoting quality of working life

Our quality of working life initiatives cover three areas: improving work/life balance, preventing discrimination, and promoting flexible working arrangements. They are aligned with the collective agreement signed with employee representatives.

The two agreements signed in 2017 (on teleworking and the right to disconnect – see Section 4.3.2.2) follow on from earlier collective agreements on gender balance, employees with disabilities and mobility. Their aims are as follows:

- develop a different way of managing financial performance;
- support the quality of the commitment;
- reduce absenteeism;
- reduce stress;
- make Assystem a more attractive employer;
- leverage the employer brand.

In 2017, we organised our first survey of employee and manager engagement and satisfaction, covering the quality of management, work organisation, work/life balance and remuneration policies. The on-line questionnaire in two languages was filled in by 63% of employees.

The results confirmed Assystem's strengths, with high scores awarded to the following criteria:

- confidence in the Group's future;
- pride in the Group;
- free and open discussions and pleasant work environment;
- empowerment and responsibility for getting the job done;
- quality of client services.

Areas for improvement identified by the survey included:

- improving operating processes and methods;
- providing employees with greater visibility concerning their career trajectories (mobility, training and salary).

Employees were informed of the survey results during meetings of Management Committees and Business Unit Committees. We are developing progress plans to address the areas for improvement and a new survey will be carried out in 2019 to measure the advances made since 2017.

To create a positive and friendly work environment, the Issy-les-Moulineaux facility has started organising weekly relaxation sessions on a trial basis. In addition, six facilities in France receive weekly deliveries of fruit baskets sourced from producers that apply responsible and sustainable farming practices.

4.3.5 DEVELOPING TALENT

We are pursuing a strategy based on a combination of organic growth and acquisitions. To support development of the business and facilitate the integration of new teams, we have comprehensively reworked our organisation and processes by creating cross-functional units to lead initiatives in the areas of mobility, hiring, talent management, remuneration and benefits. The aim is to address these human resources challenges in all of the Group's host countries, based on a holistic local vision of each market.

4.3.5.1 Attracting talent

Hiring talent is one of the cornerstones of Assystem's growth strategy. The ability to pick out, attract, develop and promote the best talents is of strategic important in a hyper-competitive market. In 2017, we hired some 1,000 people in France, based on objectives aligned with our commitments in terms of diversity and social inclusion. 63% of new hires were engineers, around 20% were juniors and 25% were women (30% in France).

Candidates introduced to Assystem by Group employees who went to the same school or university accounted for 28% of new hires in France. This high rate attests to the engagement of our employees, who act as powerful ambassadors for the Group. The advantages for Assystem are clear: less time is devoted to the hiring process and there is also a lower risk of selecting the wrong profile. Job boards are the second largest source of candidates, followed by ads placed on the career pages of newspapers and magazines (11%).

We have also raised our profile on social networks, which have become essential hiring tools when it comes to attracting increasingly mobile and connected candidates. Managers highlight key messages on their LinkedIn pages to boost Assystem's attractiveness, nurture the employer brand and showcase job opportunities.

4.3.5.2 Retaining young talents

We have developed an assertive graduate hiring strategy, in line with our commitment to training and passing on knowledge and expertise to the younger generation. On average, young graduates account for 20% of new hires (all types of contracts combined), of which 75% are given permanent contracts. All new employees take part in induction programmes and benefit from personal career development plans.

AN INDUCTION PROGRAMME FOR NEW HIRES

The welcome afforded to new hires plays an essential role in ensuring that they settle easily into their new job and find their feet within the organisation. We have developed an induction programme to facilitate the integration of new hires, particularly when this is their first job and they are unfamiliar with the corporate environment. A core aim of the induction programme is to support them as soon as they set foot in our offices and during their first few months with the Group.

The various stages in the programme are as follows:

- on arrival, the new hire is given a welcome kit containing a selection of useful documents, along with a description of the procedures and agreements applicable within the organisation;
- they are welcomed on arrival by the manager who gives them a guided tour of the offices, provides them with the equipment they need (computer, security pass, etc.) and outlines the security and safety rules to be observed;
- they then meet the administrative assistant responsible for supporting employees throughout their career with Assystem, who explains the procedure for filing expense claims and time sheets, submitting holiday requests, etc;
- at the end of the first month, and again after the fourth or seventh month, they meet the person who hired them, to review their integration and assess whether their needs have been met;
- feedback is obtained from the new hire, in the form of a fresh-eyes report designed to assess the quality of the induction process and report any information that will help to improve it;
- if necessary, the manager initiates training or other measures to enable the new employee to do their job in the best possible conditions;
- specific integration measures (such as breakfast meetings and dedicated meetings) may also be organised depending on the number of new hires and their profiles.

A WINNING CAREER PATH FOR VERY HIGH POTENTIAL ENGINEERING GRADUATES

In 2017, we launched the Graduate Programme designed to prepare the new generation of talents for management responsibilities. The 24-month programme targets young engineering and business school graduates and juniors (employees with less than three years' experience). Organised in three rotations including an international one, it will enable participants to discover the various Group functions (technical, project, sales & marketing). They will be mentored by a member of the Executive Committee and will have the opportunity to work on the Group's largest energy and infrastructure projects such as ITER, EPR, France's nuclear power plants, the Grand Paris project or the construction of industrial cities in the Middle East.

A COMMITTED INTERN STRATEGY

We are pursuing our apprenticeship and internship strategies designed to increase the employability of young people. The strategy includes the "Incredible Engineers" programme that enables teams of young people to participate in a competition to select the best R&D projects. In 2017, the competition concerned cobotics (collaborative robotics) projects. We also give them the opportunity to be supported by a tutor and a coach throughout their internship, and to join the Group if they wish. Around 70% of interns are subsequently hired under permanent contracts. In 2017, we offered 100 internships and 50 work-study contracts to young people.

PREFERRED RELATIONS WITH TARGET ENGINEERING SCHOOLS

Our relations with engineering schools are central to our strategy for hiring the best talents. We have established partnerships with target schools – the INSA Group, INSTN and ENSAM – that fulfil three core objectives:

- strengthen Assystem's reputation, proximity and attractiveness vis à vis these schools through expert presentations in the various faculties and during certain courses and enable students to discover the various disciplines and job opportunities at Assystem;
- create bridges between the school and the Company, participate in on-campus career fairs and give students opportunities to work on case studies or innovative research topics;
- facilitate the hiring of young graduates, interns and apprentices.

Assystem supports the INSA Group

In line with our commitment to helping train the engineers of the future, we support the INSA Group of engineering schools as part of the drive to raise the profile of the Assystem employer brand among engineering students.

- In 2017, we renewed out partnership with the Lyon INSA for a further five years, becoming the first corporate sponsor of the Gender Equality chair coordinated by the Gaston Berger Institute. Supported by specialists in the humanities and social sciences, the course aims to develop and disseminate knowledge about gender studies in such areas as education, career guidance and jobs, in order to promote a better understanding of the processes at play during the development of engineering students' training and career plans.
- The creation of a Nuclear Commissioning chair in partnership with the Rouen-Normandy INSA is further evidence of our commitment to offering innovative professional training solutions that respond to today's industrial challenges and operational needs. Commissioning is a decisive stage in a nuclear project. More than 55 students attending the Rouen-Normandy INSA have had the opportunity to follow the course, which combines theory and practice, project work overseen by Assystem experts and internships within the Group.

4.3.5.3 A commitment to supporting employees aged 45 and over

In France, we have made long-standing commitments to capture the full value of the skills and experience acquired by seniors (defined as employees aged 45 and over), while also helping young graduates carve out their niche in the corporate environment. Assystem pays close attention to the professional development of seniors.

We have set up a career management system that promotes the transmission of knowledge and expertise through the technical expertise unit that seniors are invited to join. These experts develop and/or lead training sessions on nuclear safety organised by our internal training institutes and may also give courses at target engineering schools.

The expertise of these more seasoned employees provides an opportunity to leverage the Group's core competencies, especially in the nuclear sector. Some of them have acquired very valuable experience, having participated in the commissioning of all of France's nuclear power stations (900/1300/1450, RNR) and worked on other nuclear projects throughout the world. They add real value to the transmission of nuclear knowledge and skills during initial training courses.

Each year, during the annual performance appraisal and career review, seniors are specifically asked about their expectations and needs concerning their medium-term future (development, promotion) and their interest in devoting time and energy to initiatives designed to transfer proprietary knowledge to younger generations.

Our hiring strategy also concerns seniors. In the last three years, 16% of new hires have been aged 45 and over.

4.3.5.4 Intergenerational skills transfers

We undertake numerous initiatives to promote the transmission of skills between generations. Around thirty skills communities have been created to facilitate knowledge sharing. Tutoring, mentoring, coaching, sponsoring and buddy systems are also included in the arsenal used to preserve know-how and contribute to disseminating the Group's industrial expertise. Leveraging expertise is a key driver of competitive differentiation for Assystem.

4.3.6 PROVIDING TRAINING TODAY TO MEET THE NEEDS OF TOMORROW

Human capital is an engineering company's principal asset. It is also our main driver of performance, which is why we endeavour to raise the employability of our teams to the highest level by offering employees a training roadmap that places them in a learning environment built on innovation and experience sharing. In France, we spend the equivalent of nearly 4% of our total payroll on training, an investment that goes well beyond our legal obligation. In 2017, some 65% of our employees in France received some form of training, representing over 53,000 hours in total.

The technical and behavioural skills required in the engineering business are constantly changing, impelled by current projects, new client requirements, technological advances and regulatory changes. Today's challenges include cyber security, 3-D digital modelling, predictive network maintenance, energy efficiency and new regulations.

In this changing environment, the ability to align our teams' skills and expertise with the Group's growth strategy and operational needs is of strategic importance.

Our training programmes have been developed against this backdrop, to address three priorities:

Ensure that the skills base develops in line with the changing needs of the market and clients

Each year, the training development plan is aligned with the core strategies and marketing objectives defined by executive management and the Business Units.

The aim is to keep pace with the changing needs of the market, our clients, our businesses and disciplines.

In 2017, regulatory training, mainly in the area of health and safety, represented a high 60% of total training hours, while technical training in the engineering disciplines represented 21%. In the nuclear sector, given the significant risks involved, 38% of interns participated in training programmes on nuclear safety, nuclear facility operations monitoring (21%) and testing (20%).

Another key focus of training initiatives in 2017 was the use of 3-D technologies, with 80% of engineers in the nuclear civil engineering, infrastructure and transport sectors receiving training in the use of Product & Project Lifecycle Management (PLM) software and digital 3-D Building Information Modelling (BIM) software. These training initiatives support the projects currently in progress and ensure that we have the skills in place to bid for future public sector contracts. The digital modelling training programme covers three areas: the challenges and benefits of 3-D modelling, regulatory compliance and use of the software.

We have also expanded our management training programmes to help our engineers adapt to the new more open, collaborative and interactive working methods. Other training modules concern personal development and professional efficiency. 24% of employees took a self-affirmation, inter-personal skills or assertiveness training module, 33% improved their English language skills so that they could work on international projects and 6% learnt how to better manage their time.

Transmit technical and methodological knowledge, with the development of multi-modal bespoke content and roadmaps

As a skills creator, the Assystem Institute's main role is to enhance our teams' employability, nurture talents, update and enrich the knowledge base in line with technological, technical or regulatory developments and support employees while they are on bench.

The Institute leverages the Group's knowledge base, enhances individual expertise and federates the skills acquisition roadmaps for the various disciplines, through internal organisations such as the Assystem Nuclear Institute, Assystem Life Sciences Institute or Assystem Project Management Institute whose programmes are closely aligned with the Group's strategy. We are committed to retaining our leadership and expertise in our traditional nuclear business, while also leveraging our expertise in managing complex projects by promoting the transfer of skills to other sectors such as healthcare. A fourth organisation, the Assystem Cyber Institute, will open its doors in 2018, with the mission of developing our teams' expertise in the growing area of cyber security in industrial environments.

These internal institutes have three objectives:

- align the skills base with their specialist sector's requirements and identify clients' needs;
- identify and map available resources and expertise (experts/trainers);
- update/realign the integration and specialisation training roadmaps based on feedback from front-line personnel and the Assystem communities of experts.

This organisation enables us to circulate knowledge and expertise more quickly between generations and also between sectors.

Develop a learning culture

In today's knowledge economy, meeting our growth targets and securing employee engagement depends on our ability to develop a learning community and promote a learning organisation. To this end, we propose a varied teaching system, combining personal and multi-modal solutions, and formal and informal learning experiences. Physical and virtual classrooms, e-learning modules, interactive conferences and digital learning resource libraries promote the pooling of individual knowledge to create collective knowledge, while also developing our teams' employability and stimulating individual learning.

The pharmaceutical sector is heavily regulated and large-scale training is needed to optimise the cost of acquiring knowledge and improve its traceability. To address this challenge, in 2017 an e-learning module on pharmaceutical regulations was created. The 90-minute scenario-based module was designed to provide over 150 employees with a shared basic knowledge of regulatory issues. The light-hearted scenario peppered with quizzes is organised in two phases addressing the regulatory environment and the general principles underpinning best manufacturing practices.

A career and skills management tool

We believe that managing and developing employees' skills is central to our future success. Employees have the opportunity to drive their own careers and to gain international experience, with four areas of specialisation (Technical, Projects, Management and Sales & Marketing). A discipline and knowledge map has been developed to ensure that our skills base is aligned with our changing needs. Alongside this map, the Strategic Workforce Assystem Planning (SWAP) system maps each employee's profile, career path and skill level. SWAP provides a snapshot of the expertise and know-how required for an engagement or for an employee's mobility project. It enables employees to project themselves on the career paths offered by Assystem and to identify the skills they need to improve or develop.

4.3.7 PROMOTING INTERNAL MOBILITY

Our dynamic internal mobility strategy is designed to ensure that our future human resources needs will be met. We view mobility as a driver of progress, performance and employability. Mobility is encouraged, managed and supported.

It is a cornerstone of our human resources strategy. The mobility strategy is a means of retaining employees and helping them to ramp up their skills. The large number and wide variety of French and international engagements performed by the Group's businesses offer a wealth of attractive and motivating career opportunities.

Mobility programmes cover five areas:

- Geographic mobility
- Sector mobility
- Mobility and development in one of the four core disciplines – management, sales & marketing, technical and projects
- Mobility towards management positions
- International mobility

Employees are supported so that they can focus on their professional project (transfer bonus, relocation costs paid by Assystem, transition period in the case of a major relocation, etc.). In addition, they are offered specific measures and a dedicated contact who partners them, especially when they relocate to a different country.

Mobility is in our genes and many bridges have been built between the various disciplines and sectors, supported by the internal training institutes. These bridges enable employees to move around the Group, give new impetus to their career and achieve fulfilment by discovering new cultures. Around 300 employees benefited from this system in 2017.

An external mobility project trialled in Belfort

Secure voluntary mobility enables employees to work in another company in order to enhance their experience or learn a new skill while safe in the knowledge that they can go back to their previous job. This is the system introduced by Assystem at the Belfort facility, pursuant to a collective agreement signed with employee representatives in 2016 concerning the support to be provided to employees in developing their professional mobility project. A specialised unit was set up to help the 40 eligible employees develop a secure professional project. They were supported in their search for a job and were paid a bonus to help cover their costs. In 2017, around twenty employees changed career path under this system.

4.3.8 RESPECTING HUMAN RIGHTS

Assystem pledged to uphold the UN Global Compact in 2011 and reaffirmed its pledge on 16 January 2017. The Global Compact comprises ten principles covering the areas of human rights, labour, the environment, and anti-corruption, all of which are consistent with the fundamental values adhered to by Assystem throughout its history.

The Group has pledged to promote these principles in its ecosystem of influence and to pursue the initiatives undertaken in this regard.

The Group also complies with the fundamental conventions of the ILO. Some of its French subsidiaries annually reaffirm their commitment to complying and to ensuring that their contractors comply with the ILO's 1998 Declaration on Fundamental Principles and Rights at Work and its fundamental conventions on freedom of association and collective bargaining, the elimination of discrimination in respect of employment and occupation, the elimination of forced or compulsory labour and the effective abolition of child labour.

4.4 ENVIRONMENTAL INFORMATION: REDUCING THE GROUP'S CARBON FOOTPRINT

The environmental indicators presented in this 2017 CSR report are defined in the methodology note in Section 4.6 of this Registration Document. These indicators are as follows:

	2017	Global Reporting Initiative (GRI) V4 equivalent
Greenhouse gas (GHG) emissions *(in tonnes of CO_2 equivalent - tCO_2e)*	3,579	G4-EN15 (b)
Of which Scope 1 *(in tonnes of CO_2 equivalent - tCO_2e)*	1,566	G4-EN15a
Of which Scope 2 *(in tonnes of CO_2 equivalent - tCO_2e)*	85	G4-EN16a
Of which Scope 3 *(in tonnes of CO_2 equivalent - tCO_2e)*	1,929	G4-EN17a
GHG emissions per employee per year *(in tCO_2e)*	1.21	G4-EN15 (b)
Km per employee of business travel by car	6,405	
Km per employee of business travel by air	1,214	
Electricity use *(in kWh)*	1,835,496	G4-EN3
Gas use *(in kWh)*	11,588	G4-EN3

4.4.1 GENERAL ENVIRONMENTAL POLICY

The challenges of sustainable development are encouraging the manufacturing sector to embrace a virtuous dynamic in which environmental performance drives financial performance. As an engineering company, Assystem is contributing to this dynamic by making innovation a driver to bring about a sustainable world. Added to this, the Group plays a critical role in providing engineering solutions for low-carbon power generation (particularly nuclear power).

As a provider of intellectual services, Assystem's environmental impact is fairly limited. In 2017, the Group's total greenhouse gas emissions represented 3,579 tonnes of CO_2. Employees' business travel (by car, train and plane) accounted for 98% of CO_2 emissions, followed a long way behind by energy use (electricity) in the Group's offices.

For this reason, the objective set in 2015 to reduce greenhouse gas emissions by 5% over three years has mainly led to action plans in the area of business travel.

4.4.2 MANAGING THE GROUP'S ENVIRONMENTAL IMPACT

4.4.2.1 Promoting green travel

We have developed a certain number of tools and action plans to promote sustainable mobility and reduce CO_2 emissions.

A NEW TRAVEL POLICY

Business travel by employees in France is governed by the Assystem Travel Policy. This document encourages employees to choose alternatives to travel, such as conference calls and video-conferences, wherever possible.

It describes and defines how business travel may be undertaken:

- travel by train is recommended for any journey of less than three hours;
- domestic and medium-haul flights must be in economy class;
- hotels should be chosen for their proximity to the client's site or Assystem's offices;
- journeys to and from railway stations and airports should, wherever possible, be made by taxi or equivalent, preferably a hybrid or electric model;
- hire cars should be Euro 6-compliant models.

DEPLOYMENT OF A LOW-CARBON FLEET POLICY

We have stepped up the requirements concerning the environmental performance of pool cars and company cars included in the fleet. All vehicles must be on the Euro 6-compliant list and their CO_2 emissions must not exceed the limit set by the Group, a rule that encourages employees to choose less polluting cars.

VIRTUAL MEETING SOLUTIONS

We continue to encourage the use of collaborative tools such as Skype, OneDrive and video-conferencing to limit business travel.

ON-GOING DEPLOYMENT OF RIDE-SHARING AND CAR-POOLING SOLUTIONS

Travel optimisation plans have been drawn up for all material French sites, frequently in partnership with local authorities (see Section 4.5.3). A key aim of these plans is to encourage ride-sharing between employees of the Group and with employees of other companies, along with car-pooling systems. Employees who want to use this solution register on a dedicated platform. Parking spaces are reserved for them, some of which are equipped with e-vehicle charging stations.

Car-pooling has a number of benefits. It:

- promotes the use of public transport by employees, because vehicles are available at their place of work to drive to meetings;
- contributes to our sustainable development strategy (reduction in greenhouse gas emissions, use of hybrid and electric vehicles, etc.).

In 2017, fourteen self-service cars were made available to employees at the Issy-les-Moulineaux, Saint-Priest and Cherbourg facilities. Half of these are electric vehicles.

RIDE-SHARING, A NEW SOLUTION

Employees can also use the Karos ride-sharing app. Karos was launched only recently and more time is needed before it becomes widely used.

ECO-DRIVING TRAINING

Training in eco-driving techniques is an effective and easy-to-implement measure to reduce fuel consumption and CO_2 emissions by between 5% and 15%, while also improving passenger comfort and safety. It also reduces engine wear, leading to savings in maintenance costs. This initiative is presented in Section 4.3.4.

Clean Mobility Day at Saint Quentin-en-Yvelines

During the European Mobility Week in September 2017, the Saint Quentin-en-Yvelines facility joined forces with Saipem to organise a one-day event raising awareness of sustainable mobility issues. The aim was to inform and alert employees to road risks and the new forms of mobility through various events and workshops:

- Sustainable mobility: test drives of electric and hybrid cars, risk-sharing speed meeting, multimodal carbon calculator and eco-gauge presentations.
- Road safety and environment: car and motor-bike driving simulators, interactive quiz points-based driving licence, tyre choices.

4.4.2.2 Improving the energy performance of the Group's buildings

The Group is committed to dynamically managing its energy performance and all decisions about working space are measured against financial, social and environmental yardsticks.

We also take specific measures to improve the energy performance of our infrastructure, in particular by renting office space in energy-efficient buildings and reducing office space per employee. When it comes to choosing new facilities, wherever possible we opt for low-energy buildings that comply with the latest environmental standards and are equipped with more efficient management systems such as smart HVAC meters.

In 2017, we signed an agreement concerning a new real estate project to be delivered in 2019 at the Saint Quentin-en-Yvelines facility. The building is being renovated to HQE and Breeam-in-Use standards. It will provide offices for around 350 employees.

4.4.2.3 The circular economy, preventing and managing waste

The Group does not have an overall waste management, reduction and recycling strategy. However, action is taken at many sites to raise employee awareness of the necessary routine gestures in this regard:

- paper: the use of default secure printing settings to avoid pages being printed unnecessarily;
- office waste: a new approach to waste sorting has been adopted at certain facilities, consisting of replacing individual waste bins with central sorting containers;
- plastic cups: a recycling system is being tested, and employees are encouraged to use their own mugs and refillable bottles in place of plastic cups;
- non-hazardous waste: ink cartridges are collected and recycled;
- waste paper is recycled through a partnership with the French Post Office;
- waste sorting bins have been installed in company restaurants.

4.4.3 ENERGY TRANSITION

We are working on many projects with an environmental impact (see Section 4.1.1). Clients are supported in the energy transition and in the drive to reduce their overall carbon footprint through:

- our audit engagements, which help clients identify and measure energy use at a facility or for a project;
- our holistic vision of health & safety and environmental regulations and standards;
- our ability to devise the most efficient and cost-effective solutions in terms of materials, equipment and electronic systems ready for seamless integration into an aligned project.

The Group participated in the following projects in 2017:

- **Sustainable mobility**: The innovation-led emergence of new mobility solutions is creating a new market for engineering groups. Easing traffic congestion is a critical challenge. With the creation of 200 kms of automated rail track, the Grand Paris Express project is addressing this challenge by doubling the public transport offer in the metropolitan area. The Proxemys consortium led by Assystem was selected in 2016 to provide local Project Management Consultancy (PMC) services for the project over a period of eight years. The mass transit system will offer residents and workers in the Grand Paris area modern, less crowded transport solutions, while also speeding up the region's energy transition and embracing the digital challenge.
- **Sustainable mobility**: In 2017, SNCF Réseau selected Assystem to plan, manage and coordinate the "new infrastructure "component of the Eole project to facilitate mobility in the Paris region by extending the RER E express transit line to the west of Paris. The RER E will be the region's most interconnected line and will offer a new quality of mass transit service. The line will begin in a very heavily built up area of Paris and will involve exceptional work, that will need to be carefully planned and efficiently coordinated. Eight kilometres of new infrastructure will be built between the Haussmann Saint-Lazare station in Paris and the Nanterre station in the western suburbs. Assystem will be responsible for coordinating and planning the studies and work on the new infrastructure for this stretch of track.

- **Energy**: We support nuclear industry investors and operators in developing their power station construction and renovation projects. Our services have been retained for nuclear power stations in operation in France, the United Kingdom, Turkey, China, the United Arab Emirates and Saudi Arabia.

4.5 SOCIO-ECONOMIC INFORMATION: ACTING AS A RESPONSIBLE CORPORATE CITIZEN

4.5.1 BUSINESS ETHICS: A FAIR AND RESPONSIBLE PLAYER

Assystem's executive management team attaches great importance to maintaining efficient decision-making processes and guaranteeing the free flow of information within the Group. This concern stems in particular from the choice of a decentralised management structure to run the Group's increasingly globalised business. Employing fair business practices is one of the Group's key priorities.

Assystem has had a Code of Ethics since 2006 and it now also has a Code of Business Conduct that provides guidance on the application of the Group's ethical values by defining the principles and behaviours to be followed when conducting business. The Code of Business Conduct adds to but does not replace pre-existing local policies, such as the Business Ethics procedure in the United Kingdom. Its purpose is to ensure that the Group's Code of Ethics is applied consistently in all countries.

The four specific policies described in the Code of Business Conduct are presented in Section 3.9 of this Registration Document.

4.5.2 RESPONSIBLE PURCHASING: A STRUCTURED STRATEGY

Sustainable development considerations have been an integral part of our purchasing policies for many years and we expect subcontractors and suppliers to uphold the same values, particularly in terms of diversity. Subcontractors and suppliers are chosen for their technical expertise, service quality and compliance with the rules governing concealed work. French law requires contractors to submit a certificate ("*attestation*") stating that they are in full compliance with these rules. Assystem's subcontractors file these certificates via the online platform operated by our partner, e-Attestations.com, which administers the entire process on our behalf.

In 2017, we began planning a more structured approach to fulfilling our CSR commitments at all points in the value chain, leading to the drafting of a responsible purchasing charter that will be available in early 2018.

In France, our Mission Handicap team promotes outsourcing of maintenance work to "EA" and "ESAT" companies specialised in employing people with disabilities. In Cherbourg, for example, landscape maintenance services are provided by a company specialised in helping people enter or return to the job market. In 2017, Assystem was a partner of the Salon Handicap Emploi & Achats Responsables event which promotes employment of people with disabilities and responsible purchasing practices. Information and encouragement campaigns are organised regularly among the people responsible for purchasing these services and a catalogue of identified service providers is available on the Group's Intranet.

Duty of care

The sale of the Global Product Solutions business (renamed Assystem Technologies) in 2017 changed the timeline for applying the new statutory duty of care obligations of parent companies and principals, which include responsible purchasing reporting obligations. This regulatory compliance work will be undertaken by the Legal Affairs Department in 2018.

The identified risks are fairly limited, because:

- the suppliers and contractors involved in our value chain represent only 2% to 3% of our consolidated revenue;
- their estimated average billings total around €50,000;
- the purchases concern intellectual services provided in France.

4.5.3 CONTRIBUTING TO LOCAL DEVELOPMENT

Creating local jobs

The Group's objective is to participate actively in developing its host communities and regions, especially where it is an important contributor to the local economy. Our main impact on a community is as a local employer. We offer opportunities to young graduates and anchor the business firmly in the local labour market. Our clients include major public and private sector organisations such as EDF, Société du Grand Paris and the Marseille public transport network. We also support local employment indirectly through our contribution to major industrial projects such as the ITER project in the south of France.

Helping to enhance the appeal of host communities

We are also contributing to local development in France by supporting the government-sponsored competitiveness clusters.

The clusters promote cooperation with a wide range of partners (for example, in the academic sector, with Institut de Radioprotection et de Sûreté Nucléaire – IRSN, and the small business sector) that share their skills and expertise with Assystem and in this way help the Group develop its own skills and expertise. Leveraging their deep local roots, our teams participate regularly in these partners' activities in the areas of special interest to the Group:

- In 2017, we signed up to the ConnexITy digital innovation laboratory led by EDF R&D, joining eight other companies that are pooling their research efforts via ConnexITy's collaborative R&D platform to develop the technological building blocks needed to operate and design nuclear facilities.

- Since 2017, Assystem has also been a member of the Smart Buildings Alliance (SBA), which brings together its members' skills and expertise in this area. The SBA also contributes to the use of interoperable solutions based on open standards, helping to drive the debate on sustainable business models.
- Assystem is a member of the Board of Directors of the Vallée de l'Énergie competitiveness cluster which is working to structure and promote the energy industry. In 2017, we participated in an overhaul of the cluster's bylaws and the appointment of a Technical Committee and Executive Board responsible for defining action plans and overseeing their implementation. Vallée de l'Énergie is conducting initiatives in the areas of design, research and training, with two broad objectives:
  - contribute to the vitality and growth of the energy industry's current activities (production of materials, equipment and infrastructure for power generation and distribution);
  - help the energy industry expand into emerging sectors such as Industry 4.0, energy efficiency, additive production, predictive maintenance and cyber security.

We also helped to define the 2017-2020 roadmap refocusing Vallée de l'Énergie on its strategic missions.

- Since 2013, Assystem has been a member of the "Efficacity" energy transition institute set up by the French government to conduct research into the energy performance of the cities of the future. The Group contributes the expertise of a team of engineers who have been working on an Intermodal Station project and the Unavoidable Energy Recovery program.
- Since 2015, Assystem has been participating in the "Systematic Paris-Region" global competitiveness cluster that has brought together some 800 industrialists, small business owners and scientists in the Paris region with the aim of making the area more attractive to investors. Projects concern sectors such as energy, telecoms, healthcare, transport, information systems, the factory of the future, the digital city and security.
- Since 2013, Assystem has been participating in the Burgundy Nuclear Valley competitiveness cluster, which has called its research project NucTrack. The project aims to optimise the management of radioactive sources used in the industrial, medical and research sectors, particularly during transportation.
- In 2015, the Group became the first member of the new Coboteam cluster, as a demonstration of its commitment to the development of the robotics industry in the Rhône-Alpes region. In 2017, we presented our vision of Mobile Cobotics at the Innorobo event.
- Assystem is a founder member of the Ingera cluster set up in 2015 to promote the engineering sector among companies, high schools and engineering schools in the Rhône-Alpes region. Ingera is also creating a research and innovation centre to promote collaborative working between companies and schools and/or to provide funding for university chairs.

Supporting higher education

We also contribute to local development by supporting schools and universities. As well as offering internships and apprenticeship contracts, we send engineers to make classroom presentations and participate in on-campus career fairs, and invite students to work on practical case studies or innovative research topics. In addition, Assystem helps to fund research chairs at certain partner schools (see Section 4.3.5.2). In France, for example, we work in partnership with various science institutes (INSAs) to help engineering students climb the first rung on their career ladder. These partnerships also allow us to benefit from the work of the scientific community and to promote research projects that have a bearing on our business.

Developing local sustainable mobility

We are working with local authorities to deploy the Corporate Travel Plan, which is designed to optimise employees' daily commute. For example, the Saint Quentin-en-Yvelines facility has been working since 2013 with a Group of local municipalities and local businesses to address sustainable mobility issues. Assystem is a member of Delta SQY, a non-profit organisation that is managing the travel plan for the region's businesses. Delta SQY's members are currently looking into the possibility of launching a car-pooling system among local businesses in 2018. The six or seven meetings organised each year by Delta SQY are an opportunity to review the mobility plan data and reports received from the Chamber of Commerce and Industry. The Saint Quentin-en-Yvelines facility is also a member of Club Climat Energie, a regional non-profit organisation that brings local stakeholders together to discuss climate and energy issues.

4.5.4 SUSTAINABLE INNOVATION ON BEHALF OF CLIENTS

Sustainable development is an increasingly important issue for our clients. That's why we decided to add this topic to our innovation strategy in 2017. The aim of the new programme is to offer clients support in keeping pace with the latest technological advances, as well as with the methods and practices required to respond to sustainable development challenges. The innovation programme is organised around three main areas:

Recovering unavoidable heat [1]

Industrial infrastructure involves very significant energy flows and recovering unavoidable heat can be a source of competitive advantage. Our Energine innovation programme aims to offer an architecture that converts temperature gradients into re-usable electrical power using an Ericsson caloric engine. Over forty people worked on this ambitious programme in 2017, including two doctoral students, and a start-up was created (Ananke) to exploit the work.

(1) Heat (particularly solar) captured naturally by a building or other infrastructure (for example, through picture windows).

Optimising energy use

The second project concerns the development of a solution to optimise energy use in industrial and office buildings using a big data approach. Named "Co-Conso", it has enabled employees to acquire new expertise in data management and processing as well as in designing energy saving apps for smartphones. Ten Group employees worked on this project in 2017.

Using 3-D printing to optimise CO_2 emissions

The aim is to explore the potential opportunities offered by the new 3-D printing technologies to optimise CO_2 emissions using two approaches.

The first approach consists of optimising raw materials use and supply chain processes. 3-D printing significantly reduces a product's development cycle thanks to rapid prototyping which limits raw materials use while also accelerating the development process. The technology also modifies supply chain cycles, allowing more processes to be performed close to the end-customer. This reduces freight and inventory volumes, resulting in lower CO_2 emissions with a positive impact on sustainable development.

The second even more innovative approach concerns the development of bioreactors using 3-D printing to produce distributed carbon capture devices. Over 20 employees worked on these innovation projects using 3-D printing in 2017.

We intend to pursue this responsible innovation strategy, with two new initiatives planned in 2018:

- creation of a "Sustainable development solutions" category in the innovation competition to be launched during the year;
- creation of a "Sustainable development portfolio" to track our offers and skills in this area more closely.

4.5.5 ENGAGING WITH SOCIETY

4.5.5.1 Corporate sponsorship

In France, the Group has launched several corporate sponsorship initiatives. We hire many students each year and support the educational community through a variety of programmes.

EDUCATION

The corporate sponsorship agreement between the Lyon INSA partnership foundation and Assystem was renewed in 2017 for five years. The Group has funded a new Gender Balance chair and provided sponsorship for a class of electrical engineering students. We also provide backing for the Cordées de la Réussite – Convention Diversité programme to support the best students throughout their studies.

In addition, Assystem is a corporate sponsor of the INSTN Foundation set up under the aegis of Fondation de France. The foundation's objective is to develop and enhance training initiatives to support the nuclear industry and low-carbon energy sources. The main initiatives concern:

- creation of teaching chairs;
- improvement of students' living conditions;
- design of teaching tools and equipment;
- dissemination of knowledge.

In 2015, we gave a commitment to work with the École des Mines de Nantes engineering school to jointly support the MERITE project for two years (MERITE is a French acronym standing for "Using experience of industrial and technical realities to help schools"). The aim of this project bringing together scientists and educational experts, school inspectors and teachers, is to "restore children's appetite for learning, self-confidence and joy in creating and innovating, and to give technological culture the place it deserves in education".

SPORT

Since 2012, Assystem has been a proud supporter of Racing Club de France Rugby which works to secure the lasting social inclusion of young people from all social backgrounds, by teaching them to play rugby and embrace the game's values (respect, bravery, teamwork, etc.).

4.5.5.2 Charitable commitment and community outreach

Assystem supports and partners employees in their community outreach undertakings. As part of the gender balance programme, we have adopted a policy of financing employees' charitable activities.

4.6 METHODOLOGY NOTE

4.6.1 KEY INDICATORS

In 2011, we drew up a list of key indicators to be used to assess our CSR performance and the impact of the business on our environment and stakeholders. These indicators are tracked regularly and presented in an annual report. They are in addition to the Group key figures presented on pages 4 and 5 of this Registration Document.

The 2017 CSR key indicators are listed below:

	Global Reporting Initiative (GRI) V4 equivalent
HR indicators*	
Total number of Group employees* at 31 December	G4-9
% of permanent contracts at 31 December	G4-10 (b)
% of women at 31 December	G4-10 (a)
% of seniors* at 31 December	G4-LA12 (b)
% of employees with disabilities* at 31 December	G4-LA12 (b)
Average age of employees at 31 December *(in years)*	G4-LA12 (b)
Number of new hires during the year	G4-LA1 (a)
Employee turnover during the year	
Absentee rate* for the year *(number of absentee days lost per 100 days worked)*	G4-LA6 (a)
Accident frequency rate* for the year *(number of workplace accidents per million hours worked)*	G4-LA6 (a)
Accident severity rate* for the year *(number of accident days lost per 1,000 hours worked)*	G4-LA6 (a)
Number of employees trained* during the year	G4-LA9 (a)
Total number of hours' training* given during the year	G4-LA9 (a)
Average duration of training* given during the year *(in hours)*	G4-LA9 (a)
Environmental indicators	
Greenhouse gas (GHG) emissions *(in tCO_2e)*	G4-EN15 (b)
Of which Scope 1	G4-EN15a
Of which Scope 2	G4-EN16a
Of which Scope 3	G4-EN17a
GHG emissions per employee per year *(in tCO_2e)*	G4-EN15 (b)
Km per employee of business travel by car	
Km per employee of business travel by air	
Electricity use *(in kWh)*	G4-EN3
Gas use *(in kWh)*	G4-EN3

The terms identified by an asterisk (*) in the above table are defined below:

- Total number of Group employees: number of Group employees at 31 December 2017 under permanent, fixed term and project contracts, and work-study contracts, excluding interns, temporary staff, subcontractors and UK contractors. At 31 December 2017, the Group had 4,832 employees.
- Workplace accidents: lost-time accidents caused by or that occur during the work of an employee or a person working in any capacity for one or several employers or business owners, whatever the cause. Accident frequency rates are calculated using the formula in the French Labour Code, as follows: FR = Nb LTA *1,000,000/Nb Hrs Worked, for all calculation grids.
- Training: internal and external classroom and e-learning courses that enable employees to acquire the expertise needed to perform their jobs.
- Seniors: employees aged 45 and over.
- Employees with disabilities: employees whose possibility of finding or keeping a job is reduced due to the alteration of one or more physical, sensory, mental or psychological functions.
- Absentee rate: number of days' absence (sick leave, maternity/paternity leave) divided by the theoretical number of days worked. The absentee rate is calculated based on the weighted average number of employees.

4.6.2 REPORTING STANDARDS

The Group's CSR commitments are based on the following standards:

- The "Grenelle II Act" (Act no. 2010-788 dated 12 July 2010) setting out France's environmental commitments and the related enabling legislation (Article R. 225-105-1 of the Commercial Code).
- The UN Global Compact, which has established ten universal principles covering human rights, labour, the environment and anti-corruption measures. Assystem pledged to uphold the Global Compact in 2011 and reaffirmed its pledge in a letter dated 16 January 2017. Within the Group, these principles are translated into mandatory behaviours and practices, as indicated in the following cross-reference table:

Human rights	
Global Compact principles	Sources
Businesses should support and respect the protection of internationally proclaimed human rights	• COP 2013, 2014, 2015 and 2016 • Application of OECD guidelines and ILO conventions (declarations by AFR dated 7 January 2016, 7 July 2016 and 2 January 2017, AEOS dated 8 January 2016 and 3 January 2017, and ARG dated 7 July 2016 and 2 January 2017, in which each company commits to complying and to ensuring that their contractors comply with the ILO's 1998 Declaration on Fundamental Principles and Rights at Work) • Code of Ethics (see pages 20 and 47 of this Registration Document); • Code of Business Conduct (see pages 52 and 75 of this Registration Document)
Businesses should make sure that they are not complicit in human rights abuses	• COP 2013, 2014, 2015 and 2016 • Application of OECD guidelines and ILO conventions • Code of Ethics (see pages 20 and 47 of this Registration Document); • Code of Business Conduct (see pages 52 and 75 of this Registration Document) • Attention paid to maintaining good working conditions (see pages 64 to 69 of this Registration Document), notably through • the collective agreements in France on gender equality and the employment of people with disabilities
Labour	
Global Compact principles	Sources
Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	• COP 2013, 2014, 2015 and 2016 • Application of OECD guidelines and ILO conventions • Code of Ethics (see pages 20 and 47 of this Registration Document); • Code of Business Conduct (see pages 52 and 75 of this Registration Document) • AEOS collective agreement on the arrangements and resources for employee representatives • Attention paid to promoting and organising social dialogue (see page 65 of this Registration Document)
Businesses should uphold the elimination of all forms of forced or compulsory labour	• COP 2013, 2014, 2015 and 2016 • Application of OECD guidelines and ILO conventions
Businesses should uphold the effective abolition of child labour	• COP 2013, 2014, 2015 and 2016 • Application of OECD guidelines and ILO conventions
Businesses should uphold the elimination of discrimination in respect of employment and occupation	• COP 2013, 2014, 2015 and 2016 • Code of Ethics (see pages 20 and 47 of this Registration Document); • Code of Business Conduct (see pages 52 and 75 of this Registration Document) • Action to prevent discrimination and promote diversity (see pages 65 and 66 of this Registration Document), notably through the collective agreements in France on gender equality and the employment of people with disabilities.
Environment	
Global Compact principles	Sources
Businesses should support a precautionary approach to environmental challenges	• COP 2013, 2014, 2015 and 2016 • Code of Ethics (see pages 20 and 47 of this Registration Document) • Code of Business Conduct (see pages 52 and 75 of this Registration Document) • Confirmation by the Bilan Carbone carbon footprint report for 2016 of the low environmental impact of the Group's energy use (see page 73 of this Registration Document) • Energy audits (see pages 73 and 74 of this Registration Document)
Businesses should undertake initiatives to promote greater environmental responsibility	• COP 2013, 2014, 2015 and 2016 • Code of Ethics (see pages 20 and 47 of this Registration Document) • Code of Business Conduct (see pages 52 and 75 of this Registration Document) • Promotion of sustainable and responsible mobility (see page 73 of this Registration Document) • Contribution to the development of sustainable engineering (see pages 56 to 58 of this Registration Document)
Anti-Corruption	
Global Compact principles	Sources
Businesses should work against corruption in all its forms, including extortion and bribery	• COP 2013, 2014, 2015 and 2016 • Code of Ethics (see pages 20 and 47 of this Registration Document) • Code of Business Conduct (see pages 52 and 75 of this Registration Document)

- ISO 26000, for which the certification process is a driver of continuous improvement, particularly in international units.
- Global Reporting Initiative (see page 78 of this Registration Document).
- Workplace health and safety management standard OHSAS 18001 (see pages 67 and 70 of this Registration Document).
- Environmental management standard ISO 14001 (see pages 73 and 75 of this Registration Document).
- *Bilan Carbone* carbon footprint report (see page 73 of this Registration Document).

4.6.3 BOUNDARY FOR CALCULATION OF KEY INDICATORS

In September 2017, Assystem sold a 60% controlling interest in the Global Product Solutions division to the private equity firm, Ardian. As a result, the division's employees, who represented a significant proportion of the Group's total employees in prior periods, have been excluded from the 2017 total. To ensure the transparency of the key indicators and permit meaningful future analyses, we decided not to publish historical information based on the 2017 scope.

4.6.3.1 HR indicators

The HR indicators in the table presented in Section 4.6.1 of this Registration Document are based on the Human Resources Department's annual employee data report and have been calculated as of 31 December 2017.

The HR indicators cover total Group employees as defined in Section 4.6.1 above, excluding Insiéma, MPH Global Services and MPH Global Services' subsidiaries and associates.

The total number of Group employees is presented in the financial report. All the other HR indicators have been calculated based on the 76% of employees working for the Group's core business. Insiéma, MPH Global Services and MPH International have very different business models, methods and types and their employee numbers, which increased only slightly or even declined in 2017, are not representative of the dynamic growth in the Group's core business.

None of the categories for which disclosures are required by the decree dated 24 April 2012 for the application of the Grenelle II Act of 12 July 2010 (Article 225) is considered as not relevant to the Group and therefore no categories have been excluded from the CSR report.

4.6.3.2 Environmental indicators

The environmental indicators in the table presented in Section 4.6.1 of this Registration Document are based on the 2017 BEGES report and cover the main scope 1, 2 and 3 emissions generated by Assystem SA and AEOS. We are currently looking into expanding the reporting scope to include neighbouring countries (Belgium and Switzerland) and the United Kingdom, based on the Group's current structure.

Among the categories for which disclosures are required by the decree dated 24 April 2012 for the application of the Grenelle II Act of 12 July 2010 (Article 225), the following are considered as not relevant to the Group due to the nature of its business and have been excluded from this CSR report:

- resources devoted to the prevention of environmental risks and pollution;
- measures to prevent, reduce or repair discharges into the air, water and soil that seriously affect the environment;
- noise pollution and all other forms of pollution specific to an activity;
- measures to prevent food waste;
- water use and water supply according to local constraints;
- raw materials use and measures to use raw materials more efficiently;
- amount of provisions and guarantees in place for environmental risks;
- land use;
- measures to adapt to the consequences of climate change;
- measures to protect or develop biodiversity.

Scope	Categories
1	Natural gas Vehicle fleet (long-term leases)
2	Electricity
3	Hire cars Mileage allowances Plane travel Train travel

4.7 REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED HUMAN RESOURCES, ENVIRONMENTAL AND SOCIAL INFORMATION INCLUDED IN THE MANAGEMENT REPORT

To the Shareholders,

In our capacity as Statutory Auditor of Assystem SA, (hereinafter named the "Company"), appointed as independent third party and certified by COFRAC under number 3-1049[1], 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 protocol used by the Company (hereinafter the "Guidelines"), summarised in the management report and available on request from the Company's head office.

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. 822-11-3 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 and applicable legal and regulatory requirements.

Statutory Auditors 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).

However, it is not our responsibility to express an opinion on the compliance with the other relevant legal provisions applicable if necessary, in particular those envisaged by Article L. 225-102-4 of the French Commercial Code (Duty of care) and by the law n ° 2016-1691 of 9 December 2016 known as Sapin II (fight against corruption).

Our work involved five people and was conducted between September 2017 and April 2018 for four weeks period. We were assisted in our work by our CSR experts.

We performed our work in accordance with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and with the professional guidance issued by the French Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes) relating to this engagement and with ISAE 3000[2] concerning our conclusion on the fairness of CSR Information.

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 consolidated 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 set out in the methodological Note, presented in Chapter 4 of the management report.

CONCLUSION

Based on the work performed and given the limitations mentioned above, in particular regarding the environmental information, communicated on a perimeter representing 62% of the total headcount, we attest that the required CSR Information has been disclosed in the management.

(1) "Whose scope is available at www.cofrac.fr".

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

2. Conclusion on the fairness of CSR Information

NATURE AND SCOPE OF OUR WORK

We conducted five interviews with the people responsible for preparing the CSR 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 important[(1)]:

- 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 entities selected by us[(2)] 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 to identify potential undisclosed data, 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 45% of headcount considered as material data of social issues and 100% of environmental data considered as material data[(3)] of environmental issues.

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.

Paris-La Défense, 10 April 2018
KPMG SA

Anne Garans	Eric Ropert
Partner Sustainability Services	*Partner*

(1) **Social indicators :**
Total number of Group employees at 31 December, % of seniors, % of women, % of employees with disabilities, Number of new hires during the year, Employee turnover, Accident frequency rate, Accident severity rate, Total number of training hours.
Environmental indicators :
Greenhouse gas emissions (scopes 1, 2 and 3), Greenhouse gas emissions per employee, km per employee of business travel by car, km per employee of business travel by air.
Qualitative information :
Measures implemented to promote employment and integration of disabled people, Measures implemented to promote gender equality, Significant greenhouse gas emissions generated as a result of the Group's activity, particularly by the use of goods and services provided, Integration of social and environmental issues into the Company procurement policy.

(2) Assystem EOS France and Assystem SA.

(3) Please refer to the environmental indicators list presented above.

5

RISK FACTORS

Assystem conducts its business in a constantly-changing environment. The Group is therefore exposed to risks which, if they materialise, could have a significant adverse effect on its business, financial position and/or earnings.

This Chapter sets out the risk factors to which the Group could be exposed, including risks relating to the economic environment, operational risks, legal risks and financial risks. The Group considers that there are no relevant significant risks to which it is exposed other than those described below.

A description of the type and impact of each risk factor is set out below, together with an explanation of the measures taken to reduce those risks.

The internal control and risk management procedures put in place by the Company related to preparing and processing accounting and financial information are described in Chapter 3 of this Registration Document.

5.1 RISKS RELATED TO THE ECONOMIC ENVIRONMENT

Type	Impact	Risk reduction measures
Risk of political, social and economic instability in some of the geographic areas in which the Group operates.	Risk of volatility in revenue and operating profit.	The revenue and operating profit generated in these geographic areas have a relatively limited impact overall as the Group generates over 80% of its revenue in Western Europe. In addition, its recent acquisitions (ECP and BQG – see Chapter 1) have further increased the proportion of the Group's revenue and operating profit derived from Western Europe.
Risk that the markets and geographic areas in which the Group operates may have a dilutive effect on margins.	Erosion of gross margin and, ultimately, of operating profit.	Close monitoring of ongoing projects and new business by the management of the division concerned and regularly relaying information to members of the management team. Review of gross margins for ongoing projects and new business.
Risk that contracts entered into do not generate sufficient margins.	Negative impact on gross margin and, ultimately, on operating profit.	Specific process for selecting projects and submitting bids (financial review of key project elements, in particular projected revenue and margins and margin on completion for fixed-price projects) and authorisation by designated managers. Contract review process (conducted monthly within the various Business Units and subsidiaries, and quarterly at Group level) for contracts representing revenue in excess of a threshold adapted to the activity and size of the Business Units and subsidiaries, or that inherently involve specific risk factors, such as a multi-year period.
Risk of non-recovery of trade receivables.	Negative impact on realisable and available assets and on operating profit.	Client creditworthiness investigations conducted when new contracts are taken on, and regularly re-conducted for contracts or clients already in the portfolio. Members of the Group's accounting teams carry out the credit management function in order to regularly monitor the collection of trade receivables, track progress in the collection of outstanding receivables, and issue the necessary reminders.
Risk that investments made do not generate the expected returns.	Negative impact on revenue and operating profit.	Procedure drawn up and applied for prior authorisation of recurring capital expenditure (primarily for software). This procedure sets out the authorised signatories within the operating entity and requires signature by one or even two members of the management team for capital expenditure in excess of a given threshold. Capital expenditure (i.e. investments excluding external growth) represents just over 1% of the Group's consolidated revenue, which is normal in Assystem's industry, and means that exposure to risks related to this expenditure is limited. The Board of Directors is systematically informed of, and holds discussions on, any potential acquisitions of equity interests or other external growth investments, once these have been assessed by the Group's executive and operations teams.

5.2 RISKS RELATED TO THE GROUP'S OPERATIONS

Type	Impact	Risk reduction measures
Risk that fixed-price contracts may lead to excess non-billable hours.	Negative impact on revenue and gross margin, and ultimately, on operating profit.	A contract review process has been put in place (conducted monthly within the various Business Units and subsidiaries, and quarterly at Group level, with the involvement of the CFO & Deputy CEO) for contracts representing revenue in excess of a threshold adapted to the activity and size of the Business Units and subsidiaries or that inherently involve certain risk factors, such as a multi-year period. These contract reviews are used to assess the progress of projects under way and all the identified risks in order to draw up and implement appropriate action plans (both for clients and in-house).
Risk that business activities engaged in with one or more major clients may decline or cease altogether.	Negative impact on revenue and operating profit.	The business conducted with the Group's largest clients requires varied skills in diverse business sectors, which automatically significantly reduces the risk of dependency and revenue concentration. In addition, in a number of cases clients would find it difficult to replace the Group’s technical expertise which means that they will need its services over a relatively long period of time.
Risk that the operational non-billing rate (the ONBR) exceeds the threshold of 10%.	Negative impact on operating profit.	As a key operating indicator for the Group, the ONBR is included in the periodic reporting carried out by each legal entity which is reviewed by the Group's executive management team. If the ONBR exceeds the defined threshold, executive management takes appropriate measures to promptly lower it, notably by sharing and crossing over resources. The ONBR is determined as follows: Total unbilled hours of billable staff/Total hours worked by billable staff.
Risk that net staff turnover is not effectively managed and that the turnover rate is such that the replacement of resources cannot be ensured during the period.	Negative impact on project performance and revenue.	Annual recruitment plans are established on the basis of a turnover rate of 20 to 25%, and changes in the rate during the period are regularly measured, analysed and monitored. The Group maintains a close-knit relationship with several engineering schools in France and abroad (particularly by taking part in school-company forums), which gives it access to a substantial pool of skills and resources. Staff turnover is measured as follows: Staff departures during the year/Average headcount during the year.
Risk that clients may relocate their business or projects to areas where the Group does not operate.	Negative impact on revenue, continued relationships with clients and operating profit.	The Group constantly highlights its ability to provide services in the same geographic locations as its clients.
The risk that contracts entered into do not generate sufficient margins to cover development costs in geographic areas where the Group traditionally has little or no operating presence.	Negative impact on operating profit.	The Group regularly reviews the allocation of its management resources and the configuration of its local resources in order to avoid incurring costs in a given geographic area that, over the long term, are out of proportion with the revenue generated in that area.

5.3 LIQUIDITY AND MARKET RISKS

The Group has a dedicated organisational structure which enables it to centrally manage all market risks to which it is exposed, namely interest rate risk, exchange rate risk, counterparty risk and liquidity risk.

Within the Finance Department, Group Treasury operates in the financial markets as the Group's financial risk management body. This unit is organised in such a way as to ensure the segregation of tasks.

Every month, Group Treasury reports to the CFO & Deputy CEO on the positions and results of its management in compliance with the principles and policies put in place by the Group's executive management team. Most Group entities use the same software programs (Taïga, Kyriba or Swaps). These tools help to secure flows and enable more reliable reporting, in accordance with Group standards.

Type	Impact	Risk reduction measures
Risk of a failure to effectively control finance costs (interest rate risk).	Negative impact on financial expenses.	To reduce this risk, the Company sets up appropriate hedges using derivative financial instruments, taking into account the prevailing market conditions. The financial instruments used – which mainly correspond to swaps – are approved in advance by the CFO & Deputy CEO. At 31 December 2017, the Group was in a net cash position and had not set up any interest rate hedges.
Risk of a failure to effectively control foreign-currency cash flows and the valuation of subsidiaries outside the Eurozone (exchange rate risk), given the geographical diversity of the Group's locations and operations.	Negative impact on equity and/or consolidated profit.	The Group monitors offerings and contracts in foreign currencies in order to safeguard the related operating margins. The hedges put in place when exchange rate risk is identified mainly correspond to forward purchase or sale contracts, whose amounts and maturities are matched with the underlying exposure. To hedge intra-group transactions in foreign currencies, the Group uses currency swaps. The Group's balance sheet risk essentially relates to the euro/Turkish lira and euro/US dollar exchange rates (or the euro/Saudi riyal rate, bearing in mind that at the date of this Registration Document the US dollar/Saudi riyal exchange rate was pegged). See Note 8.6 to the consolidated financial statements for details about the Group's financial risk management strategy.
Risk of default by a financial counterparty.	Negative impact on consolidated profit.	The Group undertakes counterparty review and monitoring procedures which are approved by executive management.
Risk of inability to meet financial commitments (liquidity risk).	Negative impact on the cost of debt and on the Group's image.	Assystem has carried out a specific review of its liquidity risk and considers that it is capable of meeting its future maturities. Furthermore, Assystem has put in place: • a liquidity optimisation process based on centralised cash management with monthly reports submitted to the CFO & Deputy CEO; • a pro-active debt management strategy. At 31 December 2017, the Group had access to a €120 million revolving credit facility with a sufficient maturity to finance its general corporate requirements (five-year term from 28 September 2017 with two one-year extension options subject to the lenders' agreement). On 19 January 2018, in order to finance its additional equity investment in Assystem Technologies Group, Assystem (i) signed an addendum to its revolving credit facility, raising the amount to €150 million, and (ii) put in place a €30 million bullet loan repayable on 28 September 2022.
Risk of a breach of a financial covenant triggering early repayment of borrowings.	Negative cash impact.	The new financing agreement signed on 19 January 2018 contains a covenant based on the consolidated gearing ratio (consolidated net debt at the test date/ EBITDA for the past 12 months as adjusted for acquisitions and divestments). This ratio is measured at the end of each half-year period (with the first test taking place at 31 December 2017), and must not exceed 3.75 at end-December and 3.95 at end-June. If the covenant is breached, a qualified majority of lenders (representing at least two thirds of the lending commitments) may demand early repayment of the borrowings. At 31 December 2017, the Group's gearing ratio was negative and therefore well below the ceiling specified in the covenant.

5.4 EMPLOYEE-RELATED RISKS

Type	Impact	Risk reduction measures
Risk that the Group's available skills do not match client and market requirements.	Negative impact on the Group's image and revenue.	The Group devotes significant efforts and resources – in terms of management time, employees' working hours and cash – to continuously training its engineers and has developed dedicated training structures by sector and business. Skills reviews are conducted annually for all engineers, which help detect any training requirements for acquiring new skills or honing existing skills. In addition, annual recruitment campaigns specifically target the competencies required for successfully carrying out the Group's current and future projects.
Risk of losing key skills needed for the Group to be able to operate and develop.	Negative impact on the Group's image and revenue.	Key persons are identified within each of the Group's operating entities as well as in its head office and support functions. Succession plans have been drawn up or are being prepared for all of these key persons. In addition, the measures taken to ensure the continuity of the internal control system and the continuous improvement approach of which this system forms part are notably aimed at ensuring the continuity of the Group's processes and operations independently of the persons in charge of them, thus decreasing the risk of dependence on key persons.

5.5 RISKS RELATED TO INFORMATION SYSTEMS

Type	Impact	Risk reduction measures
Risk that data is not available or is corrupted.	Inability to pursue projects, negative impact on the Group's image and revenue.	In view of the Group's high dependence on information systems (for the performance of client projects as well as for its own requirements) and the decentralisation of the IT function, risks related to information systems are closely scrutinised. Business continuity and recovery plans have been drawn up and tested in all operating units. Access to information systems is also strictly controlled, especially for employees who use remote access (although the number of these employees is limited). Lastly, access to restricted client areas (engineering platforms installed on Group premises) is strictly controlled in line with clients' security policies.

5.6 LEGAL, REGULATORY AND TAX RISKS

Type	Impact	Risk reduction measures
Risk of lack of control over the legal and tax aspects of the Group's business and operations in a context of globalisation, and lack of regulatory compliance.	Negative impact on the Group's image and operating profit.	The contract acceptance process systematically includes a legal and tax review. These reviews are notably used to ensure that there are no terms or conditions in the contract that are unacceptable for the Group. The definitions and formal classifications of these terms and conditions are provided to all line managers. The Group has also introduced quarterly risk reports for France that are submitted to the Finance, Legal/Insurance, Accounting/Tax and Management Control Departments.
Risk that changes to French or foreign tax regulations, or their interpretation by the relevant authorities, may be contrary to the Group's interests or may restrict the Group's ability to organise or conduct its business.	Negative impact on operating profit and/or consolidated profit.	Working in conjunction with operations staff, the Group Tax Department continuously monitors any changes in tax regulations, and their corresponding interpretations, that are of relevance to the Group. Where necessary, it suggests ways of adapting the Group's organisational structure and its operations in order to mitigate the impacts of such changes.

ASG LEGAL DISPUTE

ASG is involved in a legal dispute with Acergy (since renamed Subsea 7) and Iska Marine concerning a fire that occurred in January 2010 on board a ship – the Acergy Falcon – which was dry-docked in Brest for maintenance at the time. The only noteworthy events during the year relating to this case were of a procedural nature as, following an application by ASG, the Brest Commercial Court issued an order on 21 July 2017 requiring Subsea 7 and the plaintiff's insurers to disclose all of the documents exchanged in the UK litigation between Subsea 7 and Sobrena (including the settlement agreement signed between Subsea 7 and Sobrena and their respective insurers). This order contained an enforcement clause providing for the payment of a fine in the event of non-compliance. Subsea 7 and its insurers partially complied with the order by disclosing a certain number of documents. At the procedural hearing on 24 November 2017, the Brest Commercial Court adjourned the rest of the arguments and the exchange of pleadings until 2 March 2018.

As in prior periods, Assystem still considers that there is no evidence that ASG was at fault or that it will necessarily be held fully or partially liable. In addition, as in previous periods, the Group confirms that in the event ASG is held liable, this claim would be covered under the Group's third-party liability insurance policies.

TAX AUDIT

France

In late 2014 Assystem SA received notification of a €13.5 million tax reassessment relating to research tax credits recognised by its subsidiary Assystem France for 2010, 2011 and 2012. Assystem considers that this reassessment is based on a general position taken by the French tax authorities which is applicable, with no real grounds, to all of the French companies concerned and which Assystem is disputing in full.

However, in view of the changes in case law in 2015, and based on the opinions of external legal experts, the Group set aside a €7.3 million provision in its 2015 financial statements (covering 50% of the amount of the reassessments and €0.5 million in potential legal fees). At 31 December 2016 Assystem had not yet received a payment notice from the tax authorities for the reassessed amount and the valuation of the related risk was unchanged compared with 31 December 2015.

At 31 December 2017, the Group decided to increase the provision to cover the full amount of the risk and the potential late payment penalties following its receipt in November 2017 of the payment notice for the reassessed amount and in view of the fact that the risk relates to the former GPS division, whose control has now been transferred outside the Group. Consequently, €6.8 million was added to the provision recognised at 31 December 2015 along with €2.1 million for potential late payment penalties, bringing the total provision to €16.1 million at 31 December 2017. The amount recognised for potential late payment penalties was recorded in "Other financial income and expenses" (see Note 8.5 to the consolidated financial statements, "Financial income and expenses").

At the date this Registration Document was filed, the Company was not aware of any other governmental, legal or arbitration proceedings (including any pending or potential proceedings), that could have, or have had in the last 12 months, a significant impact on the financial situation or profitability of the Company or the Group.

5.7 INDUSTRIAL AND ENVIRONMENTAL RISKS

Due to the nature of its activities, the Group has no significant direct impact on the environment. In the nuclear sector, the Group provides only knowledge-based services and is not authorised to operate any nuclear facilities as defined in the applicable regulations. The Group's environmental policy and measures are described in Chapter 4 of this Registration Document on Corporate Social Responsibility (CSR).

5.8 RISKS RELATED TO ACQUISITIONS

Type	Impact	Risk reduction measures
Risk that acquired companies may not generate operating profit in line with the Group's objectives and expectations.	Dilutive effect on gross margins and operating profit. Group profitability/ performance objectives not met.	A post-acquisition support plan is drawn up for companies that are newly acquired by the Group. One of Assystem's priorities after acquiring a company is to implement the Group's reporting systems so that it can rapidly monitor changes in results and generation of cash flow and take any appropriate corrective measures.

The Group has not identified any other significant risks to date.

5.9 INSURANCE STRATEGY

The Group's insurance strategy includes a pro-active risk prevention and protection approach and the coverage of major risks in all of its business areas and sectors.

To cover these risks, Assystem has taken out a professional and operating liability insurance policy for its French and international subsidiaries.

The professional liability insurance policy acts as umbrella insurance providing protection against any losses and amounts of claims that are not covered – or not fully covered – by the local insurance policies of Group entities located outside France.

The Group's main insurance policies were renewed in 2017 under the same terms and conditions as those that were previously applicable.

In view of the fact that it transferred the control of its GPS division on 28 September 2017 (see Chapter 1), the Group has revised its insurance policies for 2018 in order to ensure that they are suited to its new scope of operations in terms of cost and coverage and without reducing the corresponding risk coverage.

6

FINANCIAL STATEMENTS

6.1 CONSOLIDATED FINANCIAL STATEMENTS

6.1.1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

In millions of euros	Notes	2017	2016
Goodwill	3.3	81.5	184.8
Intangible assets	6.1	1.6	3.6
Property, plant and equipment	6.2	6.7	17.9
Investment property	6.3	1.4	1.4
Equity-accounted investees	5.2	0.7	0.9
Assystem Technologies Groupe shares and convertible bonds	6.4	128.3	-
Other non-current financial assets	6.5	128.6	13.9
Deferred tax assets	12.3	4.5	17.0
Non-current assets		353.3	239.5
Trade receivables	5.1	160.0	320.1
Other receivables	5.1	47.5	70.9
Income tax receivables		0.5	1.5
Other current assets		0.5	0.3
Cash and cash equivalents	8.1	28.2	85.4
Current assets		236.7	478.2
Total assets		**590.0**	**717.7**

EQUITY AND LIABILITIES

In millions of euros	Notes	2017	2016
Share capital	7.1	15.7	22.2
Share premium		-	80.3
Consolidated reserves		(28.4)	106.7
Profit for the period attributable to owners of the parent		404.1	31.5
Equity attributable to owners of the parent		391.4	240.7
Non-controlling interests		0.3	0.3
Total equity		391.7	241.0
Long-term debt and non-current financial liabilities	8.2	3.6	4.4
Pension and other employee benefit obligations	5.3.2	13.7	26.4
Liabilities related to share acquisitions	10	9.1	14.1
Long-term provisions	9.1	16.4	7.6
Other non-current liabilities	10	1.8	5.9
Non-current liabilities		44.6	58.4
Short-term bond debt	8.2	-	14.4
Other short-term debt and current financial liabilities	8.2	1.0	82.7
Trade payables	5.1	32.8	66.4
Due to suppliers of non-current assets		0.2	1.5
Accrued taxes and payroll costs	5.1	85.9	186.7
Income tax liabilities		7.2	3.8
Liabilities related to share acquisitions	10	-	4.4
Short-term provisions	9.1	8.2	7.2
Other current liabilities	5.1	18.4	51.2
Current liabilities		153.7	418.3
Total equity and liabilities		**590.0**	**717.7**

The accompanying notes form an integral part of the consolidated financial statements.

6.1.2 CONSOLIDATED INCOME STATEMENT

In millions of euros	Notes	2017	2016 Restated*
Revenue	**5.1**	**395.2**	**380.1**
Payroll costs	5.3.1	(277.7)	(268.1)
Other operating income and expenses	5.4	(88.6)	(88.2)
Taxes other than on income		(0.8)	(0.6)
Depreciation, amortisation and provisions for recurring operating items, net	5.5	(3.0)	(2.5)
Operating profit before non-recurring items (EBITA)	**5.6**	**25.1**	**20.7**
Share of profit of equity-accounted investees	5.2	0.9	1.4
EBITA including share of profit of equity-accounted investees		**26.0**	**22.1**
Non-recurring income and expenses	5.6	(11.8)	(9.4)
Operating profit	**5.6**	**14.2**	**12.7**
Share of profit of Assystem Technologies Groupe	6.4	2.3	-
Income from Assystem Technologies Groupe convertible bonds	6.4	1.5	-
Net financial expense on cash and debt	8.5	(2.7)	(1.5)
Other financial income and expenses	8.5	2.8	(2.3)
Profit from continuing operations before tax		**18.1**	**8.9**
Income tax expense	12	(4.8)	(4.5)
Profit from continuing operations		**13.3**	**4.4**
Profit from discontinued operations		391.3	27.7
Consolidated profit for the period		**404.6**	**32.1**
Attributable to:			
Owners of the parent		404.1	31.5
Non-controlling interests		0.5	0.6

In euros			
Basic earnings per share	7.3	19.33	1.48
Diluted earnings per share	**7.3**	**19.09**	**1.23**
Basic earnings per share from continuing operations	7.3	0.61	0.18
Diluted earnings per share from continuing operations	**7.3**	**0.61**	**0.16**
Basic earnings per share from discontinued operations		18.71	1.30
Diluted earnings per share from discontinued operations		**18.59**	**1.30**

(*) Comparative data for 2016 has been restated in accordance with IFRS 5.

The accompanying notes form an integral part of the consolidated financial statements.

6.1.3 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In millions of euros	Notes	2017	2016
Consolidated profit for the period		404.6	32.1
Items of other comprehensive income (expense) that will not be reclassified to profit			
Remeasurement of net liability for employee benefit obligations	5.3.1	(1.4)	(1.1)
Income tax effect		0.4	0.4
Remeasurement of the liability for employee benefit obligations (net of income tax effect)		(1.0)	(0.7)
Items of other comprehensive income (expense) that may be reclassified subsequently to profit			
Gains and losses on hedging instruments	8.3	0.9	(1.0)
Income tax effect		(0.3)	0.4
Gains and losses on hedging instruments (net of income tax effect)		0.6	(0.6)
Currency translation differences		(9.4)	(8.2)
Total other comprehensive income (expense)		(9.8)	(9.5)
Total comprehensive income for the period		**394.8**	**22.6**
Attributable to owners of the parent		394.3	21.9
Profit for the period		404.1	31.5
Other comprehensive income (expense)		(9.8)	(9.6)
Attributable to non-controlling interests		0.5	0.7
Profit for the period		0.5	0.6
Other comprehensive income			0.1

The accompanying notes form an integral part of the consolidated financial statements.

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6.1.4 CONSOLIDATED STATEMENT OF CASH FLOWS

In millions of euros	Notes	2017	2016
Cash flows from operating activities			
EBITA including share of profit of equity-accounted investees		62.6	66.9
Depreciation, amortisation and provisions for recurring operating items, net	5.5	7.1	8.8
EBITDA		69.7	75.7
Change in operating working capital requirement	5.1	(33.2)	(3.4)
Income tax paid		(14.0)	(12.8)
Other movements		(4.6)	(5.8)
Net cash generated from operating activities		17.9	53.7
O/w related to continuing operations		*23.2*	*18.8*
O/w related to discontinued operations		*(5.3)*	*34.9*
Cash flows from investing activities			
Acquisitions of property, plant and equipment and intangible assets, net of disposals, of which:		*(10.3)*	*(8.4)*
Acquisitions of property, plant and equipment and intangible assets	*6.6*	*(11.0)*	*(8.9)*
Proceeds from disposals of property, plant and equipment and intangible assets	*6.6*	*0.7*	*0.5*
Free cash flow		*7.6*	*45.3*
O/w related to continuing operations		*20.8*	*17.3*
O/w related to discontinued operations		*(13.2)*	*28.0*
Acquisitions of shares in companies	3.2	(161.7)	(26.6)
Proceeds from sales of shares in companies, net of the reinvestment in Assystem Technologies Groupe		444.7	0.2
Net cash from/(used in) investing activities		272.7	(34.8)
O/w related to continuing operations		*(141.8)*	*(15.5)*
O/w related to discontinued operations		*414.5*	*(19.3)*
Cash flows from financing activities			
Net financial income received (expenses paid)		(3.6)	(1.5)
Proceeds from new borrowings	8.2	102.9	80.0
Repayments of borrowings and movements in other financial liabilities	8.2	(200.2)	(32.3)
Dividends paid	7.4	(22.9)	(17.9)
Buybacks of equity instruments			(176.9)
Coupon paid on equity instruments			(7.2)
Other movements in equity of the parent company		(225.1)	(9.8)
Net cash used in financing activities		(348.9)	(165.6)
Net decrease in cash and cash equivalents		**(58.3)**	**(146.7)**
Net cash and cash equivalents at beginning of year	**8.1**	**84.4**	**233.4**
Effect of non-monetary items and changes in exchange rates		1.2	(2.3)
Net decrease in cash and cash equivalents		(58.3)	(146.7)
Net cash and cash equivalents at year-end	**8.1**	**27.3**	**84.4**

The accompanying notes form an integral part of the consolidated financial statements.

6.1.5 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In millions of euros	Share capital	Share premium	Remeasurement of net liability for employee benefit obligations	Hedging reserves	Tranlation reserve	Total other comprehensive income (expense)	Profit for the period	Other reserves	Equity attribtable to owners of the parent	Non-controlling interests	Total equity
At 1 January 2016	**22.2**	**80.3**	**-**	**0.1**	**2.3**	**2.4**	**27.2**	**300.6**	**432.7**	**(0.1)**	**432.6**
Dividends paid	-	-	-	-	-	-	-	(17.5)	**(17.5)**	(0.4)	(17.9)
Coupons on Odirnane bonds	-	-	-	-	-	-	-	(7.2)	**(7.2)**	-	(7.2)
Share-based payments and free share awards	-	-	-	-	-	-	-	0.8	**0.8**	-	0.8
Treasury share transactions	-	-	-	-	-	-	-	(10.0)	**(10.0)**	-	(10.0)
Buybacks of equity instruments (Odirnane bonds), net of tax	-	-	-	-	-	-	-	(166.8)	**(166.8)**	-	(166.8)
Reclassification of outstanding Odirnane bonds as bond debt	-	-	-	-	-	-	-	(14.0)	**(14.0)**	-	(14.0)
Total comprehensive income	-	-	(0.7)	(0.6)	(7.6)	**(8.9)**	31.5		**22.6**	0.7	23.3
Appropriation of prior-period profit	-	-	-	-	-	**-**	(27.2)	27.2	**-**	-	-
Appropriation of items of other comprehensive income (expense) that will not be reclassified to profit	-	-	0.7	-	-	**0.7**	-	(0.7)	**-**	-	-
Transactions with non-controlling interests without change of control	-	-	-	-	-	-	-	0.1	**0.1**	0.1	0.2
At 31 December 2016	**22.2**	**80.3**	**-**	**(0.5)**	**(5.3)**	**(5.8)**	**31.5**	**112.5**	**240.7**	**0.3**	**241.0**
Dividends paid	-	-	-	-	-	-	-	(21.7)	**(21.7)**	(0.6)	(22.3)
Share-based payments and free share awards	-	-	-	-	-	-	-	4.4	**4.4**	-	4.4
Treasury share transactions	-	-	-	-	-	-	-	(226.2)	**(226.2)**	-	(226.2)
Capital reduction	(6.5)	(80.3)	-	-	-	-	-	86.8	**-**	-	
Total comprehensive income	-	-	(1.0)	0.6	(9.4)	**(9.8)**	404.1	-	**394.3**	0.5	394.8
Appropriation of prior-period profit	-	-	-	-	-	**-**	(31.5)	31.5	**-**	-	-
Appropriation of items of other comprehensive income (expense) that will not be reclassified to profit	-	-	1.0	-	-	**1.0**	-	(1.0)	**-**	-	-
Recycling of currency translation gains and losses of discontinued operations	-	-	-	-	9.2	**9.2**	-	(9.2)	**-**	-	-
Transactions with non-controlling interests without change of control	-	-	-	-	-	-	-	0.1	**0.1**	0.1	0.2
Other movements	-	-	-	-	-	-	-	(0.2)	**(0.2)**	-	(0.2)
At 31 December 2017	**15.7**	**-**	**-**	**0.1**	**(5.5)**	**(5.4)**	**404.1**	**(23.0)**	**391.4**	**0.3**	**391.7**

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6.1.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 1 REPORTING ENTITY AND BASIS OF PREPARATION

Reporting entity

The Assystem Group (hereinafter also referred to as the "Group") is an international leader in the field of engineering.

The Group's parent company is Assystem S.A. (hereinafter also referred to as the "Company") – a French public limited company (société anonyme) governed by a Board of Directors, whose registered office is located at 70, boulevard de Courcelles, 75017 Paris, France.

The consolidated financial statements for the year ended 31 December 2017, together with the accompanying notes, were approved by the Company's Board of Directors on 15 March 2018. However, these financial statements will only be considered definitive after approval by the Company's shareholders at the Annual General Meeting scheduled to be held on 16 May 2018.

The consolidated financial statements reflect the accounting position of Assystem and its subsidiaries. They are presented in millions of euros, rounded to the nearest hundred thousand.

Basis of preparation

In compliance with Regulation 1606/2002/EC of the European Parliament and Council dated 19 July 2002, the consolidated financial statements of the Assystem Group for the year ended 31 December 2017 have been prepared in accordance with International Financial Reporting Standards (IFRSs) and related interpretations as adopted by the European Union at that date. These financial statements present two years of data.

IFRSs as adopted by the European Union differ in certain respects from IFRSs as issued by the IASB. The Group nevertheless ensured that the financial information for the reported periods would not have been substantially different had it applied IFRSs as issued by the IASB.

NEW STANDARDS, AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS WHOSE APPLICATION WAS MANDATORY FROM 1 JANUARY 2017

The following amendments to existing standards were applicable by the Group as from 1 January 2017 but did not have any impact on its consolidated financial statements:

- Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses.
- Amendments to IAS 7 – Disclosure Initiative.

NEW STANDARDS, AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS THAT COULD BE EARLY ADOPTED IN 2017

- IFRS 15 and related amendment – Revenue from Contracts with Customers, effective for accounting periods beginning on or after 1 January 2018, with early application permitted for annual reporting periods beginning on or after 1 January 2016.
- IFRS 9 and related amendments – Financial Instruments, effective for accounting periods beginning on or after 1 January 2018, with early application permitted for 2017.

Based on the analyses carried out to date, the Group does not consider that these new standards and amendments will have a material impact on its financial statements.

OTHER MAIN STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BY THE IASB BUT NOT YET ENDORSED BY THE EUROPEAN UNION

- IFRS 16 – Leases, effective for annual reporting periods beginning on or after 1 January 2019, with early application permitted for 2017 for entities that elect to early adopt IFRS 15. In preparation for applying this standard as from 1 January 2019, the Group is currently (i) compiling a list of its operating leases (for real estate, vehicles and computer equipment) that will need to be reclassified under IFRS 16, and (ii) determining the method to use to reclassify these leases.
- Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transaction, effective for annual reporting periods beginning on or after 1 January 2018, with early application permitted.
- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, which may be early adopted as from 1 January 2016.
- Annual improvements to IFRSs (2014-2016 cycle), effective for annual reporting periods beginning on or after 1 January 2018, with early application permitted for the amendments to IAS 28.
- IFRIC 22 – Foreign Currency Transactions and Advance Consideration, effective for annual reporting periods beginning on or after 1 January 2018, with early application permitted.
- IFRIC 23 – Uncertainty over Income Tax Treatments, effective for annual reporting periods beginning on or after 1 January 2019, with early application permitted.

PRESENTATION OF THE FINANCIAL STATEMENTS AND YEAR-ON-YEAR COMPARISONS

The presentation of the financial statements was the same for 2017 as for 2016.

The Group applied IFRS 5 – Non- current Assets Held for Sale and Discontinued Operations for the transfer of control of its Global Product Solutions (GPS) division, in view of the fact that GPS constituted a major line of business for Assystem (see Note 2 – Significant events of the year). In accordance with this standard, the 2016 figures in the consolidated income statement have been restated in order to permit meaningful year-on-year comparisons. In addition, in the consolidated statement of cash flows the 2017 and 2016 figures for "Net cash generated from operating activities", "Net cash from/(used in) investing activities" and "Free cash flow" have been segregated between continuing operations and discontinued operations.

The Group's share of the equity and quasi-equity (convertible bonds with an annually capitalised coupon) of Assystem Technologies Groupe (ATG) has been presented in a separate line called "Assystem Technologies Groupe shares and convertible bonds" in the consolidated statement of financial position in view of the material amount involved and the type of instruments concerned. The income from the Group's investment in ATG is presented in two separate lines of the consolidated income statement: (i) "Share of profit of Assystem Technologies Groupe", which corresponds to the Group's portion of ATG's profit resulting from accounting for the company by the equity method, and (ii) "Income from Assystem Technologies Groupe convertible bonds".

MAIN SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that can affect the reported amounts of certain assets and liabilities and income and expenses. The impact of any changes in estimates is accounted for on a prospective basis. The estimates are made by Management based on the going concern principle using information available at the reporting date. They may change, however, due to circumstances or new information that could require a reconsideration of the context in which they were prepared. Actual results may therefore differ from the estimates. The random nature of certain estimates may make it difficult to ascertain the Group's economic outlook, particularly in relation to asset impairment tests (see Note 3.3 – Goodwill).

The accounting items that are the most exposed to the risk of estimation uncertainty are described below.

Revenue recognition

As described in Note 5.1 – Revenue and working capital requirement, revenue is recognised at the fair value of the consideration received or receivable for the services rendered by the Group.

Revenue generated from long-term service contracts is accounted for in accordance with IAS 11. The stage of completion of projects and the amount of revenue recognised are determined using numerous estimates based on cost-monitoring and past experience. Estimates and assumptions may be adjusted throughout the term of the contract and could have a significant impact on future profit.

Provisions for losses on completion of contracts and project warranty costs

Provisions for expected losses on engineering contracts may be recognised when applying the percentage of completion method in accordance with IAS 11 (see Note 5.1 – Revenue and working capital requirement). When it becomes probable that total contract costs will exceed total contract revenue a provision is immediately recognised for the related loss, after deducting any previously recognised losses. However, the loss actually recognised on completion of the contract may differ from the amounts originally provisioned, and may have an impact on future profit.

Figures relating to provisions are presented in Note 9.1 – Provisions.

Impairment of trade receivables

An impairment loss is recognised on trade receivables if the present value of future amounts to be collected is less than their nominal value. The amount of the impairment loss recognised takes into account the age of the receivable and the debtor's capacity to honour its obligations. A lower recoverability rate than estimated or a default by a major client could adversely affect future profit.

Figures relating to impairment of trade receivables are presented in Note 5.1 – Revenue and working capital requirement.

Deferred taxes

Deferred tax assets are recognised for the carryforward of unused tax losses and unused tax credits and deductible temporary differences only to the extent that it is probable that the Company and/or its subsidiary(ies) concerned will have sufficient future taxable profit against which the unused tax losses, tax credits or temporary differences can be utilised.

In assessing whether it will have sufficient taxable profit to recover deferred tax assets, the Group takes into account forecasts of future taxable profits, non-recurring expenses included in past losses and which will not be incurred again in the future, and its past history of taxable profit for prior years.

Figures for deferred taxes related to unused tax losses and temporary differences are presented in Note 12.3 – Deferred taxes.

Goodwill impairment

The estimates used in the assumptions for calculating goodwill impairment are set out in Note 3.4 – Goodwill impairment testing.

Employee benefit obligations

The estimates and assumptions used for calculating employee benefit obligations and the related sensitivity analyses are set out in Note 5.3.2 – Employee benefit obligations.

NOTE 2 SIGNIFICANT EVENTS OF THE YEAR

The following significant events took place in 2017:

Transfer of control of the Global Production Solutions (GPS) business to the private equity firm Ardian

On 28 September 2017, Assystem sold its GPS business to an entity controlled by an investment fund managed by the private equity firm, Ardian, for €550 million. The net disposal gain recognised in the consolidated financial statements (after taking into account transaction costs and the tax effect) totalled €375.4 million.

The Group reinvested €124.28 million in the company that acquired GPS (Assystem Technologies Groupe – ATG), representing a 39.23% stake in ATG's capital and a 39.24% interest in the total equity and quasi-equity raised by ATG to help finance the acquisition. This reinvestment took the form of €62.14 million worth of ordinary shares (excluding €0.3 million in transaction costs) and €62.14 million in convertible bonds maturing in 2027 and paying capitalisable interest at a rate of 9% per annum.

Assystem's interest in ATG's equity and quasi-equity is recognised in the consolidated statement of financial position under "Assystem Technologies Groupe shares and convertible bonds". The Company's investment in ATG's capital is accounted for by the equity method and its portion of ATG's profit from 1 October to 31 December 2017 – which was recognised in the consolidated income statement under "Share of profit of Assystem Technologies Groupe" – amounted to €2.3 million. Income from ATG's convertible bonds – recognised under "Income from Assystem Technologies Groupe convertible bonds" – totalled €1.5 million for the same period.

The net cash proceeds recognised for 2017 on the transfer of control of GPS's business came to €443.1 million, taking into account the sale price, the amount reinvested in ATG, GPS's cash transferred on its deconsolidation, the repayment of intra-group receivables due to Assystem by GPS and the tax and other costs of the transaction.

The disclosures required under IFRS 5 are presented below;

NET ASSETS SOLD

In millions of euros	2017
Goodwill	124.7
Intangible assets	2.9
Property, plant and equipment	13.7
Other non-current financial assets	9.9
Deferred tax assets	5.8
Non-current assets	157.0
Trade receivables	201.5
Other receivables	33.2
Income tax receivables	2.8
Cash and cash equivalents	20.5
Current assets	258.0
Total assets	**415.0**
Pension and other employee benefit obligations	15.4
Long-term provisions	0.6
Other non-current liabilities	6.5
Non-current liabilities	22.5
Short-term debt and other current financial liabilities	8.6
Net receivables due to Assystem SA under intra-group current accounts	36.5
Short-term provisions	2.4
Trade payables	43.9
Other current liabilities	138.7
Income tax liabilities	5.6
Current liabilities	235.7
Total liabilities	**258.2**
Net assets sold	**156.8**

INCOME STATEMENT DATA FOR SOLD OPERATIONS

In millions of euros	2017	2016
Revenue	495.0	581.3
Payroll costs	(324.1)	(394.8)
Other operating income and expenses	(129.2)	(134.7)
Taxes other than on income	(1.0)	(0.7)
Depreciation, amortisation and provisions for recurring operating items, net	(4.1)	(6.3)
Operating profit before non-recurring items (EBITA)	36.6	44.8
Non-recurring income and expenses	(7.8)	(4.1)
Operating profit	28.8	40.7
Net financial income (expense)	(2.8)	0.2
Profit before tax	26.0	40.9
Income tax expense	(10.1)	(13.2)
Profit for the period	**15.9**	**27.7**
Disposal gain net of transaction costs	388.7	-
Tax on disposal gain net of transaction costs	(13.3)	-
Profit from discontinued operations recognised in the consolidated financial statements	**391.3**	**27.7**

DISPOSAL GAIN NET OF TRANSACTION COSTS

In millions of euros	2017
Sale price	550.0
Net assets sold	(156.8)
Transaction costs	(4.5)
Disposal gain net of transaction costs but before tax	**388.7**

NET CASH GENERATED FROM THE SALE

In millions of euros	2017
Sale price	550.0
Cash reinvested in Assystem Technologies Groupe shares (including transaction costs)	(62.4)
Cash reinvested in Assystem Technologies Groupe convertible bonds	(62.1)
Transaction costs	(3.5)
Cash and current accounts of deconsolidated entities	24.5
Other	(3.4)
Cash flows related to sales of consolidated shares	**443.1**

Share buyback offer

During 2017, Assystem bought back six million of its own shares (with a par value of €1 each), at a purchase price of €37.50 per share, representing an aggregate €225 million. This corresponded to 27.00% of the total number of shares making up Assystem's capital and 28.35% of the Assystem shares outstanding (equal to the number of shares making up the capital less the number of shares held in treasury). All of the shares bought back under the offer, together with 550,000 shares already held in treasury, were cancelled on 21 December 2017 and the Company's capital was therefore reduced to 15,668,216 shares with a par value of €1 each.

The costs related to this transaction have been recognised as a deduction from equity in a net-of-tax amount of €1.0 million.

Acquisition of a 5% interest in Framatome

On 31 December 2017 Assystem purchased a 5% interest in Framatome from Areva NP for €123.7 million (excluding €0.6 million in transaction costs). Framatome – which is 75.5% owned by EDF, 19.5% by Mitsubishi Heavy Industries Ltd and 5% by Assystem – is the Company to which Areva NP transferred its assets and activities related to (i) the design and supply of nuclear reactor equipment, (ii) the design and supply of fuel assemblies and (iii) services provided to a large worldwide installed base of nuclear reactors.

The acquisition agreement contains earn-out clauses and Assystem has the possibility of capping its investment at €140 million by way of a mechanism enabling it to resell Framatome shares, at their cost price, to Framatome's major shareholder, EDF.

This investment has been recognised in the consolidated statement of financial position under "Other non-current financial assets".

External growth

The Group carried out further external growth transactions in 2017, both in France and other European countries, strengthening its project management skills and its positions in the life sciences sector (see Note 3.2 – Business combinations).

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NOTE 3 CONSOLIDATION, BUSINESS COMBINATIONS AND GOODWILL

Consolidation method

FULLY-CONSOLIDATED SUBSIDIARIES

Companies over which the Group exercises control are consolidated. IFRS 10 has introduced a single model of control based on three criteria: "an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee".

Assets, liabilities, income and expenses of consolidated subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group until the date the Group ceases to control the subsidiary. All inter-company transactions and balances are eliminated on consolidation. Non-controlling interests are presented separately in the financial statements.

JOINT VENTURES AND JOINT OPERATIONS (EQUITY-ACOUNTED INVESTMENTS)

IFRS 11 classifies joint arrangements into two types – joint ventures and joint operations. The Group determines the type of joint arrangement in which it is involved by considering its rights and obligations in the arrangement, assessed based on the structure and legal form of the arrangement, the contractual terms agreed to by the parties to the arrangement and, when relevant, other facts and circumstances.

A joint venture is a joint arrangement whereby the parties with joint control ("joint venturers") have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the parties with joint control ("joint operators") have rights to the assets and obligations for the liabilities of the arrangement.

Joint arrangements that qualify as joint ventures are accounted for using the equity method (equity-accounted investees).

For joint operations, each of the joint operators must recognise the assets and the liabilities (and income and expenses) relating to its interest in the joint operation.

Translation of foreign companies' financial statements and foreign-currency denominated transactions

FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (i.e. in which the entity mainly generates and expends cash), which corresponds to its functional currency.

The consolidated financial statements are presented in euros, which is the Group's presentation currency.

TRANSACTIONS AND BALANCES

Foreign-currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when included in other comprehensive income as the effective portion of qualifying cash flow hedges and qualifying net investment hedges.

TRANSLATION OF FINANCIAL STATEMENTS OF SUBSIDIARIES

The financial statements of foreign subsidiaries whose functional currency is not the euro are translated into euros as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses are translated at average exchange rates for the period.

All resulting exchange differences are recognised in other comprehensive income in a separate line.

Goodwill arising on the acquisition of a foreign entity is recognised in the entity's functional currency and translated into euros at the closing rate.

3.1 Scope of consolidation

The main companies included in Assystem SA's scope of consolidation were as follows at 31 December 2017:

Company name	Country	Registration number	Percentage interest	Consolidation method
French companies				
Assystem SA	France	412076937	Parent	FC
Assystem EOS	France	444159164	100	FC
Insiema	France	572004372	100	FC
MPH Global Services	France	499137610	100	FC
SCI du Pont Noir	France	309112381	100	FC
Assystem Technologies Groupe	France	831178785	39.23	Equity
Euro Contrôle Projet and subsidiaries	France	347621831	100	FC
Non-French companies				
Assystem Energy Infrastructure Ltd UK	United Kingdom		100	FC
Radicon	Saudi Arabia		75	FC
Biotech Quality Group and subsidiaries	Belgium		100	FC
MPH Consulting Services DMCC	Dubai		100	FC
Envy	Turkey		100	FC

FC: Fully consolidated.

Equity: Accounted for by the equity method.

3.2 Business combinations

Business combinations which occurred between 1 January 2004 and 31 December 2009 were recognised in accordance with the requirements of the previous version of IFRS 3.

Since 1 January 2010, business combinations have been recognised based on the requirements of the revised version of IFRS 3 (IFRS 3R). In accordance with IFRS 3R, when an entity over which the Group exercises exclusive control is consolidated for the first time:

- The identifiable assets acquired and liabilities assumed are measured at fair value on the date when control is transferred to the Group. When the Group acquires a business, it assesses the assets and liabilities (including client contracts and portfolios) for appropriate classification and designation.
- Any non-controlling interest in the acquiree is recognised on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the identifiable net assets of the acquiree.

At the date of a business combination, goodwill is measured as the excess of:

- the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree, and, for a business combination achieved in stages, the acquisition-date fair value of any equity interest previously held in the acquiree; over
- the acquisition-date fair value of the identifiable net assets acquired.

For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value ("full goodwill method") or at the proportionate share of the acquiree's identifiable net assets ("partial goodwill method").

The initial accounting for business combinations must be completed within one year of the acquisition date (the "measurement period"). During this measurement period, the Group retrospectively adjusts the provisional amounts recognised at the acquisition date to reflect any new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

Any gain on a bargain purchase (negative goodwill) is recognised in profit immediately.

Subsequent to initial recognition, goodwill is carried at cost less any accumulated impairment losses (see Section 3.3 – "Goodwill").

Additionally, the following principles apply to business combinations:

- any contingent consideration is measured at fair value at the acquisition date, and any subsequent changes in the fair value of the contingent consideration are recognised in profit;
- acquisition-related costs are expensed as incurred; in accordance with IFRS 10, when the proportion of the equity in a subsidiary held by non-controlling interests changes, the Group recognises directly in "Equity attributable to owners of the parent" any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received.

BUSINESS COMBINATIONS CARRIED OUT IN 2017

The Group considers that its acquisitions in 2017 did not individually represent material amounts.

Global Product Solutions (GPS):

Prior to its transfer of control of GPS, the Group acquired Automotive Solutions Germany GmbH ("ASG") in Germany and Engineering Partner Automotive Nordic AB Concept in Sweden. These two transactions enabled GPS to acquire expertise in designing lighting systems for automakers and to extend its client portfolio to include more major players in the automotive industry.

Energy & Infrastructure (E&I)

Assystem acquired The Biotech Quality Group and Euro Contrôle Projet during the year, enabling it to strengthen its skills in life sciences and project management respectively.

These two groups employ an aggregate 300 people and generated combined revenue of €32 million in 2017. However, their contributions to Assystem's consolidated revenue were not material as both acquisitions were carried out at the end of the year.

Cross put and call options exercisable in the medium-term were given in connection with the acquisition of the Biotech Quality Group (see Note 10 – Liabilities related to share acquisitions (current and non-current) and other non-current liabilities).

The fair value of the net assets acquired in the business combinations carried out in 2017 are shown in the table below:

In millions of euros	GPS	E&I	Total
Cash and cash equivalents	0.4	4.3	4.7
Other current and non-current assets	7.4	13.0	20.4
Total assets	**7.8**	**17.3**	**25.1**
Financial liabilities	1.0	1.0	2.0
Other current and non-current liabilities	3.9	9.1	13.0
Total liabilities	**4.9**	**10.1**	**15.0**
Net assets	**2.9**	**7.2**	**10.1**

Goodwill related to the acquisitions, as determined using the full goodwill method, breaks down as follows:

In millions of euros	GPS	E&I	Total
Portion of the purchase price paid in cash	14.8	20.4	35.2
Deferred purchase costs (cross put and call options)	-	4.1	4.1
Total purchase price	**14.8**	**24.5**	**39,3**
Fair value of net assets acquired	2.9	7.2	10.1
Goodwill	**11.9**	**17.3**	**29.2**

The cash flows relating to the acquisitions can be analysed as follows:

In millions of euros	GPS	E&I	Total
Cash and cash equivalents	0.4	4.3	4.7
Bank overdrafts	(0.7)	(0.8)	(1.5)
Net cash acquired	**(0.3)**	**3.5**	**3.2**
Purchase price of shares	(14.8)	(20.4)	(35.2)
Shareholder's loans granted	(0.2)	-	(0.2)
Other cash flows	(0.6)	(0.1)	(0.7)
Settlement of liabilities related to share acquisitions	(4.7)	-	(4.7)
Net cash outflow	**(20.6)**	**(17.0)**	**(37.6)**

In accordance with IFRS 3R, the Group will complete the initial accounting for the acquisitions carried out in 2017 within one year of the dates it acquired control of the companies concerned.

Cash flows related to acquisitions of shares in companies were as follows in 2017 and 2016:

In millions of euros	2017	2016
GPS acquisitions	(20.6)	(12.4)
E&I acquisitions	(17.0)	(14.2)
Acquisition of a 5% interest in Framatome*	(124.1)	-
Acquisitions of shares in companies	**(161.7)**	**(26.6)**

* *See Note 6.5 – Non-current financial assets*

3.3 Goodwill

In accordance with IFRS 3R, goodwill is not amortised but is tested for impairment at least once a year.

For the purpose of impairment testing, goodwill is allocated to cash-generating units (CGUs) or groups of CGUs. A CGU corresponds to the smallest identifiable Group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The level of CGU used for goodwill impairment tests depends on the characteristics of the business or market of each operation.

The Group carries out impairment tests at each year-end and whenever there is an indication of impairment in order to estimate the CGU's recoverable amount. Recoverable amount corresponds to the higher of the CGU's fair value less costs of disposal and its value in use (the present value of the future cash flows expected to be derived from the CGU). When the recoverable amount of a CGU is less than its carrying amount, an impairment loss is recognised and is deducted to the extent possible from the carrying amount of the goodwill allocated to the CGU.

If a subsidiary is sold, the goodwill allocated to that subsidiary is taken into account in determining the proceeds of the sale.

Goodwill arising on acquisitions of fully-consolidated companies is presented in a separate line of the financial statements. Goodwill related to companies accounted for using the equity method is presented in the lines of the statement of financial position concerning equity-accounted investees.

The Group's operating segments are as follows: Global Product Solutions (outsourced R&D business that was sold during the year (see Note 2 – Significant events of the year), Energy & Infrastructure (complex infrastructure engineering) and Staffing (worldwide assignment of consultants specialised in Oil & Gas and other industrial sectors). These segments correspond to the cash-generating units (CGUs) used by the Group at 31 December 2017, which comply with the IFRS definition of CGUs.

In millions of euros	Global Product Solutions	Energy & Infrastructure	Staffing	Total
Carrying amount at 1 Jan. 2017	**112.8**	**65.9**	**6.1**	**184.8**
Increases related to business combinations	11.9	17.3	-	29.2
Decreases related to discontinued operations	(124.7)	-	-	(124.7)
Currency translation differences	(0.4)	(7.4)	-	(7.8)
Other movements	0.4	(0.4)	-	-
Carrying amount at 31 Dec. 2017	-	**75.4**	**6.1**	**81.5**
Accumulated impairment losses at 31 Dec. 2017	-	-	(14.0)	(14.0)

The impacts of changes in scope of consolidation are described in Note 3.2 – Business combinations.

3.4 Impairment testing

The recoverable amount of the CGUs was calculated based on their value in use. In order to determine value in use, the Group projects the future cash flows that it expects to derive from each CGU. These projections are based on four-year budgets and cash flows beyond this four-year period are estimated by extrapolating the projections using a perpetuity growth rate (see below). This growth rate must not exceed the medium- to long-term average growth rate for the industry as a whole. Future cash flows are discounted based on the Weighted Average Cost of Capital (WACC) of each business segment.

The cash flows used were based on budget forecasts drawn up by the operating management teams of each CGU when determining their medium and long-term strategy. The Group applied a normative cost of debt weighted for the Group as a whole and a cost of equity specific to each country in order to determine the WACC (see table below). The table below presents the main factors used for modelling the assumptions applied for the impairment tests:

CGU 2017	Perpetuity growth rate used for extrapolating future cash flows beyond the projection period	Discount rate
Energy & Infrastructure	1.5%	9.2%
Staffing	1.5%	10.7%

If any impairment is identified based on the calculation of discounted future cash flows and/or market values of the assets concerned, or if there is a change in market conditions or in the cash flows that were originally estimated, then previously recognised impairment losses may need to be revised or modified.

A 1% (100 basis points) increase in the WACC or a 1% decrease in the EBITDA margin or perpetuity growth rate assumptions used for the impairment tests carried out on the Energy & Infrastructure and Staffing CGUs would not result in the recognition of an impairment loss for these CGUs.

Apart from an increase in the discount rate used for the Energy & Infrastructure CGU (9.2% in 2017 versus 8.0% in 2016), there were no significant changes in assumptions year on year.

NOTE 4 SEGMENT REPORTING

Operating segments are components of the Group about which separate financial information is available that is evaluated regularly by Group management in deciding how to allocate resources and in assessing performance. Since it transferred control of GPS, the Group has had two operating segments: Energy & Infrastructure (complex infrastructure engineering) and Staffing (worldwide assignment of consultants specialised in Oil & Gas and other industrial sectors).

The main accounting policies used for operating segments are as follows:

- Each segment has its own resources and may share certain resources with other segments to create synergies. This sharing is carried out through a reallocation of costs or through contractual relations between different legal entities.
- Management costs that are directly attributable to the two operating segments are allocated to each segment concerned.
- The indicator, "EBITA including share of profit of equity-accounted investees", excludes non-recurring income and expenses.

Analysis by operating segment

Assets and liabilities allocated by operating segment correspond to operating assets and liabilities used by each division in its operating activities and which are directly attributable to the segment or can be allocated to the segment on a reasonable basis. They correspond to:

- goodwill, intangible assets and property, plant and equipment;
- trade receivables, other receivables and other current assets;
- trade payables, amounts due to suppliers of non-current assets, accrued taxes and payroll costs, current liabilities related to share acquisitions, short-term provisions and other current liabilities.

2017

In millions of euros	E&I	Staffing	Holding company and Other	Inter-segment	Total
Revenue	341.3	50.1	8.8	(5.0)	395.2
O/w inter-segment revenue	-	(5.0)	-	5.0	-
Total external revenue	**341.3**	**45.1**	**8.8**		**395.2**
EBITA including share of profit of equity-accounted investees	**27.9**	**1.9**	**(3.8)**		**26.0**
Non-recurring income and expenses	(2.5)	0.1	(9.4)		(11.8)
Operating profit (loss)	**25.4**	**2.0**	**(13.2)**		**14.2**
Net assets allocated by operating segment (CGU)	**117.5**	**14.5**	**19.8**		**151.8**

2016

In millions of euros	E&I	Staffing	Holding company and Other	Inter-segment	Total
Revenue	318.0	57.4	9.2	(4.5)	380.1
O/w inter-segment revenue	(0.3)	(4.2)	-	4.5	-
Total external revenue	**317.7**	**53.2**	**9.2**	**-**	**380.1**
EBITA including share of profit of equity-accounted investees	**24.1**	**2.4**	**(4.4)**	**-**	**22.1**
Non-recurring income and expenses	(0.5)	(7.2)	(1.7)	-	(9.4)
Operating profit (loss)	**23.6**	**(4.8)**	**(6.1)**	**-**	**12.7**
Net assets allocated by operating segment (CGU)	**97.6**	**13.7**	**23.2**	**-**	**134.5**

Analysis by geographic region

Non-current assets allocated by geographic region correspond to goodwill, intangible assets and property plant and equipment which are directly attributable to the region or can be allocated to the region on a reasonable basis.

The following table shows a breakdown of the Group's revenue and assets by region, based on the geographic location of consolidated companies:

2017

In millions of euros	France	Rest of Europe	Asia - Middle East - Africa	Holding company, Other and other regions	Group total
Total external revenue	285.3	35.2	74.7	-	**395.2**
Non-current assets allocated by geographic region	26.1	15.4	47.4	0.9	**89.8**

2016

In millions of euros	France	Rest of Europe	Asia - Middle East - Africa	Holding company, Other and other regions	Group total
Total external revenue	260.0	38.0	82.1	-	**380.1**
Non-current assets allocated by geographic region	20.6	2.3	55.4	1.1	**79.4**

NOTE 5 OPERATIONAL DATA

5.1 Revenue and working capital requirement (WCR)

Revenue

Revenue corresponds to the gross inflows of economic benefits received or receivable by the Group during the period on its own account which arise from ordinary operating activities and result in increases in equity.

IAS 18 requires revenue to be measured at the fair value of the consideration received or receivable. In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable.

The Group recognises its revenue in the period in which the services are rendered. Revenue for the Group comprises:

- invoices issued or to be issued for services rendered;
- the valuation at cost price of services for which the Group has undertaken works;
- commissions on business for which the Group acts as an agent.

Depending on the type of transaction involved, the criteria for determining the stage of completion of services rendered at a given date can be based on:

- reviews of work performed;
- services performed to date as a percentage of total services to be performed; or
- the proportion that costs incurred to date bear to the estimated total costs of the transaction.

The criteria applied are left to the discretion of the operating unit's manager who chooses those that are best suited to the project.

The Group's services are valued based on the following:

- **Time and materials contracts:** the valuation of services rendered under these contracts depends on the resources used. Revenue is determined on a time-spent basis, agreed on with the client, and corresponding to an aggregate resulting from the multiplication of an hourly or daily rate.
- **Fixed-price contracts:** these correspond to contracts under which the Group has a performance obligation and whose price is either (i) fixed at the outset for the project as a whole or (ii) set in a master agreement for each type of service ordered by the client, with the value of services rendered based on the percentage of completion method as defined in IAS 11.
- **Provisions for losses on completion:** a provision is recognised when it is probable that contract costs will exceed contract revenue. The amount of the provision is calculated by reference to the stage of completion less the loss already recognised, and it is recorded under "Depreciation, amortisation and provisions for recurring operating items, net".

Government grants and tax credits

Government grants and tax credits related to operating expenses are recognised in the income statement over the periods necessary to match them with the costs they are intended to compensate. They are recorded either:

- as a deduction from the corresponding expense if they are intended to compensate an identified cost; or
- as a decrease in other operating expenses if they are granted for general purposes.

Trade receivables

Trade receivables include:

- services invoiced but not yet paid for;
- services completed but not yet invoiced, measured at the sale price;
- work-in-progress measured at cost price.

Trade receivables are initially recognised at fair value and subsequently measured at fair value less any accumulated impairment losses. An impairment loss is recognised if there is objective evidence that the Group will be unable to collect all the contractual amounts due. The amount of the impairment loss recognised corresponds to the difference between the amount recorded under assets and the fair value of the discounted future cash flows.

TRADE RECEIVABLES

In millions of euros	2017	2016
Trade receivables	118.0	250.7
Accrued revenue and work-in-progress	48.9	83.3
Gross value	**166.9**	**334.0**
Impairment	(6.9)	(13.9)
Carrying amount	**160.0**	**320.1**

In 2017, the Group put in place a factoring contract under which the receivables sales concerned meet the derecognition criteria in IAS 39 – Financial Instruments: Recognition and Measurement. The factored receivables under this contract represented a net amount of €5.2 million at 31 December 2017.

ANALYSIS OF CHANGE IN OPERATING WORKING CAPITAL REQUIREMENT

In millions of euros	At beginning of year	Change related to operations	Decrease related to discontinued operations	Other	At year-end
Trade receivables (1)	320.1	29.2	(203.5)	14.2	160.0
Amounts owed to clients (2)	(9.2)	2.5	1.4	(0.6)	(5.9)
Deferred income (2)	(41.1)	3.1	27.2	(0.7)	(11.5)
WCR – Trade receivables (1+2)	**269.8**	**34.8**	**(174.9)**	**12.9**	**142.6**
Trade payables (3)	(66.4)	(4.3)	44.9	(7.0)	(32.8)
Supplier prepayments (4)	1.3	1.5	(2.0)	0.1	0.9
Prepaid expenses (4)	6.8	0.5	(5.0)	(0.2)	2.1
WCR – Trade payables (3+4)	**(58.3)**	**(2.3)**	**37.9**	**(7.1)**	**(29.8)**
Accrued taxes and payroll costs (5)	(186.7)	(2.2)	107.5	(4.5)	(85.9)
Other current payables (5)	(0.9)	(1.2)	1.6	(0.3)	(0.8)
Prepaid and recoverable taxes and payroll costs (6)	59.2	1.5	(22.1)	0.9	39.5
Other current receivables	3.6	2.6	(2.6)	1.2	4.8
WCR – Other (5+6)	**(124.8)**	**0.7**	**84.4**	**(2.7)**	**(42.4)**
Total	**86.7**	**33.2**	**(52.6)**	**3.1**	**70.4**

The amounts in the "Other" column notably include the impact of changes in scope of consolidation and currency effects.

Supplier prepayments, prepaid expenses and other current receivables constitute the "Other receivables" line of the statement of financial position. Amounts owed to clients, deferred income and other current payables constitute the "Other current liabilities" line of the statement of financial position.

6

AGED RECEIVABLES

Credit risk represents the risk of the Group incurring a financial loss if a client fails to fulfil its contractual obligations.

The table below provides a breakdown of late payments for "Trade receivables" as a whole as well as the impairment losses recorded for disputed receivables and client defaults:

		Gross	Impairment		Gross	Impairment
In millions of euros	2017	%	2017	2016	%	2016
Not past due	138.4	82.9%	-	277.8	83.2%	-
Up to 30 days past due	9.8	5.9%	-	25.0	7.5%	-
Between 31 and 60 days past due	4.0	2.4%	-	6.9	2.1%	-
Between 61 and 180 days past due	4.1	2.5%	0.3	7.1	2.1%	-
More than 181 days past due	10.6	6.3%	6.6	17.2	5.1%	13.9
Total	**166.9**	**100.0%**	**6.9**	**334.0**	**100.0%**	**13.9**

5.2 Equity-accounted investees

In millions of euros	2017	2016
At 1 January	**0.9**	**0.7**
Dividends	(0.7)	(1.2)
Share of profit	0.9	1.4
Other movements	(0.4)	-
At 31 December	**0.7**	**0.9**

In view of the geopolitical environment in Yemen, at 31 December 2017 the Group maintained the full write-down of its investment in the joint venture in that country.

KEY FIGURES CONCERNING EQUITY-ACCOUNTED INVESTEES

				Carrying amount *(in millions of euros)*	
Company	Country	% interest	% voting rights	2017	2016
Engage	France	25	25	0.2	0.2
Alphatest	France	49.84	49.84	0.5	0.6
Momentum	France	33.33	33.33	-	0.1
N3A	France	50	50	-	-
MPH Yemen Limited	Yemen	50	50	-	-

In millions of euros	2017	2016
Revenue	**54.5**	**48.8**
Profit for the period	2.4	2.2
Total comprehensive income	**2.4**	**2.2**
Non-current assets	0.2	0.3
Current assets	31.9	24.2
Non-current liabilities	(2.9)	(2.1)
Current liabilities	(27.6)	(20.5)
Net assets	**1.6**	**1.9**

RELATED-PARTY INFORMATION

The Group has defined four categories of related parties:

- joint ventures (excluding Assystem Technologies Groupe, for which information is provided in Note 6.4 – Assystem Technologies Groupe shares and convertible bonds);
- the members of Assystem's Board of Directors and Assystem SA's corporate officers (see Note 5.3.3 – Share-based payments);
- HDL Development, which holds 76.86% of the Company's exercisable voting rights and provides management services to the Group;
- Radicon's minority shareholder.

In millions of euros	2017	2016
Revenue	12.9	6.3
Other operating income and expenses	0.2	2.2
Financial income	0.2	0.1
Trade receivables and other current assets	2.6	3.0
Trade payables and other current liabilities	0.7	0.9
Loans	0.8	0.8

The Group has recognised a financial liability for amounts owed to Radicon's minority shareholder, which totalled €3.4 million at 31 December 2017 and €3.9 million at 31 December 2016.

SNC Engage has issued €11.6 million worth of guarantees which have been counter-guaranteed by its shareholders in proportion to their interests in the company. Consequently, Assystem has guaranteed 25% of the overall amount (in proportion to its interest in Engage), corresponding to €2.9 million.

SNC Momentum has issued €5.9 million worth of guarantees which have been counter-guaranteed by its shareholders in proportion to their interests in the company. Consequently, Assystem has guaranteed 33.33% of the overall amount (in proportion to its interest in Momentum), corresponding to €2.0 million.

5.3 Payroll costs and employee benefit obligations

5.3.1 BREAKDOWN OF PAYROLL COSTS IN THE CONSOLIDATED INCOME STATEMENT

In millions of euros	2017	2016
Wages and salaries	(218.5)	(212.7)
Social security contributions	(59.2)	(55.4)
Total	**(277.7)**	**(268.1)**

5.3.2 EMPLOYEE BENEFIT OBLIGATIONS

The Group accounts for defined benefit and defined contribution post-employment benefit plans in accordance with the laws and practices of each country in which it operates.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all of the benefits relating to the services rendered by employees prior to retirement.

The actuarial risk (that benefits will cost more than expected) and the investment risk (that plan assets will be insufficient to meet expected benefits) are not borne by the employer entity.

Contributions to government plans and other defined contribution plans are recognised as an expense for the period in which they are due. No provision is recorded as the Group's obligation is limited to its contributions to the plans.

Defined benefit plans

All post-employment benefit plans other than defined contribution plans correspond to defined benefit plans.

Under defined benefit plans the entity's obligation is to provide the agreed benefits to current and former employees. The employer entity may either:

- pay contributions to a separate entity (a fund), but must pay further contributions (or pay unfunded benefits) if the fund does not hold sufficient assets to pay all of the benefits relating to the services rendered by employees; or
- pay the benefits itself, funding them out of its own assets.

Consequently, under defined benefit plans the employer entity bears both the actuarial risk and the investment risk.

In accordance with IAS 19 – Employee Benefits, actuarial valuations of post-employment benefit obligations under defined benefit plans are made using the projected unit credit method, based on assumptions for mortality rates, staff turnover and future salary projections.

The net defined benefit liability recognised at the reporting date corresponds to the present value of the defined benefit obligation – i.e. the present value of expected future payments required to settle the obligation resulting from employee service in the current and prior periods – less the fair value of plan assets.

Actuarial gains and losses are recognised in other comprehensive income.

The Group's defined benefit obligations consist mainly of statutory retirement bonuses payable in accordance with the Syntec collective bargaining agreement applicable in France. These bonuses correspond to vested entitlements determined based on length of service.

NET LIABILITY RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

In millions of euros	2017	2016
Present value of funded or partially-funded post-employment benefit obligations	13.7	27.6
Fair value of plan assets	-	(1.2)
Provision recognised in the statement of financial position	**13.7**	**26.4**

CHANGE IN THE NET LIABILITY RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

In millions of euros	2017	2016
Net liability at 1 January	**26.4**	**23.5**
Current service cost	1.8	1.9
Interest expense	0.3	0.4
Remeasurement of the net liability recognised in equity	1.5	1.1
Currency translation differences	(0.3)	0.1
Increases related to business combinations	0.1	0.1
Decreases related to discontinued operations	(15.4)	-
Benefits paid	(0.7)	(0.9)
Benefits paid directly by the fund	-	0.2
Net liability at 31 December	**13.7**	**26.4**

Current service cost is recognised under "Depreciation, amortisation and provisions for recurring operating items, net" and interest expense is recorded under "Other financial income and expenses".

The actuarial gains and losses recognised directly in other comprehensive income mainly relate to the effect of changes in the turnover rate for employees aged over 60. The discount rate used for 2017 was the same as for 2016 (1.5% for France). The composite rate applied for 2017 was determined by reference to the Bloomberg and iBoxx rates.

PRESENT VALUE OF THE POST-EMPLOYMENT BENEFIT OBLIGATION

In millions of euros	2017	2016
Present value of the post-employment benefit obligation at 1 January	**27.6**	**24.9**
Current service cost	1.8	1.9
Interest expense	0.3	0.4
Remeasurement of the net liability recognised in equity	1.5	1.1
Currency translation differences	(0.3)	0.1
Increases related to business combinations	0.1	0.1
Decreases related to discontinued operations	(16.6)	-
Benefits paid	(0.7)	(0.9)
Present value of the post-employment benefit obligation at 31 December	**13.7**	**27.6**

PLAN ASSETS

In millions of euros	2017	2016
Fair value of plan assets at 1 January	**1.2**	**1.4**
Decreases related to discontinued operations	(1.2)	-
Benefits paid	-	(0.2)
Fair value of plan assets at 31 December	-	**1.2**

ACTUARIAL ASSUMPTIONS

In %	2017	2016
France		
Discount rate	1.5%	1.5%
Projected rate of salary increases	1.5%	1.5%
Germany		
Discount rate	-	1.5%
Projected rate of salary increases	-	2.0%

DEFINED CONTRIBUTION PLANS

In millions of euros	2017	2016
Amount expensed for defined contribution plans	(9.7)	(10.0)

SENSITIVITY ANALYSIS

The liability recognised for statutory retirement bonuses payable in accordance with the Syntec collective bargaining agreement is calculated based on actuarial assumptions relating to the following: mortality rate, staff turnover, future salaries, discount rate and expected return on plan assets.

Changes in these assumptions can impact the liability to a greater or lesser extent.

The Group has chosen to present a sensitivity analysis for the discount rate applicable for France, since any change in this assumption could significantly affect equity (net of tax):

	1% decrease	0.5% decrease	0.5% increase	1% increase
Impact on equity (in millions of euros)	(1.1)	(0.5)	0.5	0.9
Impact on equity (%)	(0.3)%	(0.1)%	(0.1)%	0.2%
Impact on the net liability (%)	8.0%	3.6%	(3.6)%	(6.6)%

5.3.3 SHARE-BASED PAYMENTS

In accordance with IFRS 2 – Share-based Payment, when the Group receives services from employees as consideration for share-based payments, the fair value of the employee services received in exchange for the grant of the share-based payments is recognised as an expense.

The total amount to be expensed is determined by reference to the fair value of the benefits granted to the employees concerned under stock option plans or free share/performance share plans.

The expense is recognised on a straight-line basis over the vesting period. For stock options, the fair value of the options is determined using the Black & Scholes pricing model.

Although the share-based payment expense – which is recognised as a non-recurring expense in the consolidated income statement – reduces profit for the period, it has no impact on total equity.

FREE SHARE AWARDS WITH OR WITHOUT PERFORMANCE CONDITIONS

	2011 plan	2014 plan	2015 plan	2016 plan	2016 plan	2017 plan
	Number of performance shares	Number of free shares	Number of free shares	Number of free shares	Number of free shares	Number of free shares
Outstanding at 1 January 2016	**19,650**	**17,000**	**2,500**	**-**	**-**	**-**
Shares awarded during the year	-	-	-	7,000	300,300	-
Shares not awarded due to non-achievement of performance conditions	-	-	-	-	-	-
Shares forfeited during the year	(2,620)	-	-	-	-	-
Shares delivered during the year	(17,030)	(13,500)	-	-	-	-
Outstanding at 31 December 2016	**-**	**3,500**	**2,500**	**7,000**	**300,300**	**-**
Shares awarded during the year	-	-	-	-	-	86,750
Shares not awarded due to non-achievement of performance conditions	-	-	-	-	-	-
Shares forfeited during the year	-	-	-	-	(5,660)	(1,000)
Shares delivered during the year	-	-	(2,500)	-	-	-
Shares cancelled during the year	-	-	-	-	(137,700)	-
Outstanding at 31 December 2017	**-**	**3,500**	**-**	**7,000**	**156,940**	**85,750**
Year of vesting (*)	**-**	**2018**	**2017**	**2018**	**2020**	**2020**

* *The year of vesting varies depending on the beneficiaries' country of residence.*

FAIR VALUE OF FREE SHARE AWARDS WITH OR WITHOUT PERFORMANCE CONDITIONS

	2017	2016
Weighted average fair value of free shares awarded during the year *(in euros per share)*	32.79	21.68

When it transferred the control of GPS, the Group (i) cancelled 137,700 performance shares out of the 300,300 awarded in 2016, (ii) removed the performance condition for a portion of the unvested outstanding shares, and (iii) awarded 66,250 shares (under Plan 3) to replace the cancelled shares. The shares awarded under Plan 3 are not subject to any performance conditions and the only applicable vesting condition is that the beneficiary must still be with the Group in April 2020. These changes resulted in an additional share-based payment (recognised in "Profit from discontinued operations"), mainly due to the acceleration of vesting rights following the cancellation of the performance shares. As Plan 3 has been classified as a replacement plan, the above-described operation was recognised as an amendment to an existing plan. Consequently, and in view of the fact that the difference between the fair value of the existing plan at the replacement date and the fair value of the new plan (Plan 3) represented a positive amount, no other expenses were recognised in relation to Plan 3.

RELATED-PARTY INFORMATION

Compensation and benefits granted to the Company's directors and officers break down as follows:

In millions of euros	2017	2016
Salaries and other short-term benefits*	(1.4)	(2.0)
Directors' fees	(0.3)	(0.2)
Share-based payments	-	-
Total	**(1.7)**	**(2.2)**

* *This corresponds to the direct compensation (including payroll taxes) and indirect compensation paid to (i) members of the Board of Directors in their capacity as executive directors and (ii) the Company's officers.*

5.4 Other operating income and expenses

In millions of euros	2017	2016
Outsourced operations and purchases for contracts	(40.1)	(36.9)
Cost of premises	(7.6)	(7.7)
Transport and travel expenses	(11.5)	(10.2)
Miscellaneous	(29.4)	(33.4)
Total	**(88.6)**	**(88.2)**

The "Miscellaneous" line mainly comprise IT costs, fees and commissions, and advertising and public relations costs.

5.5 Depreciation, amortisation and provisions for recurring operating items, net

In millions of euros	2017	2016
Depreciation and amortisation expense	(2.2)	(2.2)
Net change in provisions	(0.8)	(0.3)
Total	**(3.0)**	**(2.5)**

5.6 Non-recurring income and expenses

Non-recurring income and expenses comprise:

- share-based payment expense (free shares/performance shares and stock options);
- acquisition- and divestment-related expenses (external fees associated with external growth transactions and divestments);
- capital gains or losses arising on business divestments, other than those accounted for in accordance with IFRS 5;
- income and expenses related to unusual, atypical and infrequent events, mainly comprising restructuring costs, asset impairment losses (including goodwill impairment), and other material income and expenses.

In millions of euros	2017	2016
Addition to provision for tax dispute	(6.8)	-
Asset impairment	-	(7.0)
Expenses and provisions related to adapting Group resources to its new scope of consolidation and restructuring measures in its conventional energy activities.	(4.8)	(0.4)
Share-based payment expense (free shares/performance shares).	(0.7)	(0.3)
Company acquisition costs and other	0.5	(1.7)
Total	**(11.8)**	**(9.4)**

In late 2014 Assystem SA received notification of a €13.5 million tax reassessment relating to research tax credits recognised by its subsidiary Assystem France for 2010, 2011 and 2012. Assystem considers that this reassessment is based on a general position taken by the French tax authorities which is applicable to all of the French companies concerned. Assystem is contesting the grounds of the reassessment in their entirety.

However, in view of new case law in 2015, and based on the opinions of external legal experts, the Group set aside a €7.3 million provision in its 2015 financial statements (representing 50% of the amount of the reassessments and €0.5 million in potential legal fees). At 31 December 2016 Assystem had not yet received a payment notice from the tax authorities for the reassessed amount and the valuation of the related risk was unchanged compared with 31 December 2015.

For its 2017 consolidated financial statements, the Group decided to increase the provision to cover the full amount of the risk and the potential late payment penalties following its receipt in November 2017 of the payment notice for the reassessed amount and in view of the fact that the risk relates to the former GPS division, whose control has now been transferred outside the Group. Consequently, €6.8 million was added to the provision recognised at 31 December 2015 along with €2.1 million for potential late payment penalties, bringing the total provision to €16.1 million at 31 December 2017. The amount recognised for potential late payment penalties was recorded in "Other financial income and expenses" in the income statement (see Note 8.5 – Financial income and expenses).

A €13.5 million bank guarantee was issued to the French tax authorities following the receipt of the payment notices.

NOTE 6 NON-CURRENT ASSETS

6.1 Intangible assets

In accordance with IAS 38 – Intangible Assets, an intangible asset is recognised only if the cost of the asset can be measured reliably and it is probable that the expected future economic benefits attributable to the asset will flow to the Group.

The Group's intangible assets mainly correspond to software, which are non-current assets with a finite useful life. These assets are amortised on a straight-line basis over their useful lives, ranging between three and five years depending on the type of software concerned:

- management software: 5 years;
- production software: 3 to 5 years;
- office automation software: 1 to 3 years.

For internally-generated intangible assets, development costs are capitalised when they meet the recognition criteria in IAS 38, i.e. when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the project;
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

The cost of an internally-generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of being used in the manner intended by management. Selling, administrative and other general overhead expenditure are not components of the cost of an internally-generated intangible asset. Following initial recognition, these assets are amortised over their estimated useful lives.

Intangible assets are measured at amortised cost (historical cost on initial recognition plus any amortisable costs recognised subsequently and less any accumulated amortisation and impairment losses).

In millions of euros	2017	2016
At 1 January	**3.6**	**3.7**
Additions	2.0	2.1
Increases related to business combinations	0.8	-
Decreases related to discontinued operations	(2.9)	-
Amortisation	(1.6)	(2.3)
Disposals and retirements	(0.1)	-
Currency translation differences	(0.1)	-
Other movements	(0.1)	0.1
At 31 December	**1.6**	**3.6**
Gross value at 31 December	7.3	51.2
Accumulated amortisation and impairment losses at 31 December	(5.7)	(48.6)

Intangible assets primarily correspond to software used by the Group.

6.2 Property, plant and equipment

In accordance with IAS 16, an asset is classified as property, plant and equipment if it is held for use in the production or supply of goods or services, or for administrative purposes. These assets are recognised in the consolidated statement of financial position if it is likely that the future economic benefits attributable to the asset will flow to the Group and if the cost of the asset can be measured reliably.

Property, plant and equipment are depreciated on a straight-line basis over their useful lives, as follows:

- fixtures, fittings and facilities: 3 to 10 years;
- vehicles: 3 to 5 years;
- office and IT equipment: 3 to 5 years;
- furniture: 10 years.

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Subsequent expenditure is capitalised (and either included in the carrying amount of an asset or recognised as a separate component) if the IAS 16 recognition criteria are met, i.e. if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the expenditure can be measured reliably. Routine repair and maintenance costs are expensed in the period they are incurred.

The depreciable amount of property, plant and equipment is determined after deducting residual value if this value is deemed material. If significant parts of an item of property plant and equipment have different useful lives and therefore different depreciation periods they are accounted for as separate items (major components) of property, plant and equipment.

Assets acquired under finance leases or long-term leases which transfer substantially all the risks and rewards of ownership of the asset to the lessee are recognised as non-current assets in the consolidated statement of financial position.

In millions of euros	Land, buildings, and fixtures and fittings	IT equipment	Other	Total
Gross value at 1 January 2016	**20.3**	**58.7**	**12.2**	**91.2**
Accumulated depreciation and impairment losses at 1 January 2016	(12.1)	(54.0)	(7.6)	(73.7)
Carrying amount at 1 January 2016	**8.2**	**4.7**	**4.6**	**17.5**
Additions	2.1	2.7	1.1	5.9
Increases related to business combinations	0.5	-	0.2	0.7
Depreciation	(2.1)	(2.7)	(1.0)	(5.8)
Disposals and retirements	(0.3)	0.2	(0.3)	(0.4)
Currency translation differences	-	(0.1)	0.1	-
Other movements	0.5	(0.5)	-	-
Gross value at 31 December 2016	**23.6**	**56.7**	**12.9**	**93.2**
Accumulated depreciation and impairment losses at 31 December 2016	(14.6)	(52.5)	(8.3)	(75.4)
Carrying amount at 31 December 2016	**8.9**	**4.3**	**4.7**	**17.9**
Additions	2.2	3.8	2.1	8.1
Increases related to business combinations	0.3	0.1	0.1	0.5
Decreases related to discontinued operations	(5.2)	(4.3)	(4.2)	(13.7)
Depreciation	(1.9)	(2.4)	(0.8)	(5.1)
Disposals and retirements	-	(0.5)	-	(0.5)
Currency translation differences	(0.3)	(0.1)	(0.1)	(0.5)
Other movements	0.1	0.2	(0.3)	-
Gross value at 31 December 2017	**10.3**	**7.9**	**4.2**	**22.4**
Accumulated depreciation and impairment losses at 31 December 2017	(6.2)	(6.8)	(2.7)	(15.7)
Carrying amount at 31 December 2017	**4.1**	**1.1**	**1.5**	**6.7**

6

6.3 Investment property

IAS 40 defines investment property as property held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes.

Investment property is measured at fair value and any gains or losses arising from changes in fair value are recognised directly in the income statement.

The building recognised under "Investment property" at 31 December 2017 corresponds to a fully-owned property located in Equeurdreville, France, which is measured at fair value. It was valued in February 2014 by an independent valuer who has no legal ties with the Group. In compliance with IFRS, the valuation method used was based on analysing recent transactions involving similar assets in the same market, as well as a return-based approach. Major market trends were also taken into consideration.

At 31 December 2017, the value of this investment property was €1.4 million.

There have been no significant changes in the substance of the lease contract on the property since the last valuation was performed.

6.4 Assystem Technologies Groupe shares and convertible bonds

As stated in Note 2– Significant events of the year, Assystem's interest in the equity instruments and quasi-equity of Assystem Technologies Groupe (ATG) is recognised in the consolidated statement of financial position under "Assystem Technologies Groupe shares and convertible bonds".

In millions of euros	2017
At 1 January	
ATG shares acquired*	62.4
Convertible bonds acquired	62.1
Share of profit	2.3
Income from convertible bonds	1.5
At 31 December	**128.3**
Portion related to shares accounted for by the equity method	64.7
Portion related to convertible bonds	63.6

* *Purchase price of the shares including transaction costs*

KEY FIGURES CONCERNING ASSYSTEM TECHNOLOGIES GROUPE

In millions of euros	2017
Revenue	**178.9**
Profit for the period	5.9
Other comprehensive income (expense)	(0.3)
Total comprehensive income	**5.6**
Non-current assets	555.6
Current assets	308.4
Non-current liabilities	(452.2)
Current liabilities	(258.6)
Net assets	**153.2**

In accordance with IFRS 3R, Assystem Technologies Groupe will complete the purchase price allocation process during the twelve-month measurement period.

RELATED-PARTY INFORMATION

In millions of euros	2017
Revenue	1.1
Other operating income and expenses	(1.9)
Financial income	1.6
Trade receivables and other current assets	5.7
Trade payables and other current liabilities	2.4
Assystem Technologies Groupe shares and convertible bonds	63.6

The Group had issued €6.5 million in guarantees on behalf of subsidiaries that were sold as part of the transfer of control of GPS. Assystem Technologies (a subsidiary of Assystem Technologies Groupe) has counter-guaranteed these commitments in the same amount.

6.5 Non-current financial assets

In accordance with IAS 32 and 39, financial assets are measured according to the asset category to which they belong. Regular purchases and sales of financial assets are recognised on the trade date, corresponding to the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus, in the case of financial assets not measured at fair value through profit or loss, transaction costs. The Group's derivative instruments are described in Note 8.3 – Derivative instruments.

AVAILABLE-FOR-SALE (AFS) FINANCIAL ASSETS

This category includes shares in non-consolidated companies. They are measured at fair value and any gains or losses arising from changes in fair value – other than impairment losses – are recognised in other comprehensive income until the asset is derecognised. Impairment losses are recognised in the income statement. For listed shares, fair value corresponds to the market price. Shares whose fair value cannot be measured reliably are recognised at historical cost.

At each reporting date, the fair value of AFS financial assets is calculated. An impairment loss is recognised in the income statement if there is an objective indication that the asset is impaired, such as a significant or prolonged decline in value. Impairment losses recognised against AFS financial assets may only be reversed when the assets are derecognised.

OTHER NON-CURRENT FINANCIAL ASSETS

The Group's other non-current financial assets include loans and receivables, which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They typically arise when an entity provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for their long-term portion. They are initially recognised at fair value and subsequently measured at amortised cost. An impairment loss is recognised for any difference between the recoverable amount of the asset (the present value of estimated future cash flows discounted at the financial asset's original effective interest rate) and its amortised cost at the reporting date. These impairment losses are recognised in the income statement and can be reversed in a subsequent period in the event of a favourable change in circumstances.

Movements in other non-current financial assets in 2017 and 2016 can be analysed as follows:

In millions of euros	2017	2016
At 1 January	**13.9**	**12.0**
Increases	0.8	1.5
Investment in Framatome	124.3	-
Repayments	(0.3)	(0.1)
Increases related to business combinations	0.1	0.2
Decreases related to discontinued operations	(9.9)	-
Changes in fair value	(0.3)	0.3
At 31 December	**128.6**	**13.9**

The Group's other non-current financial assets primarily correspond to its investment in Framatome (see Note 2 – Significant events of the year). They also include guarantee deposits granted to entities with which he Group enters into real-estate lease arrangements. These deposits are returned to the Group at the end of the lease. The Group generally enters into lease arrangements with leading real-estate market operators and therefore the corresponding credit risk is very limited.

This item also includes amounts granted as loans by the Group as its contribution to the *effort à la construction* French government housing scheme. These loans are repayable by public bodies after a 20-year period and are discounted.

6.6 Reconciliation of acquisitions of property, plant and equipment and intangible assets recorded in the consolidated statement of cash flows

In millions of euros	2017	2016
Change in operating loans and guarantee deposits	(0.5)	(1.5)
Acquisitions of intangible assets	(2.0)	(2.1)
Acquisitions of property, plant and equipment	(8.1)	(5.9)
Change in amounts due to suppliers of non-current assets	(0.4)	0.6
Acquisitions of property, plant and equipment and intangible assets	**(11.0)**	**(8.9)**

In millions of euros	2017	2016
Sale price of non-current assets	0.7	0.5
Change in receivables related to sales of non-current assets	-	-
Proceeds from disposals of property, plant and equipment and intangible assets	**0.7**	**0.5**

NOTE 7 EQUITY AND EARNINGS PER SHARE

7.1 Shares

	Ordinary shares	
(Number of shares)	2017	2016
At 1 January	**22,218,216**	**22,218,216**
Capital reduction	(6,550,000)	-
Treasury shares	(509,153)	(1,068,442)
At 31 December	**15,159,063**	**21,149,774**
Number of shares issued and fully paid up	**15,668,216**	**22,218,216**
Par value *(in € per share)*	**1.00**	**1.00**

At 31 December 2017, Assystem SA's shares broke down as follows:

- number of shares with single voting rights: 9,845,842;
- number of shares with double voting rights: 5,822,374.

Each share gives its holder the same rights to dividend payments.

7.2 Treasury shares

In accordance with IAS 32, shares in the Group's parent company held by itself or any of its subsidiaries are recognised at cost as a deduction from equity. No fair value gains or losses are recognised on these shares. Post-tax gains or losses arising on the disposal of treasury shares are recognised directly in equity.

	Treasury shares	
(Number of shares)	2017	2016
At 1 January	**1,068,442**	**680,149**
Purchases of treasury shares	71,465	670,111
Share buyback offer	6,000,000	-
Sales of treasury shares	(78,254)	(234,603)
Treasury shares delivered on conversion of Ornane bonds	-	(346)
Treasury shares delivered to employees and officers	(2,500)	(30,530)
Shares delivered as consideration for business combinations	-	(16,339)
Shares cancelled in connection with a capital reduction	(6,550,000)	-
At 31 December	**509,153**	**1,068,442**
Value of treasury shares recognised in equity *(in millions of euros)*	**(10.7)**	**(22.7)**

7.3 Earnings per share

BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit for the period attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period.

	2017			2016		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Profit for the period attributable to owners of the parent	12.8	391.3	404.1	3.8	27.7	31.5
Basic earnings attributable to owners of the parent	**12.8**	**391.3**	**404.1**	**3.8**	**27.7**	**31.5**
Weighted average number of ordinary shares outstanding during the year	20,910,097	20,910,097	20,910,097	21,258,072	21,258,072	21,258,072
Basic earnings per share *(in euros)*	**0.61**	**18.71**	**19.33**	**0.18**	**1.30**	**1.48**

DILUTED EARNINGS PER SHARE

Diluted earnings per share is calculated by adjusting (i) profit for the period attributable to owners of the parent for the impact of all dilutive potential ordinary shares, net of the related tax, and (ii) the weighted average number of ordinary shares outstanding by assuming conversion into ordinary shares of all dilutive instruments outstanding. Treasury shares deducted from consolidated equity are not taken into account in the calculation of basic or diluted earnings per share.

The Group's dilutive instruments correspond to free shares and performance shares.

Dilutive instruments are only taken into account if their dilutive impact reduces earnings per share or increases loss per share. In accordance with IAS 33, if diluted earnings per share is higher than basic earnings per share it is considered to be non-representative and is reduced to the same amount as basic earnings per share.

Diluted earnings per share for 2017 and 2016 breaks down as follows:

	2017			2016		
In millions of euros	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Profit for the period attributable to owners of the parent	**12.8**	**391.3**	**404.1**	**3.8**	**27.7**	**31.5**
Interest expense related to Ornane and Odirnane bonds (net of income tax)	-	-	-	0.4	-	0.4
Adjusted profit used to calculate diluted earnings per share	**12.8**	**391.3**	**404.1**	**4.2**	**27.7**	**31.9**
Weighted average number of ordinary shares outstanding during the year	20,910,097	20,910,097	20,910,097	21,258,072	21,258,072	21,258,072
Weighted average number of potential ordinary shares based on dilutive instruments outstanding during the year						
• Free shares and/or performance shares	113,330	139,860	253,190	65,317	92,000	157,317
• Ornane bonds	-	-	-	310,053	-	310,053
• Odirnane bonds	-	-	-	4,301,139	-	4,301,139
Weighted average number of ordinary shares used to calculate diluted earnings per share	**21,023,427**	**21,049,957**	**21,163,287**	**25,934,581**	**21,350,072**	**26,026,581**
Diluted earnings per share *(in euros)*	**0.61**	**18.59**	**19.09**	**0.16**	**1.30**	**1.23**

7.4 Dividend per share

	2018*	2017	2016
Date of dividend payout from prior-year profit	By 30/06/2018	14/06/2017	02/06/2016
Date dividend payout on prior-year profit proposed to shareholders at the AGM	16/05/2018	16/05/2017	24/05/2016
Total dividend (in millions of euros) paid out from prior-year profit*	NC	21.2	17.0
Dividend per share (in euros) paid out from prior-year profit	1.00	1.00	0.80

* *Subject to shareholder approval at the AGM.*

NOTE 8 FINANCING AND FINANCIAL INSTRUMENTS

8.1 Cash and cash equivalents

The "Cash and cash equivalents" line in the statement of financial position includes cash (cash in hand and demand deposits) and cash equivalents (highly liquid short-term investments readily convertible into a known amount of cash and subject to an insignificant risk of a change in value).

Cash and cash equivalents do not include investments in listed shares, investments with an initial maturity of more than three months and no option of early divestment, and bank accounts subject to restrictions (blocked accounts).

Net cash and cash equivalents presented in the statement of cash flows corresponds to cash and cash equivalents less bank overdrafts.

In millions of euros	2017	2016
Cash	28.2	41.3
Cash equivalents	-	44.1
Total	**28.2**	**85.4**

No restrictions have been placed on the use of the Group's bank accounts.

A reconciliation between cash and cash equivalents presented in the consolidated statement of cash flows and the statement of financial position is shown in the table below.

In millions of euros	2017	2016
Cash and cash equivalents	85.4	233.8
Bank overdrafts	(1.0)	(0.4)
Net cash and cash equivalents at beginning of year	**84.4**	**233.4**
Cash and cash equivalents	28.2	85.4
Bank overdrafts	(0.9)	(1.0)
Net cash and cash equivalents at year-end	**27.3**	**84.4**

8.2 Bond debt and other financial liabilities

Debt and other financial liabilities are initially recognised at fair value less transaction costs, and are subsequently measured at amortised cost determined using the effective interest method. They are classified as "current" when the Group is required to settle them within twelve months after the reporting date and as "non-current" when the settlement is due beyond those twelve months.

BOND DEBT

In millions of euros	2017	2016
At 1 January	**14.4**	**26.4**
Redemption of Odirnane and Ornane bonds	(14.1)	(27.1)
Amortised cost	-	0.8
Reclassification of outstanding Odirnane bonds	-	14.0
Accrued coupons on outstanding Odirnane bonds	(0.3)	0.3
At 31 December	**-**	**14.4**

OTHER LONG-AND SHORT-TERM DEBT AND NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

In millions of euros	At beginning of year	Net increase	Repayments	Effect of changes in scope of consolidation	Decreases related to discontinued operations	Changes in fair value	Currency translation differences	Other movements	At year-end
Bank borrowings	0.3	-	-	0.2	-	-	-	(0.5)	-
Sundry financial liabilities	4.1	-	-	-	-	-	(0.5)	-	3.6
Total non-current financial liabilities	**4.4**	**-**	**-**	**0.2**	**-**	**-**	**(0.5)**	**(0.5)**	**3.6**
Bank borrowings	80.5	102.9	(186.0)	-	-	-	-	2.6	-
Sundry financial liabilities	2.2	6.5	(0.1)	1.8	(8.6)	(0.8)	-	-	1.0
Total current financial liabilities	**82.7**	**109.4**	**(186.1)**	**1.8**	**(8.6)**	**(0.8)**	**-**	**2.6**	**1.0**
Bank borrowings	80.8	102.9	(186.0)	0.2	-	-	-	2.1	-
Sundry financial liabilities	6.3	6.5	(0.1)	1.8	(8.6)	(0.8)	(0.5)	-	4.6
Total	**87.1**	**109.4**	**(186.1)**	**2.0**	**(8.6)**	**(0.8)**	**(0.5)**	**2.1**	**4.6**

During the year, the Group:

- Repaid the €80 million outstanding under the revolving credit facility set up in 2013.
- Set up an €80 million medium-term loan maturing in January 2022 as well as a €200 million revolving credit facility, also maturing in January 2022 of which €25 million was drawn down during the year. As required under the corresponding loan agreements, these two credit facilities were fully repaid following the transfer of control of GPS and were subsequently cancelled. The net proceeds from new borrowings came to €102.9 million in 2017 taking into account the related arrangement costs.
- Set up another revolving credit facility on 28 September 2017, amounting to €120 million and maturing in September 2022 (with two one-year extension options exercisable by Assystem but contingent on the lenders' agreement). This facility is subject to a covenant based on the consolidated gearing ratio (net debt/EBITDA) for the last twelve months as adjusted for acquisitions and divestments. It is measured at half-yearly intervals and must not exceed 3.75 at 31 December and 3.95 at 30 June. Any breach of the covenant would trigger early repayment of the facility's outstanding amounts.

"Other movements" primarily correspond to the accelerated amortisation of the arrangement costs of the medium-term credit facilities that were repaid in 2017. The triggering event for the early repayment of these facilities was the transfer of control of GPS. The income statement impact of this accelerated amortisation was recognised in "Profit from discontinued operations" and amounted to €1.5 million.

Changes in fair value relate to derivatives (see Note 8.3 – Derivative instruments).

8.3 Derivative instruments

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured at fair value at each reporting date. The method of recognising the resulting fair value gains or losses depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the hedged item.

On inception of a hedge, the Group documents the relationship between the hedged item and the hedging instrument. The Group also documents its estimates both on inception and prospectively to determine the effectiveness of the hedge in offsetting changes in fair value or cash flows attributable to the hedged risk.

Fair value hedges

Fair value hedges are used to hedge the Group's exposure to changes in fair value of a recognised asset or liability (or an identified portion of such an asset or liability) or a firm commitment to purchase or sell an asset at a pre-defined price, that is attributable to a particular risk and could affect profit. Changes in fair value are recognised in the income statement.

Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit.

The Group applies cash flow hedge accounting when the following conditions are met:

- there is formal designation and documentation of the hedging relationship;
- the hedge is highly effective; and
- the forecast transaction that is the subject of the hedge is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in the income statement. If the hedging instrument expires, or is sold, cancelled or exercised, the gain or loss initially recognised in other comprehensive income continues to be recorded separately in other comprehensive income until the forecast transaction occurs. If the commitment no longer exists or the forecast transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that had been recognised directly in other comprehensive income is reclassified to profit.

CURRENCY DERIVATIVES

During 2017 the Group pursued its currency hedging strategy (see Section 5.3 – Liquidity and market risk in Chapter 5 of this Registration Document) by setting up new hedges comprising currency forwards and swaps.

At 31 December 2017 the Group's currency derivatives had a positive fair value of €0.3 million, which was recorded under "Other current assets" (versus a negative fair value of €0.8 million at 31 December 2016, recorded under "Other short-term debt and current financial liabilities").

The application of hedge accounting to these derivatives resulted in the recognition of a €1.0 million fair value gain in other comprehensive income in 2017.

8.4 Net debt

Cash and debt consist of (i) cash and cash equivalents and non-current and current derivatives (included in other financial assets) on the assets side of the statement of financial position, and (ii) bond debt, other debt and financial liabilities, and the fair value of derivatives on the liabilities side.

Net debt corresponds to gross debt (bond debt, other long- and short-term debt and current and non-current financial liabilities and derivatives recorded under current and non-current liabilities) less cash and cash equivalents and derivatives recorded under current and non-current assets. Net debt breaks down as follows:

		Maturity schedule					
In millions of euros	At 31 December 2017	2018	2019	2020	2021	2022	Beyond 5 years
Bank borrowings			-	-	-	-	-
Sundry financial liabilities	4.6	1.0	0.7	0.5	0.5	0.5	1.4
Gross debt	**4.6**	**1.0**	**0.7**	**0.5**	**0.5**	**0.5**	**1.4**
Cash and cash equivalents	28.2	28.2	-	-	-	-	-
Derivatives	0.3	0.3	-	-	-	-	-
Cash, cash equivalents and derivatives recorded under assets	**28.5**	**28.5**	**-**	**-**	**-**	**-**	**-**
Net debt	**(23.9)**	**(27.5)**	**0.7**	**0.5**	**0.5**	**0.5**	**1.4**

The table below shows a breakdown of net debt by currency, converted at the closing rates:

In millions of euros	At 31 December 2017	Euro	Pound sterling	US dollar	Other currencies
Net debt	**(23.9)**	**(18.8)**	**(1.9)**	**(1.4)**	**(1.8)**

8.5 Financial income and expenses

NET FINANCIAL EXPENSE ON CASH AND DEBT

"Net financial expense on cash and debt" corresponds to all income and expenses arising during the period on items making up net debt, including gains and losses on interest rate and currency hedges on debt.

Changes in the fair value of the above-mentioned categories of financial assets and liabilities are not included in this line in the income statement and instead are recognised in "Other financial income and expenses".

In millions of euros	2017	2016
Bond debt - Ornane and Odirnane	(0.1)	(0.6)
Medium- and long-term credit facilities	(0.8)	(0.2)
Interest expense on debt	**(0.9)**	**(0.8)**
Income from cash investments	0.2	1.8
Foreign exchange losses	(1.3)	(1.7)
Other financial income and expenses arising on net debt	(0.7)	(0.8)
Net financial expense on cash and debt	**(2.7)**	**(1.5)**

OTHER FINANCIAL INCOME AND EXPENSES

Other financial income and expenses correspond to income and expenses that are non-operational (e.g. financial income arising from the main business of the Company, a subsidiary or a division or financial income associated with a commercial activity) and which are not included in "Net financial expense on cash and debt".

They consist mainly of dividends from non-consolidated companies, impairment of AFS financial assets, gains and losses on disposals of AFS financial assets, impairment and losses on disposals of other current and non-current financial assets, the effect of discounting provisions, changes in the fair value of financial assets and liabilities, foreign exchange gains and losses on operating assets and liabilities, and miscellaneous financial income and expenses.

In millions of euros	2017	2016
Effect of discounting	(0.4)	(0.1)
Amortised cost of financial liabilities	(0.3)	(1.8)
Net expense related to buybacks of Ornane bonds	-	(2.2)
Foreign exchange gains and losses	(0.1)	1.4
Net gain (loss) on financial liabilities at fair value through profit or loss	6.4	0.3
Miscellaneous financial income and expenses	(2.8)	0.1
Total other financial income and expenses	**2.8**	**(2.3)**

Out of the total net gain on financial liabilities at fair value through profit or loss, €6.2 million related to a revision of the assumptions used for calculating the put options granted to non-controlling interests in and commitments to pay dividends to the third-party shareholders of the Turkish Company Envy (see Note 10 – Liabilities related to share acquisitions (current and non-current) and other non-current liabilities).

"Miscellaneous financial income and expenses" includes €2.1 million in late payment penalties related to the tax audit described in Note 5.6 – Non-recurring income and expenses.

8.6 Financial risk management

The Group's financial risk management policy is described in detail in Chapter 5 – Risk factors.

This Note sets out the figures related to financial risk management.

EXPOSURE TO RISKS RELATED TO THE TRANSLATION INTO EUROS OF THE FINANCIAL STATEMENTS OF FOREIGN SUBSIDIARIES DENOMINATED IN A LOCAL CURRENCY

The Group is exposed to risks related to the translation into euros of the financial statements of foreign subsidiaries denominated in local currency.

The Group's main risk exposure in this respect concerns the translation into euros of financial statements denominated in the Turkish lira (TRY) and the Saudi Arabian riyal (SAR). The net assets of the subsidiaries operating in these two countries are set out in the table below;

In millions of local currency	TRY	SAR
Non-current assets	77.8	105.4
Current assets	20.3	66.9
Total assets	**98.1**	**172.3**
Non-current liabilities	-	24.9
Current liabilities	7.3	60.4
Total liabilities	**7.3**	**85.3**
Net assets	**90.8**	**87.0**

The year-on-year change in the exchange rates of these currencies was as follows:

	2017	2016	Year-on-year change (%)
1 TRY = x EUR	0.2200	0.2714	(19)%
1 SAR = x EUR	0.2224	0.2560	(13)%

RESIDUAL CONTRACTUAL MATURITIES

The residual contractual maturities of the Group's financial liabilities break down as follows (including interest payments). The contractual cash flows presented – which cover coupons, interest payments and redemptions/repayments – have not been discounted.

In millions of euros	Carrying amount at 31/12/2017	Contractual cash flows	Due within 1 year	Due in 1-5 years	Due beyond 5 years
Sundry financial liabilities	4.6	4.6	1.0	2.2	1.4
Current and non-current liabilities related to share acquisitions	9.1	16.1	-	7.9	8.2
Other non-current liabilities	1.8	3.1	-	1.5	1.6
Trade payables	32.8	32.8	32.8	-	-
Other current liabilities(1)	6.7	6.7	6.7	-	-
Operating leases(2)		12.6	7.1	5.4	0.1
Total contractual obligations	**55.0**	**75.9**	**47.6**	**17.0**	**11.3**

(1) Excluding accrued taxes and payroll costs and deferred income.
(2) Off-balance sheet commitments.

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NOTE 9 PROVISIONS AND CONTINGENT LIABILITIES

In accordance with IAS 37, a provision is recorded when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the obligation can be measured reliably.

Where the effect of the time value of money is material, provisions are discounted using a discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a financial expense.

9.1 Provisions

In millions of euros	At beginning of year	Additions	Reversals (used provisions)	Reversals (unused provisions)	Decreases related to discontinued operations	Other movements	At year-end
Guarantees for fixed-fee projects and losses on completion	-	-	-	-	-	-	-
Restructuring costs	0.1	-	-	-	-	(0.1)	-
Employee-related risks and tax risks	7.3	9.2	-	-	(0.4)	0.3	16.4
Other	0.2	-	-	-	(0.2)	-	-
Total long-term provisions	**7.6**	**9.2**	-	-	**(0.6)**	**0.2**	**16.4**
Guarantees for fixed-fee projects and losses on completion	0.6	0.9	(0.2)	(0.6)	(0.3)	-	0.4
Restructuring costs	0.4	5.2	(0.5)	-	(0.5)	0.1	4.7
Employee-related risks and tax risks	3.2	0.9	(0.2)	(0.5)	(0.9)	(0.6)	1.9
Other	3.0	0.7	(0.7)	(1.1)	(0.7)	-	1.2
Total short-term provisions	**7.2**	**7.7**	**(1.6)**	**(2.2)**	**(2.4)**	**(0.5)**	**8.2**
Guarantees for fixed-fee projects and losses on completion	0.6	0.9	(0.2)	(0.6)	(0.3)	-	0.4
Restructuring costs	0.5	5.2	(0.5)	-	(0.5)	-	4.7
Employee-related risks and tax risks	10.5	10.1	(0.2)	(0.5)	(1.3)	(0.3)	18.3
Other	3.2	0.7	(0.7)	(1.1)	(0.9)	-	1.2
Total provisions	**14.8**	**16.9**	**(1.6)**	**(2.2)**	**(3.0)**	**(0.3)**	**24.6**

Long-term provisions for employee-related risks and tax risks mainly comprise the provision set aside for the above-described tax audit in France. Changes in short-term provisions for restructuring costs primarily relate to the provisions set aside following the transfer of control of GPS. The movements in these provisions are described in Note 5.6 – Non-recurring income and expenses.

9.2 Contingent liabilities

ASG LEGAL DISPUTE

ASG is involved in a legal dispute with Acergy (since renamed Subsea 7) and Iska Marine concerning a fire that occurred in January 2010 on board a ship – the Acergy Falcon – which was dry-docked in Brest for maintenance at the time. There were no significant developments in this case during 2017. The only noteworthy events during the year relating to this case were of a procedural nature as, following an application by ASG, the Brest Commercial Court issued an order on 21 July 2017 requiring Subsea 7 and the plaintiff's insurers to disclose all of the documents exchanged in the UK litigation between Subsea 7 and Sobrena (including the settlement agreement signed between Subsea 7 and Sobrena and their respective insurers). This order contained an enforcement clause providing for the payment of a fine in the event of non-compliance. Subsea 7 and its insurers partially complied with the order by disclosing a certain number of documents. At the procedural hearing on 24 November 2017, the Brest Commercial Court adjourned the rest of the arguments and the exchange of pleadings until 2 March 2018.

As in prior periods, Assystem still considers that there is no evidence that ASG was at fault or that it will necessarily be held fully or partially liable. In addition, as in previous periods, the Group confirms that in the event ASG is held liable, this claim would be covered under the Group's third-party liability insurance policies.

NOTE 10 LIABILITIES RELATED TO SHARE ACQUISITIONS (CURRENT AND NON-CURRENT) AND OTHER NON-CURRENT LIABILITIES

In some cases the Group grants put options to minority shareholders of its subsidiaries in relation to their non-controlling interests held in those subsidiaries. The exercise price of these options may be fixed or based on a pre-determined formula.

Where such put options are granted, the Group recognises a related financial liability. This liability is initially recognised at the present value of the exercise price and at the end of subsequent reporting periods it is measured by reference to the fair value of the shares that would potentially have to be purchased if the exercise price is based on fair value. Subsequent changes in the fair value of the put options are recognised in financial income or expenses.

The Group also recognises a non-current liability for the discounted amounts relating to commitments to pay dividends to third-party shareholders.

The amount recorded in the consolidated financial statements at 31 December 2017 for put options granted to non-controlling interests totalled €9.1 million, all of which was recognised in non-current liabilities related to share acquisitions (€18.5 million at 31 December 2016).

The amounts recognised as liabilities for put options chiefly relate to the following acquisitions:

- Envy – €5.0 million;
- Biotech Quality Group – €4.1 million (see Note 3.2 – Business combinations).

The discounted amounts relating to commitments to pay dividends to third-party shareholders are recorded under "Other non-current liabilities". They totalled €1.8 million at 31 December 2017 and concerned Envy.

Movements in liabilities related to the non-controlling interests in Envy are described in Note 8.5 – Financial income and expenses.

NOTE 11 ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND LIABILITIES

11.1 Accounting classification of financial assets and liabilities

FINANCIAL ASSETS

The table below shows the carrying amounts and fair values of the Group's financial assets over the past two years:

	2017						2016
In millions of euros	Carrying amount	Available-for-sale financial assets	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Derivatives	Fair value	Carrying amount
Investment property	1.4	-	-	1.4	-	1.4	1.4
Assystem Technologies Groupe convertible bonds	63.6	-	63.6	-	-	63.6	-
Other financial assets	128.6	124.4	4.2	-	-	128.6	13.9
Trade receivables	160.0	-	160.0	-	-	160.0	320.1
Other receivables*	5.7	-	5.7	-	-	5.7	4.9
Other current assets	0.5	-	0.2	-	0.3	0.5	0.3
Cash and cash equivalents	28.2	-	28.2	-	-	28.2	85.4
Total	**388.0**	**124.4**	**261.9**	**1.4**	**0.3**	**388.0**	**426.0**

* *Excluding employee-related receivables, tax receivables and prepaid expenses.*

FINANCIAL LIABILITIES

The table below shows the carrying amounts and fair values of the Group's financial liabilities over the past two years:

	2017					2016
In millions of euros	Carrying amount	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Derivatives	Fair value	Carrying amount
Bond debt		-	-	-	-	14.4
Other debt and current and non-current financial liabilities	4.6	4.6	-	-	4.6	87.1
Current and non-current liabilities related to share acquisitions	9.1	-	9.1	-	9.1	18.5
Other non-current liabilities	1.8	-	1.8	-	1.8	5.9
Trade payables	32.8	32.8	-	-	32.8	66.4
Due to suppliers of non-current assets	0.2	0.2	-	-	0.2	1.5
Other current liabilities*	6.7	6.7	-	-	6.7	10.1
Total	**55.2**	**44.3**	**10.9**		**55.2**	**203.9**

* *Excluding deferred income.*

11.2 Fair value hierarchy

The Group uses the fair value hierarchy established in IFRS which categorises financial instruments into three levels based on the inputs to valuation techniques used to measure their fair value as recognised in the statement of financial position. These levels are as follows:

- Level 1: financial instruments for which there are quoted prices in an active market.
- Level 2: financial instruments whose fair value measurement is based on observable market inputs other than quoted prices included in level 1.
- Level 3: financial instruments whose inputs are unobservable (i.e. inputs whose value does not result from the price of observable market transactions for the same instrument or from observable market data available at the reporting date) or inputs which are only partially observable. This level notably applies to unlisted equity securities, which are valued at their purchase price plus transaction costs as there is no active market for them.

At 31 December 2017, the fair value hierarchy levels for the Group's financial instruments were as follows:

	2017			
In millions of euros	Level 1 – Market price	Level 2 – Observable market inputs	Level 3 – Unobservable inputs	Total
Investment property	-	-	1.4	1.4
Investment in Framatome	-	-	124.3	124.3
Derivatives	-	0.3	-	0.3
Total		**0.3**	**125.7**	**126.0**
Current and non-current liabilities related to share acquisitions	-	-	9.1	9.1
Other non-current liabilities	-	-	1.8	1.8
Total			**10.9**	**10.9**

NOTE 12 INCOME TAX

12.1 Income tax recognised during the year

In millions of euros	2017	2016
Current tax	(4.3)	(1.0)
Deferred taxes	(0.5)	(3.5)
Total recognised in the income statement	**(4.8)**	**(4.5)**
Tax payable on treasury shares	0.3	(0.2)
Tax payable on Odirnane buybacks	-	10.0
Tax recognised in other comprehensive income*	0.1	0.5
Total recognised directly in equity	**0.4**	**10.3**
Current tax	(4.3)	8.8
Deferred taxes	(0.1)	(3.0)
Total for the year	**(4.4)**	**5.8**

* *Related to continuing operations*

12.2 Tax proof

The table below reconciles the Group's actual income tax expense to the theoretical income tax expense based on the tax rate applicable to the profit of consolidated companies:

In millions of euros	2017	2016
Profit before tax from continuing operations (excluding share of profit of equity-accounted investees)	14.9	7.5
Theoretical income tax rate	34.43%	34.43%
Theoretical income tax expense	**(5.1)**	**(2.6)**
Permanent differences	3.4	1.7
Differences arising from applying different taxation rates	(0.1)	0.7
Other taxes	(2.1)	(3.1)
Income or expense relating to changes in tax rates or the imposition of new taxes	0.1	(0.6)
Adjustments recognised during the year for prior years	(1.0)	(0.5)
Benefits arising from tax losses and temporary differences not recognised in prior years	0.2	-
Impact of tax losses and temporary differences not used during the year	(0.2)	(0.1)
Total adjustments	**0.3**	**(1.9)**
Actual income tax expense	**(4.8)**	**(4.5)**
Profit before tax from continuing operations (excluding share of profit of equity-accounted investees)	14.9	7.5
Goodwill impairment	-	7.0
Profit before tax from continuing operations (excluding share of profit of equity-accounted investees and goodwill impairment)	**14.9**	**14.5**
Effective tax rate excluding impact of goodwill impairment	**32.21%**	**31.03%**

The amount shown under "Other taxes" mainly comprises (i) the Corporate Value-Added Contribution (CVAE) for French subsidiaries and (ii) €1.3 million in a dividend tax refund for the years 2014 to 2016.

12.3 Deferred taxes

Deferred taxes are recognised using the liability method for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences, apart from in the exceptional cases referred to in IAS 12.

Deferred tax assets are recognised for the carryforward of unused tax losses and unused tax credits and deductible temporary differences only to the extent that it is probable that the Group will have sufficient future taxable profit against which the unused tax losses, tax credits or temporary differences can be utilised.

The following elements are taken into account when estimating whether the Group will have sufficient future taxable profit to recover deferred tax assets:

- forecasts of future taxable profits;
- non-recurring expenses included in past losses and which will not be incurred again in the future;
- past history of taxable profit for prior years.

A deferred tax liability is recognised for taxable temporary differences relating to equity-accounted investees even if it is probable that there will be undistributed profits (as the Group does not control the investee and therefore cannot determine its profit distribution policy), unless there is an agreement requiring that the profits of the equity-accounted investee will not be distributed in the foreseeable future.

When a deferred tax asset or liability relates to an item that is recognised directly in equity, then the related deferred tax is also recognised directly in equity.

Deferred tax assets and liabilities are offset only when the Group has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority. Deferred tax assets and liabilities are not discounted.

Deferred taxes presented in the statement of financial position are grouped by tax units. However, the table below uses the presentation by type of deferred tax.

NET DEFERRED TAXES PRESENTED IN THE STATEMENT OF FINANCIAL POSITION

In millions of euros	2017	2016
Deferred tax assets	5.1	18.4
Recoverable within 1 year	1.3	4.7
Recoverable beyond 1 year	3.8	13.7
Deferred tax liabilities	0.6	1.4
Due within 1 year	-	0.6
Due beyond 1 year	0.6	0.8
Net deferred tax assets	**4.5**	**17.0**
of which recoverable within one year	1.3	4.1
of which recoverable beyond one year	3.2	12.9

MOVEMENTS IN DEFERRED TAX ASSETS AND LIABILITIES BREAK DOWN AS FOLLOWS:

In millions of euros	Employee benefit obligations	Tax loss carryforwards	Other	Unrecognised deferred tax assets	Deferred tax assets (a)	Deferred tax liabilities (b)	Net deferred tax assets (a-b)
At 31 December 2015	**6.0**	**3.3**	**5.1**	**(2.1)**	**12.3**	**(1.8)**	**10.5**
Increases related to business combinations	-	0.2	0.3	(0.1)	0.4	-	0.4
Year-on-year changes recognised in the income statement	(0.5)	7.8	(12.1)	(0.1)	(4.9)	0.4	(4.5)
Deferred taxes recognised in other comprehensive income	0.4	-	0.4	-	0.8	-	0.8
Deferred taxes recognised in equity	-	(0.5)	10.3	-	9.8	-	9.8
At 31 December 2016	**5.9**	**10.8**	**4.0**	**(2.3)**	**18.4**	**(1.4)**	**17.0**
Decreases related to discontinued operations	(3.5)	(3.0)	(0.6)	1.1	(6.0)	0.2	(5.8)
Year-on-year changes recognised in the income statement	0.3	(6.8)	(1.5)	1.0	(7.0)	-	(7.0)
Deferred taxes recognised in other comprehensive income	0.4	-	(0.3)	-	0.1	-	0.1
Deferred taxes recognised in equity	-	-	0.3	-	0.3		0.3
Currency translation differences	-	-	(0.1)	-	(0.1)	-	(0.1)
Other	-	(0.8)	0.2	-	(0.6)	0.6	-
At 31 December 2017	**3.1**	**0.2**	**2.0**	**(0.2)**	**5.1**	**(0.6)**	**4.5**

Other deferred tax assets mainly concerned employee profit-sharing, depreciation and amortisation and derivative instruments.

NOTE 13 OFF-BALANCE SHEET COMMITMENTS

At 31 December 2017, Management considered that there were no existing off-balance sheet commitments, other than those set out below, that would be likely to have a material impact on the current or future financial position of the Assystem Group.

13.1 Operating leases

The table below shows minimum future lease payments due under non-cancellable operating leases:

In millions of euros	Due in less than 1 year	Due in 1 to 5 years	Due beyond 5 years	Total
Minimum future lease payments at 31 December 2017	**7.1**	**5.4**	**0.1**	**12.6**
Real estate	4.1	2.8	0.1	7.0
Other	3.0	2.6	-	5.6
Minimum future lease payments at 31 December 2016	**19.4**	**24.3**	**0.7**	**44.4**
Real estate	13.1	17.2	0.7	31.0
Other	6.3	7.1	-	13.4

13.2 Other commitments

	Commitments given		Commitments received		
In millions of euros	Deposits, guarantees and sureties	Collateral	Deposits, guarantees and sureties	Guarantees received for payments relating to the sale of securities	Unused credit facilities
Holding company	27.9	-	8.1	-	120.0
France	2.0	-	-	-	-
United Kingdom	0.9	-	-	-	-
AMEA	4.4	-	-	-	-
Other	0.1	-	-	-	-
Total	**35.3**		**8.1**		**120.0**

The commitments given by Assystem's holding company include €6.5 million in commitments for subsidiaries sold as part of the transfer of control of GPS, which have been counter-guaranteed (recognised in commitments received) by Assystem Technologies, an Assystem Technologies Groupe subsidiary (see Note 6.4 – Assystem Technologies Groupe shares and convertible bonds).

NOTE 14 SIGNIFICANT EVENTS AFTER THE REPORTING DATE

ADDITIONAL INVESTMENT IN ASSYSTEM TECHNOLOGIES GROUPE

On 31 January 2018 the Group took up €60.72 million worth of shares and convertible bonds (split into 50% ordinary shares and 50% convertible bonds with a capitalisable 9% annual coupon) issued by Assystem Technologies Groupe ("ATG") as part of equity and quasi-equity financing raised to help fund the acquisition of SQS Software Quality Systems AG ("SQS") by an ATG subsidiary. Consequently, Assystem now holds a 38.16% interest in ATG's capital and 38.17% of its equity and quasi-equity instruments.

In order to finance this additional investment, the Group (i) put in place a €30 million medium-to-long term bullet loan repayable in September 2022 and (ii) drew down €30 million of its renewable credit facility set up in September 2017. At the same time, the maximum amount of the revolving credit facility was increased from €120 million to €150 million.

The extended €150 million revolving credit facility is subject to an early repayment clause based on the same covenant that applies to the Group's other medium-to-long-term debt (see Note 8.2 – Bond debt and other financial liabilities).

6.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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 ASSYSTEM 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 Assystem S.A. for the year ended 31 December 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 31 December 2017 and of the results of its operations for the year 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 in compliance with independence rules applicable to us, for the period from 1st January 2017 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to by 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 judgement, 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.

VALUATION OF GOODWILL

Notes to the consolidated financial statements 1, 3.3 and 3.4

Risks	Our response
The acquisitions made by the Group led to the recognition of goodwill determined as being the difference between the fair value of the consideration transferred, plus the amount of any non-controlling equity interest in the company acquired and the net amount of the identifiable assets acquired and liabilities assumed. Such goodwill is shown in the balance sheet for a net amount of 81.5 million of euros as of 31 December 2017 (75.4 million od euros for the Energy & Infrastructure (E&I) business and 6.1 million of euros for the Staffing business). It was allocated to the cash-generating units (CGU) of the businesses into which the companies acquired were integrated. The Group conducts impairment tests at each year-end or whenever a triggering event is identified, in order to estimate the recoverable value of the CGU (defined as the higher amount between the fair value net of any exit costs and the value in use corresponding to the discounted value of estimated future cash flows expected from the use of the CGU). An impairment loss is recognised at the level of a CGU if its recoverable value is lower than its net book value and should firstly be allocated to the goodwill of the CGU. The recoverable value of the CGU was determined using its value in use. To determine the value in use, the Group has forecast the future cash flows it expects to obtain from the CGU over a period of four years. The future cash flows generated beyond this four years period were extrapolated by taking into account a growth rate which cannot exceed the average long-term growth rate of the overall business sector. The future cash flows are discounted using the weighted average cost of capital (WACC) of the sector. Furthermore, an unfavourable change in market conditions or the cash flows originally estimated may lead to the recognition of an additional impairment loss. The methodology used in carrying out the impairment test as well as the detailed assumptions adopted are described in note 3.4. We have therefore considered the valuation of goodwill as a key audit matter given the high degree of estimates and judgements made by management, the sensitivity of the calculation of the recoverable values to changes in the forecasting assumptions and the weight of such caption in the Group's consolidated financial statements.	We have assessed the compliance of the Group's impairment test methodology with the accounting standards. We have conducted an assessment about the way the methodology was implemented and have notably assessed: • the level of pooling of the CGU adopted for impairment testing and the consistency of the items included in the carrying value of the CGU with the cash flows used to perform impairment tests; • the reasonableness of the projected cash flows in consideration of the economic and financial contexts in which the E&I and Staffing businesses operate; • the consistency of the budgetary data used with those presented to the Audit Committee and approved by the Board of Directors, and the consistency of forecast data with budgetary assumptions; • the consistency of the assumptions used for determining the long term growth rate with the economic environment prevailing as at the financial statements closing date; • the reliability of the estimation process by examining the root cause for the differences highlighted between forecasts and actual data in relation to past performances; • the reasonableness of the assumptions used for determining the discounting rate with the assistance of our valuation specialists; • the analyses of sensitivity of the value in use to a change in the main assumptions used. Finally, we have assessed whether the notes to the consolidated financial statements (notably the notes 1 "General accounting principles", 3.3 "Goodwill", and 3.4 "Impairment test methodology") provided an appropriate information.

RECOGNITION OF THE REVENUE FROM FIXED PRICE CONTRACTS

Notes to the financial statements 1, 5.1, and 9.1

Risks	Our response
Total revenue of the Assystem Group for the year ended 31 December 2017 amounted to 395.2 million of euros; net amount of trade receivables amounted to 160.1 million of euros as of the year end date. As part of its operations, a certain portion of the Group's revenue and results derives from long-term service agreements. These "fixed price contracts" represent agreements through which the Group commits itself to an obligation of results and whose sale price is either originally fixed for the whole project or defined, within a master agreement, for each type of services being ordered. These contracts give rise to the recognition of revenue in accordance with the percentage-of-completion method as defined by IAS 11. The criteria for determining the percentage of completion may include, at a given date, the examination of the work already carried out, the analysis of the services already rendered compared to the total amount of services to be provided, or the analysis of the costs already incurred compared to the total estimated costs at completion. The decision about the criteria to be used lies with the manager of the operational unit who will retain the most appropriate criteria for monitoring the project. Once a loss at completion is considered as likely, it is recorded by setting up a provision whose amount will be reduced by the amount of losses previously recognised. The determination of the percentage of completion and of the revenue to be recognised is dependent on numerous estimates relying on contract costs monitoring and the experience of the management. Updating assumptions and estimates at completion may be made throughout the life of the contract and may significantly impact future results. We considered the recognition of revenue from fixed price contracts as a key audit matter as this process relies on judgements and estimates made by management as to the determination of the percentage of completion, the result at completion and the financial risks anticipated on these contracts.	We have reviewed and tested the internal control processes implemented by the Group for the purpose of contracting, project monitoring, billing and accounting for contracts. The other audit procedures which we carried out in connection with the evaluation of the revenue to be recognised on fixed price contacts consisted of selecting, according to a multi-criteria sampling approach (volume of activity or level of work-in-progress on specific contracts, complexity of the projects, unusual variations noted between two periods or in comparison to the rules adopted by the Group, new contracts for the period…), certain contracts for which we have: • assessed the compliance of the accounting treatment applied with the contractual documentation ; • challenged the justification of the estimated results at completion and of the estimated stage of completion with our understanding of these contracts as gained through the meetings we held with business unit management controllers and project managers, and in comparison with past performance obtained on similar contracts; • corroborated the financial position of these contracts with the relevant pieces of documentation (contracts, orders, customer acceptance reports, time sheets); • implemented analytical procedures on the evolution of revenue and income recognised over the financial year. Finally, we have checked that the notes to the financial statements (notably the notes 1 "General accounting principles", 5.1 "Revenue and trade working capital requirement" and 9.1 "Provisions") provided an appropriate information.

DETERMINATION AND PRESENTATION OF THE CAPITAL GAIN

Notes to the financial statements 1 and 2

Risks	Our response
On 28 September 2017, the Assystem Group divested its Global Product Solutions (GPS) business to an entity owned by the private equity fund Ardian for a consideration of 550 million of euros. In this context, the earnings generated from their operations by the entities belonging to the GPS division, for the period from 1st January to 28 September 2017, were shown under the line "Net result from divested operations" of the consolidated statement of profit or loss. This caption also includes the capital gain made on the sale of the GPS business, the costs directly associated with the divested business and the costs incurred in connection with the sale. As a result, the total profit shown by the Group on the line "Net result from divested operations" amounted to 391.3 million of euros for the full year ended 31 December 2017. We have considered the determination and the presentation of the capital gain arising from the sale of the GPS business as a key audit matter due to its materiality to the Group's consolidated financial statements and to the importance given to this divestment in the Group's external communication.	We have examined the methodology applied by the Group for the purpose of determining the capital gain arising from the divestment and have conducted an assessment about its implementation. The other audit procedures which we carried out in connection with the determination and the presentation of the capital gain were notably as follows: ● assessing the compliance of the perimeter made of the GPS entities as determined by the Group with the sale transaction agreement; ● corroborating the main income and expense items included in the calculation of the capital gain, notably by tracing the sale consideration and the net asset disposed of with, respectively the corresponding contractual documentation and the consolidated data relating to the GPS entities as of 30 September 2017; ● assessing the correct inclusion of the income and expense items presented under the caption "Net result from divested operations" in consideration of the disposal transaction. Finally, we have assessed whether the note 2 "Significant events" to the consolidated financial statements provided an appropriate information.

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 AUDITOR

We were appointed as statutory auditors of Assystem S.A. by the Annual General Meeting held on 26 August 1999 for Deloitte & Associés and on 30 April 2009 for KPMG.

As at 31 December 2017, Deloitte & Associés and KPMG were in the nineteenth year and the ninth year of total uninterrupted engagement respectively.

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 risk 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

OBJECTIVE 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, 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 judgement 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' 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 judgement, 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 audit report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 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 and in the French Code of Ethics 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.

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Paris La Défense and Neuilly-sur-Seine, 10 April 2018

The Statutory Auditors

French original jointly signed by

KPMG Audit partner	Deloitte & Associés audit partner
Eric ROPERT	Albert AÏDAN

6.3 PARENT COMPANY FINANCIAL STATEMENTS

6.3.1 BALANCE SHEET

ASSETS

In thousands of euros	2017			2016
	Gross	Depreciation, amortisation and provisions	Net	Net
Intangible assets	**747**	**725**	**22**	**49**
Property, plant and equipment	**4,446**	**3,736**	**710**	**868**
Shares in subsidiaries and affiliates	350,096	12,181	337,915	341,659
Loans	29,551	-	29,551	39,522
Other long-term investments	69,990	-	69,990	22,739
Long-term investments	**449,637**	**12,181**	**437,456**	**403,920**
Fixed assets	**454,830**	**16,642**	**438,188**	**404,837**
Operating receivables	37,404	-	37,404	54,157
Intra-group receivables	2,834	903	1,931	4,220
Marketable securities	4,310	-	4,310	8,290
Cash at bank and on hand	9,365	-	9,365	49,917
Prepaid expenses	73	-	73	205
Unrealised foreign exchange losses	5,602	-	5,602	3,567
Current assets	**59,588**	**903**	**58,685**	**120,356**
Total assets	**514,418**	**17,545**	**496,873**	**525,193**

EQUITY AND LIABILITIES

In thousands of euros	2017	2016
Share capital	**15,668**	**22,218**
Share premium		79,964
Legal reserve	1,567	2,222
Untaxed reserves and other reserves	4,536	4,458
Retained earnings	23,888	211,980
Profit (loss) for the period	**387,768**	**(16,350)**
Total equity	**433,427**	**304,492**
Provisions for contingencies and charges	**26,030**	**17,718**
Convertible bonds		14,385
Bank borrowings	109	80,894
Other borrowings and financial liabilities	25,285	95,605
Trade payables	6,589	8,270
Accrued taxes and payroll costs	1,692	2,094
Due to suppliers of fixed assets	1	1
Other payables	3,740	1,146
Deferred income		36
Unrealised foreign exchange gains		552
Total liabilities	**37,416**	**202,983**
Total equity and liabilities	**496,873**	**525,193**

6.3.2 INCOME STATEMENT

In thousands of euros	2017	2016
Revenue	**10,057**	**11,974**
Reversals of provisions; expense transfers	15	220
Operating income	10,072	12,194
Purchases and external charges	(21,144)	(15,391)
Taxes other than on income	(218)	(225)
Wages and social security contributions	(845)	(954)
Directors' fees	(253)	(233)
Other operating expenses	-	(199)
Depreciation, amortisation and provisions	(1,131)	(208)
Operating expenses	(23,591)	(17,210)
Operating profit (loss)	**(13,519)**	**(5,016)**
Financial income	114,795	48,728
Financial expenses	(24,671)	(33,154)
Net financial income	90,124	15,574
Profit from recurring operations	**76,605**	**10,558**
Net non-recurring income (expense)	313,278	(34,052)
Income tax	(2,115)	7,144
Profit (loss) for the period	**387,768**	**(16,350)**

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6.3.3 NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

The notes below relate to the balance sheet at 31 December 2017 – prior to the appropriation of the Company's results – and the income statement for the year then ended. The Company ended the year with total assets of €496,873 thousand and profit for the period amounting to €387,768 thousand.

The financial year covered a period of twelve months from 1 January to 31 December 2017.

All amounts are presented in thousands of euros unless otherwise specified.

CONTENTS

NOTE 1 SIGNIFICANT EVENTS OF THE YEAR

Transfer of control of the Global Production Solutions (GPS) business to an investment fund managed by the private equity firm Ardian

On 28 September 2017, the Company transferred its GPS business to an entity controlled by the private equity firm Ardian, for €550 million, less €3 million corresponding to the free Assystem shares awarded to employees of the GPS division who retained their rights to these shares. When the shares vest, Assystem SA will re-bill the related expense to the employers of these former GPS employees. Consequently, the net sale price for the transfer of control of GPS came to €547 million. The capital gain recognised on this transaction by the Company amounted to €321.2 million, excluding reversals of provisions for shares in divested equity interests.

At the same date, the Company invested €124.28 million in a 39.24% equity and quasi-equity interest in Assystem Technologies Groupe (ATG) – the parent of the new group comprising the entities formerly making up the GPS division – as part of an equity and quasi-equity financing round carried out by ATG. This investment corresponds to €62.14 million worth of ordinary shares (representing a 39.23% interest in ATG's capital) and €62.14 million worth of convertible bonds maturing in 2027 and paying interest of 9%, capitalisable each year.

Changes in holdings in subsidiaries and affiliates

ACQUISITIONS OF SHARES IN NEW SUBSIDIARIES

On 3 February 2017, Assystem SA acquired the entire capital of Assystem Conseils (previously owned by HDL Development) for €3 thousand.

On 28 June 2017, Assystem SA subscribed €2 for the entire capital of Assystem Energy and Infrastructure UK Ltd (AEIL). Subsequently on 29 August 2017, Assystem SA took up €5,514 thousand worth of shares in a capital increase carried out by AEIL.

On 19 July 2017, Assystem SA injected €19 thousand into the capital of Assystem Technologies Belgium (ATB) and then on 8 September took up €346 thousand worth of shares issued as part of a capital increase carried out by ATB. Assystem SA subsequently sold its ATB shares on 28 September, at their cost price, in connection with the transfer of control of GPS.

On 3 August 2017, Assystem SA injected €88 thousand into the capital of Assystem Technologies Switzerland (ATS) and then on 12 September took up €608 thousand worth of shares issued as part of a capital increase carried out by ATS. Assystem SA subsequently sold its ATS shares on 31 October, at their cost price, in connection with the transfer of control of GPS.

On 28 September 2017, Assystem SA took up €62,140 thousand worth of shares (excluding transaction costs) by way of a share-for-share exchange in connection with a capital increase carried out by Assystem Technologies Groupe (ATG) – the parent company of the Assystem Technologies group, which was set up to take over the entities that previously made up the Assystem Group's GPS division. Following this transaction, Assystem SA held 39.23% of ATG's ordinary shares.

On 1 December 2017, Assystem SA acquired a 72.70% interest in The Biotech Quality Group for €10,905 thousand.

On 31 December 2017, Assystem SA purchased a 5% stake in Framatome, for €123,726 thousand.

Framatome – which is 75.5% owned by EDF, 19.5% by Mitsubishi Heavy Industries Ltd and 5% by Assystem – is the company to which Areva NP transferred its assets and activities related to (i) the design and supply of nuclear reactor equipment, (ii) the design and supply of fuel assemblies and (iii) services provided to a large worldwide installed base of nuclear reactors.

The acquisition agreement contains earn-out clauses and Assystem has the possibility of capping its investment at €140 million by way of a mechanism enabling it to resell Framatome shares, at their cost price, to Framatome's major shareholder, EDF.

ACQUISITIONS OF ADDITIONAL SHARES IN EXISTING SUBSIDIARIES

On 24 February 2017 Assystem SA acquired, for €3,679 thousand, a further 60% interest in Plast Concept, raising its interest in this subsidiary to 100%. All of Plast Concept's capital was transferred to Assystem Technologies on 28 September in connection with Assystem SA's transfer of control of GPS (see below).

On 28 April 2017, Assystem SA acquired 683,690 shares in MPH Global Services SAS (MPH GS) from its subsidiary AEOS, representing 15.14% of MPH GS's capital, for €4,650 thousand. Following this transaction Assystem SA held all of the shares in MPH GS.

Share buyback offer

During 2017, Assystem bought back six million of its own shares (with a par value of €1 each), at a purchase price of €37.50 per share, representing an aggregate €225 million. This corresponded to 27% of the total number of shares making up Assystem's capital and 28.35% of the Assystem shares outstanding (equal to the number of shares making up the capital less the number of shares held in treasury). All of the shares bought back under the offer, together with 550,000 shares already held in treasury, were cancelled on 21 December 2017 and the Company's capital was therefore reduced to 15,668,216 shares with a par value of €1 each.

Treasury shares

At 31 December 2017, the fair value of Assystem's treasury shares was calculated based on the average market price of Assystem's shares for the last month of the year. As this average market price was higher than the average purchase price of the treasury shares, no provision for impairment was recognised against these shares at 31 December 2017.

A €4,310 thousand provision was recognized in the financial statements for four of the seven free share/performance share plans set up in 2016 and 2017 for employees of Group companies, with the same amount recognised in accrued income. A €95 thousand provision was recognised for the other three plans.

Change in the Assystem Group's ownership structure

The Assystem Group is controlled by HDL Development, which held 61.34% of the Company's capital at 31 December 2017 and 76.86% of its exercisable voting rights.

HDL Development is 70.48%-controlled by HDL (of which 41.74% directly and 28.74% through CEFID, H2DA and EEC). HDL is wholly controlled by Dominique Louis, Chairman and Chief Executive Officer of Assystem, who also directly owns 0.39% of the capital of HDL Development. The remaining 29.13% of HDL Development's capital is owned as follows: 22.85% by Tikehau Capital SCA, 3.27% by the Tikehau Preferred Capital fund and 3.01% by managers and former managers of the Group.

Convertible bonds

At 31 December 2017 all of the Company's bonds had been redeemed in full.

BUYBACK OF BONDS REDEEMABLE IN CASH AND/OR IN NEW OR EXISTING SHARES WITH A MATURITY DATE OF 1 JANUARY 2017 ("ORNANE 2017 BONDS") AND SUBSEQUENT REPURCHASE PROCEDURE

On 10 January 2017, Assystem SA bought back its remaining 3,757 Ornane bonds for €83 thousand (excluding accrued coupons).

BUYBACK OF PERPETUAL BONDS REDEEMABLE IN CASH AND/OR IN NEW AND/OR EXISTING SHARES ("ODIRNANE BONDS") AND SUBSEQUENT REPURCHASE PROCEDURE

The 490,268 Odirnane bonds that remained outstanding at 31 December 2016 (representing 8.8% of the original issue) were redeemed in full in cash, between end-February and 6 March 2017 without any Assystem shares allocated to their holders. The total cost of these redemptions, including accrued coupons, was €14.35 million.

Bank borrowings

On 28 September 2017, the Company set up a €120 million revolving credit facility with a new banking pool. This facility has a five-year term with two one-year extension options exercisable by Assystem SA but subject to the lenders' agreement. None of this facility – whose purpose is to finance the Company's general corporate requirements – had been drawn down at 31 December 2017.

On 19 January 2018, Assystem obtained an increase in this revolving credit facility with the same banking pool, raising it to €150 million, and set up a medium-term loan of €30 million maturing in September 2022 (See "Significant events after the reporting date" below for further details).

The revolving credit facility (and the medium-term loan set up on 19 January 2018) are subject to a financial covenant, under which Assystem's consolidated net debt/EBITDA ratio must not exceed 3.75 at 31 December and 3.95 at 30 June each year. This covenant was respected at 31 December 2017.

Changes in share capital and issue premiums

The Company's share capital totalled €15,668,216 at 31 December 2017. A €6,550,000 capital reduction was carried out during the year by way of share cancellations, breaking down as (i) €6 million corresponding to the par value of cancelled shares that were bought back under the Company's share buyback offer, and (ii) €550 thousand corresponding to the par value of cancelled shares that were already held in treasury.

Significant events after the reporting date

On 31 January 2018, Assystem SA contributed €60.72 million to the equity and quasi equity financing round organised by Assystem Technologies Groupe (ATG) to help fund the acquisition of a German company – SQS – by an ATG subsidiary. Assystem SA's investment took the form of €30.36 million worth of ordinary shares and €30.36 million worth of convertible bonds with the same characteristics as those purchased on 28 September 2017.

This additional investment in ATG was financed by the increase in the revolving credit facility and by the new medium-term loan set up on 19 January 2018 (see "Bank borrowings" above).

Following its participation in this financing round, since 1 February 2018, Assystem SA has held a 38.17% interest in ATG's equity and quasi-equity (including 38.16% of its ordinary shares).

Risk factors

ASG LEGAL DISPUTE

ASG is involved in a legal dispute with Acergy (since renamed Subsea 7) and Iska Marine concerning a fire that occurred in January 2010 on board a ship – the Acergy Falcon – which was dry-docked in Brest for maintenance at the time. There were a number of procedural developments in this case during 2017. Following the dispute's re-listing by the Brest Commercial Court in 2016, on 21 July 2017 this court ordered Subsea 7 and its insurers to disclose certain information to ASG and provided for a fine to apply if this order was not respected. Subsea 7 and its insurers complied with the order by disclosing a certain number of documents in early October 2017. At the procedural hearing on 24 November 2017, ASG requested an adjournment to be able to examine all of the documents disclosed. Consequently, the date for ASG to file its pleading has been postponed to 2 March 2018.

As in prior periods, Assystem still considers that there is no evidence that ASG was at fault or that it will necessarily be held fully or partially liable. In addition, as in previous periods, Assystem confirms that in the event ASG is held liable, this claim would be covered under the Group's third-party liability insurance policies.

TAX AUDIT

In late 2014 Assystem SA received notification of a €13.5 million tax reassessment relating to research tax credits recognised by its subsidiary Assystem France for 2010, 2011 and 2012. Assystem considers that this reassessment is based on a general position taken by the French tax authorities which is applicable, with no real grounds, to all of the French companies concerned, and which Assystem is disputing in full.

However, in view of the changes in case law in 2015, and based on the opinions of external legal experts, Assystem France set aside a €7.3 million provision in its 2015 financial statements (covering 50% of the amount of the reassessments and €0.5 million in potential legal fees). At 31 December 2016 Assystem had not yet received a payment notice from the tax authorities for the reassessed amount and the valuation of the related risk was unchanged compared with 31 December 2015.

The risk relating to this dispute was transferred by Assystem France to Assystem SA on 30 December 2016, with Assystem France paying Assystem SA compensation corresponding to the provisioned amount. As a result, Assystem SA recognised a provision in its 2016 financial statements for the same amount.

At 31 December 2017, Assystem SA decided to increase the provision to cover the full amount of the risk and the potential late payment penalties following its receipt in November 2017 of the payment notice for the reassessed amount and in view of the fact that the risk relates to the former GPS division, whose control has now been transferred outside the Group. Consequently, €6.8 million was added to the provision recognised at 31 December 2015 along with €2.1 million for potential late payment penalties, bringing the total provision to €16.1 million at 31 December 2017.

A bank guarantee amounting to €13.5 million has been issued to the tax authorities in respect of this dispute.

NOTE 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Assystem's parent company financial statements for the year ended 31 December 2017 have been prepared in accordance with French generally accepted accounting principles including the principle of segregation of accounting periods. They are presented on a going concern basis and accounting policies have been applied consistently from one year to the next.

Accounting entries are based on the historical cost convention.

Fixed assets

Intangible assets are carried at cost, excluding financial expenses, which are not capitalised.

Property, plant and equipment are stated at cost, corresponding to either purchase cost (including incidental expenses but excluding transaction costs), or production cost.

Interest on borrowings specifically used to finance property, plant and equipment is not included in production cost.

Depreciation and amortisation is determined on a straight-line basis over the estimated useful lives of the assets concerned as follows:

- software 1 to 5 years
- patents 4 years
- fixtures and fittings 5 to 10 years
- vehicles 3 to 5 years
- office equipment 3 to 5 years
- office furniture 5 to 10 years
- buildings 20 years

Shares in subsidiaries and affiliates

Shares in subsidiaries and affiliates are stated at historical cost or contribution value.

Disposals of these shares are measured on the basis of cost price and capital gains or losses are calculated using the carrying amount of the shares sold.

At each year-end, the Company calculates the value in use of its shares in subsidiaries and affiliates and recognises a provision for impairment if their value in use is lower than their carrying amount.

The Company uses one of the following two methods in order to measure value in use, depending on the type of business carried out by the subsidiary or affiliate: (i) a financial approach (based on projected cash flows or the EBIT multiples method), or (ii) a net asset approach (based on the Company's share of equity held in the subsidiary or affiliate).

Main sources of estimation uncertainty

The preparation of financial statements involves the use of estimates and assumptions that may affect the carrying amounts of certain items in the balance sheet and/or income statement as well as the disclosures in the notes.

Assystem regularly reviews these estimates and assumptions and adjusts them where necessary to take into account past experience and other factors believed to be reasonable in light of the prevailing economic conditions.

As the estimates, assumptions and judgements applied are based on the information available and circumstances existing on the date when the financial statements were prepared they may not reflect actual future events.

The main estimates made concern provisions for contingencies and charges, and the assumptions applied mostly relate to the preparation of business plans used for assessing the value of shares in subsidiaries and affiliates.

Transaction costs on acquisitions of shares in subsidiaries and affiliates

These costs are expensed as incurred. For tax purposes, they are added back in the year in which the shares are acquired and then deducted over a period of five years as from the acquisition date.

Other long-term investments

Other long-term investments are recognised at their nominal value.

Receivables

Receivables and payables are stated at nominal value. Provisions are recorded to cover any risk of non-recovery of receivables. The majority of the receivables recognised by the Company correspond to amounts due from related companies.

Debt issuance costs

Debt issuance costs are fully expensed in the year in which they are incurred.

Marketable securities

Marketable securities are stated at the lower of cost (excluding incidental expenses) and fair value.

Foreign currency transactions

Income and expenses denominated in foreign currency are translated into euros using the transaction-date exchange rates. Payables, receivables and cash and cash equivalents denominated in foreign currency are translated using the exchange rates prevailing at the year end. Foreign exchange gains and losses resulting from the translation of these assets and liabilities at year-end exchange rates are recognised in the balance sheet under "Unrealised foreign exchange gains" or "Unrealised foreign exchange losses". A provision for contingencies is recognised for the full amount of any unrealised foreign exchange losses that are not offset by unrealised foreign exchange gains.

Provisions for contingencies and charges

Provisions for contingencies and charges are recognised in compliance with French GAAP.

Provisions for risks relating to subsidiaries

A provision is recognised for subsidiaries in relation to which the Company is exposed to a risk.

NOTE 3 NOTES TO THE BALANCE SHEET AND INCOME STATEMENT

3-1. Change in the gross value of fixed assets

In thousands of euros	Gross value at beginning of year	Increase in gross value	Decrease in gross value	Gross value at year-end
Intangible assets	747	-	-	747
Property, plant and equipment	4,446	-	-	4,446
Long-term investments	426,550	508,552	485,466	449,637
Total	**431,743**	**508,552**	**485,466**	**454,830**

At 31 December 2017, intangible assets broke down as €704 thousand in software, €15 thousand corresponding to a fully-amortised patent and €28 thousand in goodwill.

Property, plant and equipment broke down as €3,499 thousand in buildings, fixtures and fittings, €696 thousand in office furniture and equipment and €251 thousand in works of art.

Year-on-year changes in long-term investments primarily relate to the purchases and sales of shares in subsidiaries and affiliates referred to in Note 1 above, as well as new loans granted to subsidiaries and the treasury share transactions described in Section 3.2 below.

3.2 Long-term investments

Movements in long-term investments were as follows:

In thousands of euros	Gross value at beginning of year	Increase in gross value	Decrease in gross value	Gross value at year-end
Shares in subsidiaries and affiliates[(1)]	364,289	211,678	225,871	350,096
Loans to subsidiaries and affiliates[(2)]	39,522	6,020	15,991	29,551
Deposits and guarantees	11	-	2	9
Convertible bonds (including accrued interest)	-	63,616	-	63,616
Treasury shares	22,728	2,239	18,602	6,365
Total	**426,550**	**283,553**	**260,466**	**449,637**

(1) Increases in the gross value of shares in subsidiaries and affiliates reflect:
- *the acquisition from HDL Development of all of the shares in Assystem Conseils (€3 thousand);*
- *the acquisition of a 60% interest in Plast Concept (€3,679 thousand);*
- *the purchase of new shares issued by Assystem Energy Infrastructure Ltd UK, paid up in cash (€5,514 thousand);*
- *the purchase of new shares issued by Assystem Technologies Belgium (€365 thousand);*
- *the purchase of new shares issued by Assystem Technologies Switzerland (€696 thousand);*
- *the purchase of Assystem Technologies Groupe shares (€62,140 thousand);*
- *the acquisition of all of the shares in The Biotech Quality Group (€10,905 thousand);*
- *the acquisition of a 5% interest in Framatome (€123,726 thousand);*
- *the acquisition from Assystem EOS of a 15.14% interest in MPH Global Services SAS (€4,650 thousand).*

The full amount of the €225,871 thousand in decreases in the gross value of shares in subsidiaries and affiliates was due to the sale of shares in the entities making up the GPS division (Assystem Deutschland, Assystem Iberia, Assystem Portugal, Assystem Canada, Assystem France, Assystem Romania, Assystem UK, Assystem International, Assystem India, Silver Atena UK Ltd, Assystem Technologies, Assystem US, Vista Technologie, Assystem Maroc, Assystem Talent International Management, Plast Concept, Assystem Technologies Belgium, Assystem Technologies Switzerland and Assystem Shanghai).

(2) During the year, €6,020 thousand worth of loans were granted to the Company's subsidiaries:
- *the total amount of loan repayments in 2017 came to €15,991 thousand;*
- *all of the loans granted to GPS entities were repaid;*
- *the amounts shown above were translated into euros using the exchange rates prevailing on the inception dates of the loans. The impact of translating these loans using year-end exchange rates corresponded to an aggregate €878 thousand.*

The table below shows a summary of movements in treasury shares during 2017:

In thousands of euros	Number of shares	Value
Number of treasury shares at 31 December 2016	1,068,442	22,728
Purchases (liquidity contract)	71,465	2,239
Sales (liquidity contract)	(78,254)	(1,574)
Deliveries of free shares	(2,500)	(51)
Cancellations	(550,000)	(12,667)
Number of treasury shares at 31 December 2017[(1)]	509,153	10,675

(1) Including €6,365 thousand recorded in "Long-term investments" and €4,310 thousand in "Marketable securities".

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3.3 Change in depreciation and amortisation

In thousands of euros	Amount at beginning of year	Increases	Decreases	Amount at year-end
Amortisation				
Other intangible assets	671	27	-	698
Sub-total	671	27	-	698
Depreciation				
Buildings on own land	1,884	-	-	1,884
Other buildings, fixtures and fittings	378	32	-	410
General fixtures	602	90	-	692
Furniture, IT and office equipment	527	36	-	563
Sub-total	3,391	158	-	3,549
Total	**4,062**	**185**	**-**	**4,247**

NOTE 4 LIST OF SUBSIDIARIES AND AFFILIATES

In thousands of euros	Share capital	Other equity (including profit (loss) for 2017)	% ownership interest	Gross book value of shares held	Net book value of shares held	Loans and advances granted (excl. tax consolidation, current acounts and intra-group term accounts)	Deposits, gua-rantees and endorse-ments given	2017 net revenue	2017 profit (loss)	Dividends received	Provi-sions re-cognised against shares	Provisions reco-gnised for intra-group current accounts and loans	Provisions recognised for risks relating to subsidia-ries
1- Subsidiaries													
Eurosyn	40	1,896	62.08%	1	1			8,378	1,292	809			
ASG	76	316	100.00%	432	314			0	(3)		117		
Assystem Engineering and Operation Services	3,242	53,667	100.00%	97,058	97,058			246,992	15,123	12,671			
SCI du Pont Noir	322	307	99.99%	1,065	1,065			110	(26)				
Assystem Belgium	19	823	98.92%	18	18			9,504	142				
MPH Global Services	15,805	26,360	100.00%	32,471	23,650			8,769	8,939	10,000	8,821		
ASM Technologies	547	343	99.97%	787	0			88	(163)		787		
Assystem Australia	0	(357)	100.00%	0	0	357			3			357	
Assystem Switzerland	85	795	100.00%	83	83	208		3,911	720				
Eradma	NC	NC	4.04%	120	120			NC	NC				
Assystem Solutions DMCC	23	(599)	100.00%	20	0	1,987			(263)		20	386	
Assystem Investissements	5	(1)	100.00%	15	0			0	(6)		15		
Envy	380	2,841	51.00%	14,018	13,321			7,571	440	504	697		
Assystem Technologies Groupe	158,380	161,365	39.23%	62,140	62,140			603	15				
Assystem Energy Infrastructure Ltd UK	5,726	5,525	100.00%	5,514	5,514			14,588	(284)				
Biotech Quality Group	200	1,726	72.70%	10,905	10,905			6,179	455				
Assystem Conseils	3	(1)	100.00%	3	0			0	(4)		3		
Framatome	NC	NC	5.00%	123,726	123,726			NC	NC				
Assystem Italia	200	(169)		1,720	0	160		0	(31)		1,720	160	
				350,095	**337,915**	**2,712**				**23,984**	**12,181**	**903**	**0**

Assystem has set aside provisions for impairment in value against the shares held in certain subsidiaries following impairment tests carried out at 31 December 2017 in accordance with the accounting policies described above.

NOTE 5 PROVISIONS

In thousands of euros	Amount at beginning of year	Increases	Decreases	Amount at year-end
Provisions for foreign exchange losses	3,567	4,399	3,567	4,399
Other provisions for contingencies and charges(1)	14,151	14,241	6,761	21,631
Total provisions for contingencies and charges	**17,718**	**18,640**	**10,328**	**26,030**
Provisions for impairment in value of intangible assets	28	-	-	28
Provisions for impairment in value of property, plant and equipment	186	-	-	186
Provisions for shares in subsidiaries and affiliates(2)	22,630	10,076	20,525	12,181
Provisions for loans	-	-	-	-
Provisions for treasury shares	-	-	-	-
Sub-total: Provisions for fixed assets	22,844	10,076	20,525	12,395
Provisions for impairment in value of trade receivables	-	-	-	-
Provisions for impairment in value of intra-group receivables(3)	838	65	-	903
Provisions for impairment in value of sundry debtors	-	-	-	-
Sub-total: Provisions for current assets	838	65	-	903
Total provisions for impairment in value	**23,682**	**10,141**	**20,525**	**13,298**
Total provisions	**41,400**	**28,781**	**30,853**	**39,328**
O/w recorded in:	Operating income and expenses	946	-	-
	Financial income and expenses	18,946	30,853	-
	Non-recurring income and expenses	8,889	-	-

(1) Additions to and reversals of provisions for contingencies and charges in 2017 break down as follows:
- *an additional €8,889 thousand provision for tax risks (including €2,056 for potential late payment penalties);*
- *a €673 thousand provision for unoccupied premises;*
- *a €274 thousand provision for employee-related risks;*
- *a €4,310 thousand provision for free share/performance share plans for which the related expense will be re-billed to the subsidiaries whose employees are beneficiaries of the plans concerned;*
- *a €95 thousand provision for free share/performance share plans for which the related expense will not be re-billed;*
- *a €6,631 thousand reversal of the provision set aside in 2016 for costs related to free share plans;*
- *a €130 thousand reversal of the provision set aside for subsidiary-related risks concerning Assystem Shanghai following the transfer of GPS.*

(2) The main additions to provisions for shares in subsidiaries and affiliates concerned the following companies:
- *ASG: €2 thousand;*
- *MPH Global Services SAS: €8,821 thousand;*
- *ASM Technologies: €548 thousand;*
- *Assystem Investissements: €5 thousand;*
- *Envy: €697 thousand;*
- *Assystem Conseils: €3 thousand.*

Reversals of provisions for shares in subsidiaries and affiliates related to the following companies:
- *Silver Atena Ltd UK: €12,985 thousand;*
- *Assystem Canada: €5,038 thousand;*
- *Assystem International: €1,416 thousand;*
- *Assystem Shanghai: €1,041 thousand;*
- *Vista Technologie: €11 thousand;*
- *Assystem Technologies: €34 thousand;*
- *All of these provision reversals related to the sale of GPS entities.*

(3) Additions to provisions for impairment of intra-group receivables concerned the following companies in 2017:
- *Assystem Italia: €52 thousand;*
- *Assystem Australia: €13 thousand.*

NOTE 6 RECEIVABLES

In thousands of euros	Gross amount	Due within one year	Due beyond one year
Receivables recognised as fixed assets			
ATG convertible bonds (including accrued coupons)	63,616	-	63,616
Loans	29,551	-	29,551
Other long-term investments	9	-	9
Treasury shares[1]	6,365	6,365	-
Sub-total	99,541	6,365	93,176
Operating receivables			
Doubtful or disputed receivables	-	-	-
Other trade receivables	3,657	3,657	-
Prepaid and recoverable payroll taxes	863	863	-
Prepayments to suppliers	-	-	-
Prepaid and recoverable income tax	22,148	6,921	15,227
Prepaid and recoverable VAT	4,693	4,693	-
Sundry debtors[2]	4,394	4,394	-
Sub-total	35,755	20,528	15,227
Intra-group receivables	2,834	2,834	-
Prepaid expenses[3]	73	73	-
Total	**138,203**	**29,800**	**108,403**

(1) Representing 258,853 Assystem SA shares.
(2) Including €4,310 thousand in accrued income related to the free share/performance share plans set up for employees of Group subsidiaries.
(3) Prepaid expenses mainly comprise commissions.

NOTE 7 ACCRUED INCOME

- Accrued trade receivables: €3,051 thousand
- Tax receivables: €609 thousand
- Employee-related receivables: €862 thousand
- Sundry debtors: €4,310 thousand

NOTE 8 BREAKDOWN OF MARKETABLE SECURITIES

Category *(In thousands of euros)*	At beginning of year	Purchases	Sales	At year-end
Term accounts	8,290	-	8,290	-
Treasury shares	-	4,310	-	4,310
Total	**8,290**	**4,310**	**8,290**	**4,310**

The portfolio is valued at purchase price.

NOTE 9 PREPAID EXPENSES AND DEFERRED INCOME

Prepaid expenses and deferred income only relate to operating activities.

NOTE 10 SHARE CAPITAL

The Company's share capital totalled €15,668,216 at 31 December 2017, made up of shares with a par value of €1 each.

Composition of share capital

	Number of shares
1- Shares outstanding at beginning of year	22,218,216
2- New shares issued during the year	-
3- Shares cancelled during the year	(6,550,000)
4- Shares outstanding at year-end	15,668,216

Statement of changes in equity

In thousands of euros	31/12/2017	31/12/2016
Amount at beginning of year	**304,492**	**337,835**
Profit (loss) for the period	387,768	(16,350)
Dividend payouts/contribution premium repayments	(21,165)	(16,993)
Changes in capital		
• Capital reduction(1)	(6,550)	-
Changes in share premium account, reserves, retained earnings and untaxed provisions		
• Increase	78	-
• decrease(1)	(231,196)	-
Amount at year-end(2)	433,427	304,492

(1) Reduction of capital and reserves following the share buyback offer described in Note 1 and cancellation of 550,000 treasury shares.
(2) Including €28,425 thousand in premiums and reserves other than the legal reserve, representing an amount almost 3 times higher than the purchase cost of treasury shares owned.

NOTE 11 OTHER DISCLOSURES

At 31 December 2017, all of the Company's potentially dilutive instruments corresponded to the 253,190 shares not yet delivered under outstanding free share/performance share plans.

Hedging transactions

The Company's acquisition of shares in the Turkish company, Envy, was carried out in foreign currency and the transaction was hedged using a swap.

The amount recognised in the balance sheet in relation to gains on derivatives during the year was €821 thousand.

Derivative financial instruments

The Company uses currency hedges (mainly in the form of forward sales or purchases) in order to safeguard its operating margins on major contracts denominated in foreign currency. It also uses currency swaps to hedge significant intra-group financing in foreign currency.

The accounting principles applicable in France for forward financial instruments and hedging transactions were amended by way of ANC Regulation 2015-02 dated 2 July 2015. Assystem has applied this regulation since 31 December 2016. The re-measurement in the balance sheet of all of Assystem's forward sale contracts at end-2017 resulted in the recognition of a €216 thousand asset under treasury instruments.

NOTE 12 LIABILITIES

In thousands of euros	Gross amount	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
Bank borrowings	109	-	109	-
Deposits and guarantees received	31	-	31	-
Intra-group financial liabilities	25,254	21,439	3,815	-
Trade payables	6,589	6,589	-	-
Employee-related liabilities	287	287	-	-
Accrued payroll taxes	977	977	-	-
Accrued income taxes	421	421	-	-
Other accrued taxes	7	7	-	-
Due to suppliers of fixed assets	1	1	-	-
Other payables	65	65	-	-
Total liabilities	**33,741**	**29,786**	**3,955**	**-**

In thousands of euros	Beginning of year	Increases	Decreases	Year-end
Ornane bonds	83	-	83	-
Odirnane bonds	14,002	-	14,002	-
Sub-total	14,085	-	14,085	-
Accrued coupons	300	-	300	-
Total convertible bonds	**14,385**		**14,385**	**-**
Medium-term loan and revolving credit facility	80,000	105,000	185,000	-
Bank overdrafts	8	72	8	72
Accrued interest	85	37	85	37
Treasury instruments	801	-	801	-
Total bank borrowings	**80,894**	**105,109**	**185,894**	**109**
Other borrowings and financial liabilities				
Deposits and guarantees received	31	-	-	31
Current accounts with subsidiaries	95,574	-	70,320	25,254
Total other borrowings and financial liabilities	**95,605**	-	**70,320**	**25,285**

Debt-related income and expenses	Expenses	Income
Interest on bond debt	(62)	-
Interest on bank borrowings	(721)	-
Income and expenses related to Group cash management(1)	(478)	353

(1) Financial income and expenses relating to interest on current accounts with subsidiaries and intra-group cash pooling.

NOTE 13 DEFERRED CHARGES

- Accrued trade payables: €4,708 thousand
- Accrued taxes and payroll costs: €1,536 thousand
- Accrued interest on borrowings: €37 thousand

NOTE 14 OFF-BALANCE SHEET COMMITMENTS

Commitments given/received *(in thousands of euros)*

Commitments given	Amount
Sureties and guarantees	26,147
Commitments received	**Amount**
Unused revolving credit facility	120,000

Lease commitments

		Payments due by period		
Obligations *(in thousands of euros)*	**Total**	Due within 1 year	**Due in 1 to 5 years**	**Due beyond 5 years**
Operating leases				
• Vehicles	84	25	59	-
• Premises	432	432	-	-
Total	**516**	**457**	**59**	**-**

NOTE 15 REVENUE

Revenue comprises income received for administrative, management and specialist services, which are mainly provided to Assystem Group subsidiaries.

It would not be relevant to provide a breakdown of revenue by business segment or by geographic region.

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NOTE 16 AVERAGE HEADCOUNT

Assystem SA's executives do not have employment contracts and instead receive compensation in their capacity as company officers (see the corporate governance report in Chapter 2 of this Registration Document).

NOTE 17 EXPENSE TRANSFERS

- Miscellaneous reimbursements: €3 thousand
- Benefits in kind: €12 thousand

NOTE 18 FINANCIAL INCOME AND EXPENSES

In thousands of euros	2017
Financial income from investments in subsidiaries and affiliates	79,840
Dividends received	79,840
Income from other securities and receivables recognised as fixed assets	445
Loan interest	445
Other interest income	974
Income from marketable securities	-
Income related to Group cash management	353
Other financial income	621
Provision reversals and expense transfers	30,854
Reversal of provisions for foreign exchange losses	3,567
Reversal of provisions for long-term investments (1)	27,287
Positive foreign exchange differences	2,569
Foreign exchange gains	2,569
Net proceeds from sales of marketable securities and interest on term accounts	113
Net proceeds from sales of marketable securities and interest on term accounts	113
Total financial income	**114,795**
Amortisation and provisions recognised under financial expenses	(18,946)
Additions to provisions for contingencies and charges relating to financial assets (1)	(14,547)
Additions to provisions for foreign exchange losses	(4,399)
Interest expense	(3,544)
Interest on borrowings	(721)
Interest on bond debt:	(62)
Ornane bonds	-
Odirnane bonds	(62)
Expenses related to Group cash management	(478)
Other financial expenses (2)	(2,283)
Negative foreign exchange differences	(2,181)
Foreign exchange losses	(2,181)
Total financial expenses	**(24,671)**
Net financial income	**90,124**

(1) Including reversals of provisions related to the following, recorded in financial income: (i) impairment of shares in subsidiaries and affiliates (€20,526 thousand), (ii) free share plans (€6,631 thousand), and (iii) subsidiary-related risks (€130 thousand).
Including additions to provisions related to the following, recorded in financial expenses: (i) impairment in value of shares in subsidiaries and affiliates (€10,076 thousand), (ii) impairment in value of intra-group receivables (€65 thousand), and (iii) free share plans (€4,405 thousand).
(2) Including €1,041 thousand related to the various outstanding free share plans.

NOTE 19 NON-RECURRING INCOME AND EXPENSES

In thousands of euros	2017
Non-recurring income from capital transactions	548,113
Proceeds from disposals of property, plant and equipment	-
Proceeds from disposals of long-term investments[1]	547,225
Gains on sales of treasury shares	888
Other non-recurring income[2]	-
Total non-recurring income	**548,113**
Non-recurring expenses on management transactions	(25)
Other non-recurring management expenses[2]	(25)
Non-recurring expenses on capital transactions	(225,921)
Net value of divested long-term investments	(225,871)
Losses on treasury shares	(50)
Exceptional addition to provisions for claims and litigation[2]	(8,889)
Addition to provisions for contingencies	(8,889)
Total non-recurring expenses	**(234,835)**
Net non-recurring income	**313,278**

(1) Including €547 million in net proceeds from the sale of shares in connection with the transfer of control of GPS and €203 thousand from the sale of Eurosyn shares.
(2) Additional provision recognised for a tax dispute in France (see Note 1).

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NOTE 20 INCOME TAX

Analysis of income tax

The breakdown of income tax between the portion related to profit from recurring operations and the portion related to non-recurring items was determined by analysing the nature of the underlying income and expenses. The effect of tax consolidation has been included in the portion related to non-recurring items.

In thousands of euros	Before tax	Tax	After tax
Profit from recurring operations	76,605	3,214	79,819
Net non-recurring income	313,278	(5,330)	307,948
Profit for the period	389,883	(2,115)	387,768

Tax consolidation

Assystem is the head of a tax group that includes the following entities: Assystem Engineering and Operation Services, SCI du Pont Noir, ASG, Insiema, Assystem Conseils, Assystem Investissements, MPH International and MPH Global Services.

Under the tax consolidation agreement, the methods for calculating the income tax due by each entity in the tax group are determined based on the applicable tax rules in force at the reporting date and as if each entity were taxed on a stand-alone basis.

Deferred taxes

Deferred tax liabilities (calculated at a rate of 34.43%) *(In thousands of euros)*	2017 tax base	Amount of tax
Deferred charges	-	-
Total	**-**	**-**

Deferred tax assets (calculated at a rate of 34.43%) *(In thousands of euros)*	2017 tax base	Amount of tax
Unrealised foreign exchange gains	0	0
Provisions for impairment in value	187	(64)
Acquisition-related expenses	1,802	(620)
Other expenses	200	(69)
Total	**2,189**	**(754)**

NOTE 21 RELATED PARTY TRANSACTIONS AND BALANCES

In thousands of euros	Amount concerning	
	Related companies	Entities in which the Company has an equity interest
Shares in subsidiaries and affiliates	-	226,249
Loans	29,551	-
Trade receivables	1,324	1,613
Called, unpaid capital	(1)	-
Bonds	-	63,616
Other borrowings and financial liabilities	1,815	(24,235)
Trade payables	(793)	(459)
Due to suppliers of fixed assets	-	-
Financial income from investments in subsidiaries and affiliates	55,856	25,186
Other financial income	764	34
Financial expenses	(125)	(353)

Assystem has not identified any other transactions with related parties that were entered into on non-arm's length terms or which could materially impact the financial statements.

Consequently, no additional disclosures are required pursuant to Article R. 123-198 11 of the French Commercial Code.

NOTE 22 INFORMATION ON THE CONSOLIDATING ENTITY

Assystem SA is the consolidating parent company of the Assystem Group.

6.3.4 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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 Assystem SA.,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meetings, we have audited the accompanying financial statements of Assystem S.A. for the year ended 31 December 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 31 December 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 1st January 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 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 judgement, were of most significance in our audit of the financial statements of the current period, as well as 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.

VALUATION OF INVESTMENTS IN SUBSIDIARIES AND OTHER NON-CONTROLLING INTERESTS

Notes to the financial statements 2, 3.2, and 4

Risks	Our response
As at 31 December 2017, the net book value of the investments held in subsidiaries and other non-controlling interests amounted to 338 million of euros, accounting for 68% of the Company's balance sheet total. As mentioned in Note 2 "Accounting rules and principles – Investments in subsidiaries and other non-controlling interests" to the financial statements, the investments are recorded at cost at the date of acquisition or at their contribution value. At each year-end, the Company estimates the value in use of its investments in order to determine whether the value in use of each investment is lower than its carrying value. An impairment is recognised when the value in use appears to be lower than the carrying value. For the purpose of estimating the value in use, and depending on the nature of the business operated by the investment, the Company uses one of the following methods: an economic approach (based on projected cash flows or on the multiples method) or a patrimonial approach (based on the percentage held in the investment's net equity). We have considered the valuation of investments in subsidiaries and other non-controlling interests as a key audit matter, given their materiality to the Company's balance sheet, the high degree of estimation and judgement required from management in choosing the calculation method for the value in use and the sensitivity, depending on the calculation method adopted, of this value to changes in forecast assumptions.	For each investment, we have highlighted the method used by the Company for calculating the value in use of the investment and have assessed whether the method used was appropriate with regards to the economic characteristics of the investment. When the approach based on projected cash flows was used, we have: • assessed the consistency of the budgetary data used with those presented to the Audit Committee and approved by the Board of Directors, and the consistency of forecast data with budgetary assumptions; • checked the consistency of the assumptions made for the long term growth rate with the economic environment prevailing as at the financial statements closing date; • checked, with the assistance of our evaluation specialists, the reasonableness of the assumptions used in determining the discounting rate; • compared the forecasts used in the past with the actual performance shown with a view to assessing whether past objectives were met or not; • checked that the value resulting from the cash flow forecasts was adjusted by the amount of indebtedness of the investment concerned. When the approach based on multiples was used, we have assessed the consistency of the aggregate used with the financial statements and the rationale behind the multiples used in comparison with those applied in similar business sectors. When a patrimonial approach was implemented, we have checked that the net equity data used were in line with the financial statements of the investments concerned, either audited or subject to agreed-upon procedures, and that the restatements made to the net equity, if any, were supported by a relevant documentation. Should have these investments been made close to the year end date, we have examined the available documentation used in the determination of the shares purchase price. We have also assessed the appropriateness of the information disclosed in the notes 2 "Accounting rules and principles", 3.2 "Financial assets" and 4 "List of subsidiaries and other non-controlling interests" to the 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.

REPORT ON 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 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 appropriate, 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.

With respect to the information relating to items that your company considered likely to have an impact in the event of a public purchase offer or exchange, provided pursuant to Article L.225-37-5 of the French Commercial Code, we have agreed these to the source documents communicated to us. Based on our work, we have no observations to make on 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 statutory auditor of Assystem S.A. by the Annual General Meeting held on 26 August 1999 for Deloitte & Associés and on 30 April 2009 for KPMG.

As at 31 December 2017, Deloitte & Associés and KPMG were in the nineteenth year and the ninth year of total uninterrupted engagement respectively.

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and the 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 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 taken 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, 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 judgement 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 controls 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 judgement, 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) No. 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 and in the French Code of Ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be brought to bear on our independence, and the related safeguards.

Paris La Défense and Neuilly-sur-Seine, 10 April 2018
The Statutory Auditors
French original jointly signed by

KPMG Audit partner	Deloitte & Associés audit partner
Éric ROPERT	Albert AÏDAN

6.3.5 SPECIAL STATUTORY AUDITORS REPORT ON THE REGULATED AGREEMENTS AND COMMITMENTS

This is a free translation into English of the Statutory Auditors' special report on regulated agreements with third parties that is issued in the French language and is provided solely for the convenience of English speaking readers.

This report on regulated agreements should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

To the Annual General Meeting of Assystem SA,

In our capacity as statutory auditors of your Company, we hereby present our report on the regulated agreements and commitments.

Based on the information given to us, it is our responsibility to report to you on the main terms and characteristics and the reasons justifying the interest for the Company of the agreements and commitments notified to us, and that we discovered during our audit without having to comment on their appropriateness or on their merits or look for the existence of other agreements and commitments. It is your responsibility, under the terms of Article R.225-31 of the French Commercial Code (code de commerce), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

Furthermore, it is our responsibility, as appropriate, to provide you with the information provided in Article R.225-31 of the French Commercial Code relating to the performance, in the past financial year, of agreements and commitments 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 consisted in agreeing the information provided to us with the relevant source documents.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL OF THE GENERAL MEETING

AGREEMENTS AND COMMITMENTS AUTHORISED AND ENTERED INTO IN THE PAST FISCAL YEAR

Pursuant to Article L.225-40 of the French Commercial Code, we were advised of the following agreements and commitments entered into and authorised in the past fiscal year that were first authorised by your Board of Directors.

RIDER NO. 2 TO THE RE-INVOICING CONTRACT BY HDL DEVELOPMENT S.A.S. TO ASSYSTEM S.A. OF THE STRATEGY DEFINITION, MANAGEMENT, ORGANISATION AND CONTROL SERVICES OF THE ASSYSTEM GROUP

- Interested parties :

Dominique Louis, CEO and Director of your Company and Chairman of HDL Development S.A.S. and Tikehau Capital S.A. (replacing Salvepar, a company taken over by the latter), Director of your Company and of HDL Development S.A.S.

- Nature and terms and conditions :

Your Board of Directors of 7 March 2017 authorised the signature of Rider no. 2 to the re-invoicing contract by HDL Development S.A.S. to your Company of the strategy definition, management, organisation and control services of the Assystem Group provided by HDL S.A.S. in favour of HDL Development S.A.S. Your Board of Directors has justified the signing of this agreement by the importance of the strategic service provided.

This service performance is remunerated in accordance with the following terms and conditions :

- a fixed fee paid amounting to € 348,000;
- a variable portion based, firstly, on the amount of the consolidated ROPA for 75% and, secondly, on the amount of the free cash flow for 25%. Since the amount due for the criterion referred to was determined in both cases by linear interpolation between the lower limit (at the level or below which the criterion is considered unmet) and the upper limit (at the level or above which the criterion is considered fully met).

Your Board of Directors of 15 March 2018 enacted that, in consideration of the development of the Group in 2017, the application of the criteria determined was deemed impossible and, therefore, approved the variable part owed to HDL Development S.A.S. to a fixed amount of € 280,000 as of 31 December 2017.

The remuneration due by your Company under the present agreement amounts to €628,000 excluding taxes.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING

AGREEMENTS AND COMMITMENTS APPROVED IN PREVIOUS FINANCIAL YEARS BUT NOT APPLIED DURING THE PAST FISCAL YEAR

We were, furthermore, informed of the continuation of the following agreements and commitments, already approved in previous fiscal years but not performed during the past fiscal year.

SEVERANCE PAYMENT DUE IN CASE OF TERMINATION OF THE MANDATE OF MISTER PHILIPPE CHEVALLIER AT THE INITIATIVE OF THE COMPANY

- Interested party :

Mr Philippe Chevallier, Chief Financial Officer of your Company.

- Nature and terms and conditions:

During its meeting of 9 March 2016, your Board of Directors approved the implementation to the benefit of Mr Philippe Chevallier, Chief Financial Officer of your Company since 5 June 2015, of a termination indemnity of € 500,000 in case his dismissal would be initiated by your Company without any cause prior to the General Meeting of 2020 approving the financial statements of 2019.

The payment of such severance indemnity shall be conditional upon:

- the certification, without qualifications and within the legal deadlines, of the consolidated financial statements throughout his mandate,
- the achievement of an average Return On Capital Employed (ROCE) ratio (after normative tax rate) of at least 6% over the last three fiscal years.

It should be noted that the said severance pay is not due in case of gross negligence or wilful misconduct.

Paris la Défense and Neuilly-sur-Seine, 10 April 2018
The statutory auditors
French original jointly signed by

KPMG Audit partner	Deloitte & Associés audit partner
Éric ROPERT	Albert AÏDAN

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INFORMATION ABOUT THE COMPANY AND ITS SHARE CAPITAL

Further information about the Company's businesses and strategy is provided in Chapter 1 of this Registration Document.

7.1 GENERAL INFORMATION ABOUT THE ISSUER

Company name and address

Company name: Assystem

Registered office: 70, boulevard de Courcelles, 75017 Paris, France

Telephone: + 33 (0)1 55 65 03 00

Fax: + 33 (0)1 55 65 00 49

www.assystem.com

All of Assystem's corporate documents may be consulted free of charge at the Company's registered office.

Statutory Auditors

The Company has two Statutory Auditors appointed in compliance with Article L. 225-228 of the French Commercial Code. Further information about the Statutory Auditors is provided in Section 7.3 below.

Date of incorporation and term

Date of incorporation: 26 April 1997

Expiry date of Company's term: 27 May 2096

Registration particulars

The Company is registered with the Paris Trade and Companies Registry under number 412 076 937. Its French business identifier (NAF) Code is 7010 Z (head office activities).

Legal form and applicable legislation

At the Annual General Meeting held on 22 May 2014, the shareholders modified the Company's administration and management structure.

Originally incorporated in the form of a *société anonyme* (public limited company) with a Management Board and a Supervisory Board, as from 22 May 2014 Assystem SA adopted the form of a *société anonyme* with a Board of Directors, governed by the provisions of Book II of the French Commercial Code and by its Articles of Association (see Chapter 2 of this Registration Document).

Corporate purpose

As set out in Article 2 of its Articles of Association, the Company's corporate purpose can be summarised as follows:

- acquiring equity interests – by way of subscription, contribution, purchase or otherwise – and exercising any and all associated rights, in any enterprise operating in a technological, technical, IT, electronic or mechanical field, and more specifically:
  - consultancy, research and engineering,
  - training, support and maintenance,
  - systems and network operation and facilities management;
- developing and distributing products, equipment, hardware and software;
- effectively leading the Group and determining its overall strategy;
- participating in any operation related to its corporate purpose, by creating new companies, subscribing for or purchasing shares, taking part in mergers or joint ventures, or by any other means;
- carrying out any financial, commercial, industrial or civil business activity or transaction involving movable or immovable assets, which may be directly or indirectly associated with the Company's corporate purpose or which may be likely to further its development, on the Company's own account or on behalf of third parties, or through any form of ownership interest whatsoever.

The Company's role with regard to its subsidiaries

Assystem SA is a holding company whose assets are essentially composed of equity securities. The Group's operational assets are held by the Company's subsidiaries.

Assystem SA directly or indirectly provides services for companies in its Group, notably in the areas of finance, accounting and general and administrative management.

A list of consolidated companies as at 31 December 2017 is set out in Chapter 6 of this Registration Document (Note 3.1 to the consolidated financial statements) and a simplified organisation chart of the Assystem Group is provided in Chapter 1, Section 1.3.

The financing for Group subsidiaries is carried out in a centralised way by the Company, which enables them to benefit from the favourable market conditions obtained by Assystem SA from lenders. This also allows Assystem SA to offset the lender and borrower positions of its various entities.

Financial year

The Company has a 12-month financial year, commencing on 1 January and ending on 31 December.

Profit distribution

Profit or loss for the year represents the difference between total income and total expenses, including charges to and reversals from depreciation, amortisation and provisions.

Five percent of profit for the year, less any losses carried forward from previous years, is allocated to the legal reserve, until such time as that reserve represents one-tenth of the Company's share capital. Further transfers are made on the same basis if the legal reserve falls to below one tenth of the share capital.

Profit available for distribution consists of profit for the year plus retained earnings from previous years, less any losses brought forward from previous years and any amounts transferred to reserves in accordance with the law or the Company's Articles of Association. On the recommendation of the Board of Directors, shareholders at the Annual General Meeting determine the portion of profit to be allocated to shareholders in the form of a dividend, and the portion to be allocated to general or special reserves, with the remaining balance being allocated to retained earnings.

However, except in the case of a capital reduction, no dividend may be paid to shareholders if the Company's equity represents – or would represent after the planned dividend payout – less than the sum of its share capital plus any reserves which, under the applicable law or the Company's Articles of Association, are not available for distribution.

In addition, the shareholders may resolve to distribute amounts taken from discretionary reserves, either to pay all or part of an ordinary dividend or as a special dividend. In this case, the related resolution must stipulate the reserve accounts from which the dividend is to be deducted. However, dividends are deducted in priority from distributable profit for the year.

The revaluation reserve may not be distributed, but all or part of it may be incorporated into the Company's capital.

Timeframe for claiming dividends

Any dividends not claimed within five years of the date of their payment revert to the French State.

Registrar and paying agent

The Company's registrar and paying agent is Société Générale Securities Services, 32 rue du Champ de Tir – CS 30812 – 44308 Nantes Cedex 3, France.

Stock exchange

Assystem shares are listed on compartment B of the Euronext Paris market of NYSE Euronext under ISIN FR 0000074148 and are included in the CAC All-Tradable index and the MID & SMALL 190 index.

They are eligible for equity savings schemes (PEA) and the deferred settlement service (SRD).

LEI Code (Legal Entity Identifier)

Assystem SA's LEI Code is 9695008GTTDJGF00CT88.

General Meetings

The specific procedures relating to shareholder participation in General Meetings are described in Article 19 of the Company's Articles of Association.

General Meetings are held at the Company's registered office or any other location specified in the notice of meeting.

The right to participate in General Meetings is governed by the applicable law and regulations. In particular, in order for a shareholder to participate in a General Meeting their shares must be recorded in their own name or in the name of the bank or broker that manages the shareholder's securities account by 00:00 (Paris time) on the second business day preceding the meeting. If the shares are held in registered form they must be recorded in the share register kept by the Company (or its agent) and if they are in bearer form they must be recorded in a bearer share account kept by an accredited intermediary.

If a shareholder cannot personally attend a General Meeting, he or she may select one of the following three options, each subject to the conditions stipulated in the applicable law and regulations:

- appoint a named proxy under the conditions authorised by the applicable law and regulations;
- vote remotely; or
- send a proxy to the Company without indicating a specific named proxy.

Subject to the conditions stipulated in the applicable laws and regulations, the Board of Directors may decide that shareholders may participate and vote at General Meetings by videoconference or by other means of telecommunication that enable them to be identified. If the Board decides to use this option for a General Meeting, the decision must be stated in the preliminary and/or final notice of the meeting concerned.

Shareholders taking part in General Meetings by videoconference or by any other means of telecommunication as indicated above, depending on the choice of the Board of Directors, are considered to be in attendance for the purposes of quorum and majority calculations.

General Meetings are chaired by the Chairman of the Board of Directors, or in his or her absence, by the CEO, by a Deputy CEO if he or she is a director, or by a director specifically appointed for this purpose by the Board. Failing this, the General Meeting elects its own Chairman.

The role of scrutineers at a General Meeting is carried out by the two shareholders present at the meeting who hold or represent the largest number of voting rights and who agree to take on the role. The meeting officers thus appointed then appoint a secretary, who need not be a shareholder.

An attendance register containing all of the information provided for by law is kept for each General Meeting.

An Ordinary General Meeting held on first call is only validly constituted if the shareholders present or represented hold at least one fifth of the shares with voting rights. An Ordinary General Meeting held on second call is validly constituted irrespective of the number of shareholders present or represented.

Resolutions in Ordinary General Meetings are adopted by a straight majority vote of the shareholders present or represented.

An Extraordinary General Meeting held on first call is only validly constituted if the shareholders present or represented hold at least one quarter of the shares with voting rights. An Extraordinary General Meeting held on second call is only validly constituted if the shareholders present or represented hold at least one fifth of the shares with voting rights.

Resolutions in Extraordinary General Meetings are adopted by a two-thirds majority vote of the shareholders present or represented.

Shareholders at Ordinary and Extraordinary General Meetings exercise their respective powers in accordance with the conditions stipulated by law.

Voting rights

The Company's Articles of Association do not provide for any limitations on voting rights. If Assystem shares are held by a legal owner and a beneficial owner, the corresponding voting rights are exercised by the beneficial owner at all Ordinary, Extraordinary or Special General Meetings.

Double voting rights

All fully-paid shares registered in the name of the same holder for at least two years carry double voting rights.

In addition, in the event of a capital increase carried out by capitalising reserves, profit or share premiums, the bonus shares allotted in respect of registered shares carrying double voting rights will also carry double voting rights as from the date of issue.

Double voting rights may be removed by way of a decision by shareholders in an Extraordinary General Meeting and after consultation at a Special Meeting of holders of shares with double voting rights.

Double voting rights may be cancelled if the shares concerned are converted to bearer shares or transferred to another shareholder, except if registered shares are transferred to another registered shareholder in the case of inheritance or *inter vivos* gifts to a spouse or other eligible family member (as provided for in Article L. 225-124 of the French Commercial Code).

Disclosure thresholds stipulated in the Company's Articles of Association

In addition to the applicable statutory disclosure obligations, any physical or legal person, whether acting alone or in concert (within the meaning of Article L. 233-10 of the French Commercial Code), that comes to hold a number of shares representing 2% or more of the Company's share capital or voting rights or a multiple thereof, is required to inform the Company of the total number of shares and voting rights that they hold, by registered mail with recorded delivery, within four trading days of crossing the threshold.

The same disclosure formalities also apply each time a shareholder's interest is reduced to below any 2% threshold.

In the event of a failure to comply with these disclosure rules, at the request of one or several shareholders with combined holdings representing at least 2% of the Company's share capital or voting rights (with said request recorded in the minutes of the General Meeting at which the request is made), the shares in excess of the undisclosed threshold will be stripped of voting rights as provided for in Article L. 233-14 of the French Commercial Code.

These provisions apply in addition to the statutory disclosure threshold provisions set out in Article L. 233-7 of the French Commercial Code.

No other provision in the Articles of Association affects shareholders' rights, which can only be amended in accordance with the conditions stipulated by law.

Shareholder identification

In compliance with the provisions of Article L. 228-2 of the French Commercial Code, the Company may, at any time, ask the central securities clearing body to provide it with the identity of holders of securities carrying immediate or future voting rights at General Meetings as well as the number of securities held by each one, and, where appropriate, the restrictions applicable to any such securities.

Material contracts

To date, Assystem has not entered into any material contracts, other than those entered into in the ordinary course of its business, that would give rise to a significant obligation or commitment for the whole Group.

Dependency

Assystem's business does not currently depend on any patents or production processes belonging to third parties or on any specific procurement contracts.

Existence of agreements whose implementation could lead to a change in control of the Company or could have the effect of delaying, postponing or preventing a change in control

To the best of the Company's knowledge, no agreements currently exist whose implementation could result in a change in control.

In addition, there are currently no provisions in the Company's Memorandum or Articles of Association, charter or bylaws, that would have the effect of delaying, postponing or preventing a change in control.

Agreements entered into by the Company which would be amended or terminated in the event of a change in control of the Company

At 31 December 2017, the Group had access to a €120 million revolving credit facility with a sufficient maturity to finance its general corporate requirements (five-year term with two one-year extension options subject to the lenders' agreement).

On 19 January 2018, in order to finance its additional equity investment in Assystem Technologies Groupe, Assystem (i) signed an addendum to its revolving credit facility, raising the amount to €150 million, and (ii) put in place a €30 million bullet loan repayable on 28 September 2022.

The related financing contracts provide that the banking pool can require the full early repayment of any outstanding amounts in the event of a change in control of the Company. For this purpose, a change in control is defined as Dominique Louis or his heirs and successors ceasing to directly or indirectly control the Company. Dominique Louis or his heirs and successors are deemed to have control if he or they directly or indirectly own at least 40% of the Company's capital and voting rights and no other group of individual or corporate shareholders acting in concert own over 34% of the capital and voting rights.

Measures in place to ensure that control is not abused

The Company is controlled within the meaning defined in Article L. 233-3 of the French Commercial Code, as shown in the ownership structure table in Section 7.2.2 below.

The measures put in place by the Company in order to avoid control being exercised in an abusive way are described in the following sections of this Registration Document:

- Chapter 3, Section 3.8: internal control and risk management procedures put in place by the Company related to preparing and processing accounting and financial information;
- Chapter 2, Section 2.1.1.1: presence of independent directors on the Board of Directors and Board Committees;
- Chapter 2, Section 2.1.1.1: paragraph on "Conflicts of interest".

Factors that could have an impact in the event of a public offer

In accordance with the disclosure requirements of Article L. 225-100-3 of the French Commercial Code, the factors that could have an impact in the event of a public offer for the Company's shares are set out below.

Ownership structure

The Company's ownership structure is shown in the table that gives a breakdown of the Company's share capital and voting rights in Section 7.2.2 below.

Section 7.2.2 also includes a list of the notifications received by the Company from shareholders who crossed the applicable disclosure thresholders in terms of their holdings of shares in the Company and voting rights.

Restrictions on exercising single and double voting rights provided for in the Company's Articles of Association

As stated in Section 7.1 above, some of the Company's shares carry double voting rights.

Agreements entered into by the Company which would be amended or terminated in the event of a change in control of the Company

The Company's financing agreements contain early repayment clauses, whereby the Company may have to repay its borrowings in advance of term if certain events occur, including if there is a change in control of the Company. See Section 7.1 above for a description of the change in control clause.

Other disclosures

Amendments to the Company's Articles of Association may be made in accordance with the applicable laws and regulations.

There are no specific agreements in place that provide for a termination benefit to be paid in the event that a director's term of office is terminated.

7.2 INFORMATION ABOUT THE COMPANY'S SHARE CAPITAL

7.2.1 ASSYSTEM AND ITS SHAREHOLDERS

2018 FINANCIAL CALENDAR

7 February 2018	after stock market close of trading	2017 revenue release
19 March 2018	after stock market close of trading	2017 annual results release
20 March 2018	8.30 a.m.	Presentation of 2017 annual results
26 April 2018	after stock market close of trading	Q1 2018 revenue release
16 May 2018	9.30 a.m.	Annual General Meeting
26 July 2018	after stock market close of trading	Q2 2018 revenue release
10 September 2018	after stock market close of trading	First-half 2018 results release
11 September 2018	8.30 a.m.	Presentation of first-half 2018 results
8 November 2018	after stock market close of trading	Q3 2018 revenue release

Closed periods

In accordance with the EU Market Abuse Regulation (Regulation (EU) no. 596/2014) and the related position statement (2016-08) issued by the AMF, the Company has defined the periods during which "insiders", i.e. persons holding inside information, are prohibited from carrying out transactions in Assystem shares. These closed periods apply to persons who hold or are deemed to hold inside information that may put them at an advantage compared with the general public.

These closed periods apply to all persons who discharge managerial responsibilities (notably executive officers and senior managers) as well as any other persons who have access to inside information on either a regular or occasional basis.

The closed periods applicable for Assystem – based on the financial calendar set out above – are as follows:

- the 30 calendar days preceding the publication of the Company's annual results press release;

- the 30 calendar days preceding the publication of the Company's half-yearly results press release;
- the 15 calendar days preceding the publication of the Company's quarterly, half-yearly and annual revenue press releases.

For 2018, these periods correspond to:

- 23 January to 7 February (inclusive);
- 17 February to 19 March (inclusive);
- 11 April to 26 April (inclusive);
- 11 July to 26 July (inclusive);
- 12 August to 10 September (inclusive);
- 24 October to 8 November (inclusive).

Insiders may only carry out trades in the Company's shares as from the trading session following the publication of the press release concerned and provided that the insider carrying out the trade does not hold any other inside information.

Access to information

All shareholders have access to full, transparent and clear information, which is tailored to their specific needs and provides an objective assessment of Assystem's growth strategy and results. This financial communication policy aims to ensure that all shareholders have information in compliance with usual business practices.

The Company publishes a wide variety of documents, including those issued for regulatory information purposes, covering the Company's business and strategy and financial information. These documents – which include the Registration Document, the interim financial report, quarterly revenue releases, the Company's Articles of Association and the Board of Directors' Rules of Procedure – are available on the Group's website at www.assystem.com, in French and English.

Assystem publishes notifications in the *Bulletin des annonces légales obligatoires* (BALO) (French legal gazette) as well as in the *Journal d'Annonces Légales* (JAL) and via Nasdaq InPublic. It also issues as regulatory information the periodic and annual information required for listed companies.

The financial information issued by the Company is supplemented by press releases for the financial community and, more generally, the public, on subjects of significant importance for understanding the Company's strategy. The Company also holds periodic meetings for financial analysts and journalists to explain, in an interactive way, the Group's challenges, services and results.

The annual report, presented and filed as a Registration Document with the AMF, as well as the interim financial report are widely distributed within the financial community.

7.2.2 ASSYSTEM'S SHARE CAPITAL

All of the Company's shares represent share capital.

At 31 December 2017, the Company's share capital amounted to €15,668,216, divided into 15,668,216 shares with a par value of €1 each.

During 2017, Assystem SA launched a share buyback offer under which it proposed to shareholders to buy back up to 6,000,000 Assystem shares at a unit price of €37.50. Following the end of the offer period, which ran from 24 November to 14 December 2017, on 19 December 2017, the AMF published a notice stating that 10,507,041 Assystem shares had been tendered to the offer. After applying the reduction mechanism provided for in Article R. 225-155 of the French Commercial Code, Assystem bought back, for an aggregate €225 million, 6 million Assystem shares with a par value of €1 each at a unit price of €37.50. These shares represented 27.00% of the shares making up Assystem's capital and 28.35% of the number of Assystem shares outstanding (i.e. the number of shares making up the capital less the number of shares held in treasury). All of the shares bought back under the offer were cancelled on 21 December 2017, together with 550,000 treasury shares, by way of a decision taken by Assystem's Chairman and Chief Executive Officer acting under powers delegated to him by the Board of Directors. Consequently, the Company's capital was reduced to 15,668,216 shares with a par value of €1 each.

The breakdown of Assystem's share capital and voting rights at 31 December 2017 is shown in the table below, which sets out the number of theoretical voting rights and the number of actual voting rights exercisable at General Meetings excluding shares that do not have voting rights, such as treasury shares.

AT 31 DECEMBER 2017

	Shares	% of share capital	Exercisable voting rights	%	Theoretical voting rights	%
HDL Development	9,611,013	61.34	19,222,026	76.86	19,222,026	75.32
Free float	5,548,050	35.41	5,787,791	23.14	5,787,791	22.68
Treasury shares	509,153	3.25	0	0	509,153	2.00
Total	**15,668,216**	**100**	**25,009,817**	**100**	**25,518,970**	**100**

A table showing the changes in the Company's share capital over the last three years is provided in Section 7.2.14 below.

At the date this Registration Document was filed, the Company was controlled by HDL Development[(1)], which has been the Company's stable and long-term controlling shareholder since it launched a takeover bid in the first quarter of 2014.

(1) HDL Development is controlled on a 70.48% basis by HDL (of which 41.74% directly and 28.74% through CEFID, H2DA and EEC). In turn, HDL is wholly controlled by Dominique Louis, Chairman & CEO of Assystem, who also directly owns 0.39% of the capital of HDL Development. The remaining 29.13% of HDL's capital is held as follows: 22.85% by Tikehau Capital SCA, 3.27% by the Tikehau Preferred Capital mutual fund and 3.01% by managers and former managers of the Group.

The Company's shareholding structure helps guarantee its independence and ensure its sustainability, both in terms of (i) its ability to pursue its industrial development strategy over the long term, which corresponds to the duration of the business cycles in the markets where it has a distinct competitive edge (particularly the nuclear market), and (ii) its commitment to continue to implement a responsible human resources policy.

At 31 March 2018, HDL Development held 9,611,013 shares, representing 61.34% of the Company's share capital and 76.90% of its voting rights.

Pledged shares of the Company and its subsidiaries (at 31 December 2017)

No Assystem shares were pledged at 31 December 2017 as HDL Development had fully repaid the amounts it owed under a refinancing loan set up with a banking pool on 28 September 2017.

Pledged shares of the Company and its subsidiaries (at 19 January 2018)

Shareholder	Beneficiary	Pledge start date	Pledge expiry date	Conditions for releasing pledge	Number of the issuer's shares pledged	% of the issuer's capital pledged
HDL Development	LCL	19 January 2018	30 June 2020	Loan repayment	1,263,547*	8.06%

* *Following a €25.65 million medium-term loan granted to HDL Development by a banking pool on 19 January 2018.*

Crossing of disclosure thresholds

The following crossings of disclosure thresholds provided for in the Articles of Association were notified to the Company in 2017:

Shareholder	Date threshold crossed	Reason	Above/ below threshold	Threshold crossed	Reference capital	Reference voting rights	Number of shares owned	% capital	% voting rights	Date of letter informing issuer
Caisse des dépôts et consignations	26/12/2017	Disclosure on behalf of controlled entities	Below	Threshold of 2% of the capital provided for in the Articles of Association	22,218,216	34,873,401	351,635	1.58%	0.97%	26 December 2017
Moneta Asset Management	27/12/2017	Disclosure on behalf of controlled entities	Below	Threshold of 4% of the capital provided for in the Articles of Association	22,218,216	34,873,401	670,363	3.02%	1.86%	5 January 2018

To the best of the Company's knowledge, at the date this Registration Document was prepared, no other shareholder directly or indirectly held, alone or in concert, more than 2% of the Company's share capital or voting rights.

Transactions in the Company's securities carried out by executives (on the basis of disclosures submitted to the AMF by the Company's executives)

None.

7.2.3 SHARE PERFORMANCE

Assystem shares are listed on compartment B of the Euronext Paris market of NYSE Euronext.

In 2017, Assystem's share price rose by 13.03%, reaching €29.92 at the year-end compared with €26.47 at the end of 2016.

The average Assystem share price in 2017 was €31.77, with a high of €37.67 on 10 May 2017 and a low of €25.80 on 6 January 2017.

Average monthly trading volumes for 2017 were 305,933 shares and €10,023,904.

7.2.3.1 Share price and trading volumes (source: Euronext)

Date	High	Date of High	Low	Date of Low	Closing price	Trading volume (in no. of shares)	Trading volume (in €)
January 2017	30.40	11/01/2017	25.80	06/01/2017	29.38	212,659	5,968,153
February 2017	29.67	28/02/2017	28.10	20/02/2017	29.22	84,854	2,427,426
March 2017	33.50	20/03/2017	28.00	07/03/2017	32.79	575,275	18,206,121
April 2017	34.40	28/04/2017	30.20	13/04/2017	33.55	259,353	10,897,572
May 2017	37.67	10/05/2017	30.94	15/05/2017	34.00	644,198	22,246,448
June 2017	36.50	02/06/2017	30.45	21/06/2017	31.00	250,404	8,087,570
July 2017	33.61	20/07/2017	29.37	29/07/2017	32.38	324,563	10,154,373
August 2017	33.07	15/08/2017	30.71	11/08/2017	31.38	174,696	5,494,606
September 2017	33.19	29/09/2017	30.50	01/09/2017	33.00	285,539	9,081,811
October 2017	34.80	10/10/2017	31.31	16/10/2017	33.21	311,341	10,362,517
November 2017	33.60	01/11/2017	30.51	17/11/2017	31.60	300,322	9,516,049
December 2017	34.96	18/12/2017	29.80	27/12/2017	29.92	247,988	7,844,197

Source: Euronext - This data is provided for information purposes only.
ISIN: FR0000074148.
Share included in the CAC All-Tradable index.

7.2.3.2 Market data

	2016	2017
Market capitalisation at year-end	€588m	€468m
Share price		
• High	€27.34	€37.67
• Low	€20.27	€25.80
Share price at year-end	€26.47	€29.92

7.2.3.3 Dividends

Year	Number of eligible shares	Dividend paid for the year
2014	21,634,698	€0.75 per share
2015	21,304,807	€0.80 per share
2016	21,158,238	€1.00 per share
2017	15,143,811*	€1.00 per share

* *Estimated number of eligible shares based on the number of shares making up the Company's capital at 31 March 2018 less the number of treasury shares held at that date.*

In accordance with Article 2224 of the French Civil Code, any dividends not claimed within five years of the date of their payment revert to the French State.

At the Annual General Meeting of 16 May 2017, the shareholders approved the payment of a dividend of €1 for each share making up the Company's share capital (excluding treasury shares).

At the next Annual General Meeting to be held on 16 May 2018, a dividend payment of €1 per share will be proposed.

7.2.3.4 Dividend policy

Assystem's dividend policy is determined by its corporate governance bodies, based on the Group's dividend payment capacity, financial position and financing requirements.

Dividend payouts may change compared with previously paid amounts and will always remain in line with the Group's business plan.

7.2.3.5 Per-share data

In euros	2016	2017
Diluted earnings per share	1.23	19.09

The calculation of the diluted average weighted number of shares used for determining diluted earnings per share is explained in Note 7.3 to the consolidated financial statements.

7.2.4 ADDITIONAL INFORMATION ABOUT THE SHARE CAPITAL

Authorised share capital

The table below provides a summary of the authorisations in force concerning capital increases and reductions, as voted by shareholders at the Annual General Meeting of 16 May 2017, as well as their use during 2017.

Authorisation	Maximum amount of capital increase/reduction	Duration	AGM at which the resolution was approved	Use in 2017
To reduce the Company's capital through the cancellation of shares purchased under share buyback programmes.	Cancellation capped at 10% of the shares making up the Company's share capital at the transaction date	18 months (up to 16/11/2018)	16/05/2017 (17th resolution)	Yes. 550,000 shares cancelled on 21 December 2017
To increase the Company's capital through the issuance of shares and/or securities carrying rights to shares, with pre-emptive subscription rights.	Maximum nominal amount of capital increase(s): €10,000,000	26 months (up to 16/07/2019)	16/05/2017 (19th resolution)	No
To increase the Company's capital through the issuance of shares and/or securities carrying rights to shares, without pre-emptive subscription rights	Maximum nominal amount of capital increase(s): €7,000,000	26 months (up to 16/07/2019)	16/05/2017 (20th resolution)	No
To increase the Company's capital through the issuance of shares and/or securities carrying rights to shares, without pre-emptive subscription rights, by way of a private placement.	Maximum nominal amount of capital increase(s): €2,000,000	26 months (up to 16/07/2019)	16/05/2017 (21st resolution)	No
To set the issue price for issues of shares and/or securities carrying rights to shares carried out without pre-emptive subscription rights, subject to a ceiling of 10% of the Company's capital as well as the ceilings provided for at the AGM.	10% of the Company's share capital per 12-month period, and subject to the ceilings provided for at the AGM	26 months (up to 16/07/2019)	16/05/2017 (22nd resolution)	No
To increase the amount of issues carried out with or without pre-emptive subscription rights pursuant to the 19th to 21st resolutions.	Up to 15% of the original issue	26 months (up to 116/07/2019)	16/05/2017 (23rd resolution)	No
To set a blanket ceiling for the overall amount by which the Company's capital may be increased (pursuant to the 19th to 21st resolutions).	€10,000,000 maximum nominal amount for issues of shares and €100,000,000 maximum nominal amount for issues of debt securities	26 months (up to 16/07/2019)	16/05/2017 (24th resolution)	No
To increase the Company's capital by capitalising share premiums, reserves, profit or other eligible items.	Maximum nominal amount of capital increase(s): €20,000,000	26 months (up to 16/07/2019)	16/05/2017 (25th resolution)	No
To award free shares/performance shares (existing or newly-issued shares)	3% increase in the nominal amount of the Company's capital at the award date	38 months (up to 16/07/2020)	16/05/2017 (26th resolution)	**Yes. Free share plans set up on 26 July 2017 and 7 September 2017 (see page 177)**
To issue BSAAR or BSA stock warrants (without pre-emptive subscription rights) to employees and officers of the Company and its subsidiaries.	€666,546, representing a maximum total of 666,546 shares, i.e. 3% of the Company's capital	18 months (up to 26/11/2018)	16/05/2017 (28th resolution)	No
To set a blanket ceiling on the issues carried out pursuant to the 27th and 28th resolutions.	Ceiling: 1,999,638 shares	Same period as that in the resolution concerned	16/05/2017 (29th resolution)	No
To increase the Company's capital through the issuance of shares and/or securities carrying rights to shares for members of a company or Group savings plan.	Maximum nominal amount of 2% of the Company's capital at the issue date	26 months (up to 16/07/2019)	16/05/2017 (30th resolution)	No

Potential share capital

At the date this Registration Document was filed, potential share capital solely comprised performance shares. The Ornane and Odirnane bonds previously issued by the Company were redeemed in the first half of 2017 (see Sections 7.2.5 and 7.2.6 below).

7.2.5 ORNANE BONDS (BONDS REDEEMABLE IN CASH AND/OR IN NEW AND/OR EXISTING SHARES)

On 6 July 2011, the Company issued 4,181,818 bonds redeemable in cash and/or in new and/or existing shares (Ornane bonds) with the following features:

Ticker	ISIN	Issue date	Maturity date	Strike ratio	Issue price	Number of Ornane bonds
ASSYSTORN4%JAN17	FR0011073006	06/07/2011	01/01/2017	1.03 Ornane bonds for 1 share*	€22.00	4,181,818

* *The holders of the Ornane bonds were informed by a Euronext notice dated 2 June 2016 that following the payment of the ordinary dividend of €0.80 per share to the Company's shareholders, the conversion ratio had been increased from 1.02 to 1.03 Assystem shares for 1 Ornane bond, effective from 2 June 2016.*

- total nominal amount: €91,999,996;
- coupon: annual nominal rate of 4% payable in arrears on 1 January each year, i.e. €0.88 per Ornane per year;
- fully redeemable at maturity at par. The redemption procedures and the potential dilutive impact are detailed in the management report and in the notes to the consolidated financial statements;
- share allotment entitlement: bondholders were entitled to allotments of new and/or existing shares under the conditions set out in the Securities Note approved by the AMF on 28 June 2011 under no. 11–268.

Changes in the number of outstanding Ornane bonds

At 31 December 2016, there were 3,757 outstanding Ornane bonds.

On 2 January 2017, all of these 3,757 Ornane bonds were redeemed in accordance with the bonds' indenture for a total of €83,854.

See Note 8.5 in Chapter 6, Section 6.1 for further information.

7.2.6 ODIRNANE BONDS (PERPETUAL BONDS REDEEMABLE IN CASH AND/OR NEW AND/OR EXISTING SHARES)

On 9 July 2014, the Company issued 5,602,240 perpetual bonds redeemable in cash and/or in new and/or existing shares (Odirnane bonds) representing a total amount of €159,999,974.40.

Total issue amount	€160 million
Issue date	09/07/2014
Maturity	Perpetual
Number of bonds issued	5,602,240
Number of bonds outstanding at 31/12/2017	0
Nominal value (with 30% premium)(1)	€28.56
Fixed interest rate until 16/07/2021(2)	4.5%

(1) Reference price of €21.97.
(2) As from 17 July 2021, the bonds would have paid interest at an annual nominal rate equal to the six-month Euribor plus 800 basis points, payable half-yearly in arrears on 17 July and 17 January each year. The first date on which this interest would have been payable (if applicable) would have been 17 January 2022, subject to any suspension of interest payments.

At 31 December 2016, 490,268 Odirnane bonds remained outstanding (representing 8.75% of the original issue).

On 1 February 2017, Assystem announced that all of its outstanding Odirnane bonds been redeemed in full in cash, without any Assystem shares allocated to their holders. The cost of these redemptions, including accrued coupons, totalled €14.35 million, which was paid between late February and 6 March 2017.

See Note 8.2 in Chapter 6, Section 6.1 for further information.

7.2.7 STOCK OPTIONS

No stock options were awarded in 2017.

7.2.8 FREE SHARE AND PERFORMANCE SHARE AWARDS

The Board of Directors awarded the following free shares and performance shares in 2017:

	05/2017 plan	07/2017 plan	07/2017 plan	07/2017 plan (NT2)	07/2017 plan (T3)	09/2017 plan
Date of AGM	24/05/2016	24/05/2016	24/05/2017	24/05/2016	24/05/2016	16/05/2017
Date of award (Board of Directors meeting)	09/05/2017	26/07/2017	26/07/2017	26/07/2017	26/07/2017	07/09/2017
Number of free shares or performance shares awarded	6,000	1,000	3,000	91,800	66,750	10,500
Number of beneficiaries	1	1	1	89	89	13
Vesting date	30/04/2020	26/07/2019	30/04/2020	30/04/2020	30/04/2020	30/04/2020
End of lock-up period	30/04/2020	26/07/2019	30/04/2020	30/04/2020	30/04/2020	30/04/2020
Number of free shares or performance shares vested	0	0	0	0	0	0
Number of free shares or performance shares not yet vested	6,000	1,000	3,000	90,440	65,750	10,500

The table below provides a summary of the free share and performance share plans put in place by the Group (also see Note 5.3.3 in Chapter 6, Section 6.1).

	03/2012 plan	03/2014 plan	05/2014 plan	05/2014 plan	07/2014 plan	04/2015 plan	07/2016 plan (T1)	11/2016 plan
Date of AGM	05/05/2010	22/05/2013	22/05/2013	22/05/2014	22/05/2014	22/05/2014	24/05/2016	24/05/2016
Date of award (Management Board/Board of Directors meeting)	13/03/2012	24/03/2014	12/05/2014	22/05/2014	07/07/2014	29/04/2015	04/07/2016	07/11/2016
Number of free shares or performance shares awarded	60,000	9,000*	6,000*	500*	1,500*	2,500*	68,250	7,000
Number of beneficiaries	5	2	1	1	3	1	89	1*
Vesting date	14/03/2015	24/03/2016	12/05/2016	22/05/2016	07/07/2018	29/04/2017	30/04/2020	31/12/2018
End of lock-up period	14/03/2017	24/03/2018	12/05/2018	22/05/2018	07/07/2018	29/04/2019	30/04/2020	31/12/2018
Number of free shares or performance shares vested	49,780	7,000	6,000	500	0	0	0	0
Number of free shares or performance shares not yet vested	0	2,000	0	0	1,500	0	66,500	7,000

* *Share awards subject to a single condition, i.e. that the beneficiary still forms part of the Group at the vesting date.*

7.2.9 TREASURY SHARE TRANSACTIONS CARRIED OUT BY THE COMPANY IN 2017 (DISCLOSED IN ACCORDANCE WITH ARTICLE L. 225-211 OF THE FRENCH COMMERCIAL CODE)

In the seventeenth resolution of the 16 May 2017 Annual General Meeting, the shareholders granted the Board of Directors an authorization to carry out a share buyback programme.

7.2.10 DESCRIPTION OF THE SHARE BUYBACK PROGRAMME (DISCLOSED IN ACCORDANCE WITH ARTICLE 241-2 OF THE AMF'S GENERAL REGULATIONS)

In compliance with Article L. 225-209 of the French Commercial Code, at the 16 May 2017 Annual General Meeting, Assystem's shareholders granted the Company an eighteen-month authorisation (expiring on 16 November 2018) to buy back its own shares. This authorisation superseded the previous authorisation granted for the same purpose at the Annual General Meeting of 24 May 2016.

A document describing the share buyback programme put in place by the Board of Directors at its 16 May 2017 meeting was filed electronically with the AMF and published electronically by Hugin InPublic (an AMF-approved electronic publisher).

The shares bought back under the programme may not represent over 10% of the Company's capital and the maximum purchase price set by the Company's shareholders was €40 (excluding costs). The overall ceiling on the programme is €35,000,000.

The shares purchased under the buyback programme may be used for the following purposes:

- to maintain the liquidity of the Company's shares under a liquidity contract entered into with an investment services provider that complies with a Code of Conduct recognised by the AMF;
- to honour obligations associated with stock option and/or free share/performance share plans, employee savings schemes or other share allotments made to employees and officers of the Company or related companies;

- for allocation on exercise of rights attached to securities redeemable, convertible, exchangeable or otherwise exercisable for the Company's shares;
- to be held and subsequently used in exchange or as payment in connection with external growth transactions;
- for subsequent cancellation; or
- more generally, for any purpose authorised by law or any market practice that may be permitted by the market authorities, in the future, provided that in such a case the Company notifies its shareholders by way of a press release.

In the event of a corporate action, such as the capitalisation of reserves and a bonus share allotment, a stock split or reverse stock split, the prices indicated above will be adjusted accordingly.

If the Company buys back its own shares without subsequently cancelling them, this may have an impact on its taxable earnings if the shares are then sold or transferred at a different price than their purchase price.

7.2.11 USE OF SHARE BUYBACK PROGRAMMES IN 2017

The table below provides a summary of Assystem's use of its share buyback programmes during 2017:

Treasury shares held at 31/12/2016	1,068,442
Number of shares used per end-purpose	
Liquidity contracts and share buyback mandate:	
• Shares purchased under the liquidity contract	71,465
• Shares purchased under the share buyback mandate	0
• Shares sold under the liquidity contract	78,254
• Shares cancelled during the year	0
Shares sold outside the scope of the liquidity contract	
Shares allocated to employees or officers:	
• Shares delivered under free or performance share plans	2,500
• Shares delivered to redeem Ornane bonds	
Shares used for external growth transactions:	
• Shares used as payment in connection with external growth transactions	
Shares cancelled:	
• Shares cancelled during the year	550,000
• Shares cancelled during the past 24 months	550,000
Treasury shares held at 31 December 2017	509,153
Value of shares held at 31 December 2017 at the average purchase price	6,365,145.56
Additional information (in euros):	
• Average purchase price	31.33
• Average sale price	31.32
• Transaction costs	115,970

7.2.12 LIQUIDITY CONTRACT

Assystem entered into a liquidity contract with Kepler Cheuvreux covering its ordinary shares and effective from 1 December 2016 for an automatically-renewable one-year term. This contract complies with the AMAFI Code of Conduct which was approved by the AMF on 21 March 2011.

The following assets were allocated to the liquidity account when the liquidity contract was set up:

- 22,970 Assystem shares;
- €923,444.41 in cash.

The shares purchased under the liquidity contract are used to maintain the liquidity of the Company's shares and to enable the Company to implement and honour its obligations under stock option and/or free share/performance share plans as well as other share allotments made to employees and officers of the Group.

At 31 December 2017, the liquidity account held the following assets:

- 15,605 shares;
- €752,122.75 in cash.

7.2.13 ASSYSTEM SHARES HELD BY THE COMPANY (OUTSIDE THE SCOPE OF THE LIQUIDITY CONTRACT)

On 22 December 2017, the Company appointed Exane BNP Paribas to acquire by 31 December 2018 on Euronext Paris, in successive purchases, either on the open market or in block trades, a maximum of 350,000 Assystem shares at a maximum price per share equal to the lower of the following amounts:

- €29 (twenty-nine euros);
- the higher of either the last quoted share price or the best offer price posted in the central order book when the trade is executed.

During 2017, Exane BNP Paribas did not buy any shares within the scope of this mandate.

7.2.14 CHANGES IN SHARE CAPITAL OVER THE LAST THREE YEARS

The table below presents the changes in Assystem's share capital over the last three years, showing:

- the governance body that took the decision concerned and the date the relevant meeting of that body was held;
- the type of transaction;
- the exact amount of the capital increase or reduction (in euros);
- the issue premium;
- the number of shares issued/cancelled; and
- the new amount of the share capital.

EGM/Board of Directors' meeting	Type of transaction	Capital increase/ reduction	Issue premium	Number of shares issued/ cancelled	New amount of share capital
6 January 2015	Capital increase following the exercise of stock warrants (BSA) from 1 December to 31 December 2014	€19,227	€194,192.70	19,227	€22,154,831
9 February 2015	Capital increase following the exercise of stock warrants (BSA) from 1 January to 31 January 2015	€506	€5,110.60	506	€22,155,337
1 April 2015	Capital increase following the exercise of stock warrants (BSA) from 1 February to 31 March 2015	€11,847	€119,654.70	11,847	€22,167,184
5 June 2015	Capital increase following the exercise of stock warrants (BSA) from 1 May to 31 May 2015	€15,294	€154,469.40	15,294	€22,183,478
15 July 2015	Capital increase following the exercise of stock warrants (BSA) from 1 June to 30 June 2015	€34,738	€350,853.80	34,738	€22,218,216
21 December 2017	Capital reduction following Assystem's share buyback offer	€6,550,000	€239,075,000	6,550,000	€15,668,216

Based on the information notified to the Company, Assystem's ownership structure at the end of the last three financial years was as follows:

AT 31 DECEMBER 2017

	Shares	%	Exercisable voting rights	%	Theoretical voting rights	%
HDL Development	9,611,013	61.34	19,222,026	76.86	19,222,026	75.32
Free float	5,548,050	35.41	5,787,791	23.14	5,787,791	22.68
Treasury shares	509,153	3.25	0	0	509,153	2.00
Total	**15,668,216**	**100**	**25,009,817**	**100**	**25,518,970**	**100**

AT 31 DECEMBER 2016

	Shares	%	Exercisable voting rights	%	Theoretical voting rights	%
HDL Development	13,478,407	60.66	26,956,814	77.23	26,956,814	74.94
Free float	7,671,367	34.53	7,946,313	22.77	7,946,313	22.09
Treasury shares	1,068,442	4.81	0	0	1,068,442	2.97
Total	**22,218,216**	**100**	**34,903,127**	**100**	**35,971,569**	**100**

AT 31 DECEMBER 2015

	Shares	%	Exercisable voting rights	%	Theoretical voting rights	%
HDL Development	13,478,407	60.66	13,478,407	61.87	13,478,407	59.99
Free float	8,059,660	36.28	8,307,772	38.13	8,501,612	36.98
Treasury shares	680,149	3.06	0	0	680,149	3.03
Total	**22,218,216**	**100**	**21,786,179**	**100**	**22,466,328**	**100**

7.3 STATUTORY AUDIT AND FEES PAID BY THE GROUP TO THE STATUTORY AUDITORS AND MEMBERS OF THEIR NETWORKS

7.3.1 STATUTORY AUDIT

In compliance with French commercial law, Assystem's Statutory Auditors certify the consolidated and parent company financial statements and, through members of their networks, examine the accounts of all fully consolidated subsidiaries.

For 2017, the fees paid by the Group for audit engagements amounted to €757 thousand for KPMG and €539 thousand for Deloitte & Associés.

A table setting out the fees recognised by Assystem and its fully consolidated subsidiaries in 2017 for work carried out by the Statutory Auditors is provided below.

7.3.2 STATUTORY AUDITORS

Statutory Auditors	Date last appointed	End of current term
KPMG Represented by Eric Ropert Tour Eqho, 2 avenue Gambetta – CS 60055 92066 Paris La Défense, France	22 May 2015	Annual General Meeting to be called to approve the financial statements for the year ending 31 December 2020
Deloitte & Associés Represented by Albert Aidan 185, avenue Charles-de-Gaulle – BP 136 92200 Neuilly-sur-Seine, France	16 May 2017	Annual General Meeting to be called to approve the financial statements for the year ending 31 December 2022
Substitute Auditor		
Salustro Reydel Tour Eqho, 2 avenue Gambetta – CS 60055 92066 Paris La Défense, France	22 May 2015	Annual General Meeting to be called to approve the financial statements for the year ending 31 December 2020

7.3.3 STATUTORY AUDITORS' FEES IN 2017

	Deloitte & Associés				KPMG			
	Statutory Auditors		Network		Statutory Auditors		Network	
In thousands of euros	Amount	%	Amount	%	Amount	%	Amount	%
Certification of consolidated and separate financial statements and limited review of half-yearly financial statements								
Issuer	254	47%	–	–	208	27%	–	–
Controlled entities	245	45%	–	–	182	24%	138	100%
Sub-total	498	92%	–	–	390	52%	138	100%
Services other than certifying financial statements								
Issuer[(1)]	26	5%	–	–	367	48%	–	–
Controlled entities[(2)]	15	3%	–	–	–	–	–	–
Sub-total	41	8%	–	–	367	48%	–	–
Total	**539**	**100%**	–	–	**757**	**100%**	**138**	**100%**

(1) Primarily due diligence assignments related to Assystem's investment in Framatome and the acquisition of the Biotech Quality Group.

(2) Primarily reviews of the German subsidiaries' tax reporting packages.

7.4 SPECIAL REPORT ON AWARDS OF FREE SHARES AND PERFORMANCE SHARES

Annual General Meeting of 16 May 2018

To the Shareholders,

In accordance with Article L. 225-197-4 of the French Commercial Code, we hereby report to you on free share and performance share awards made (i) to corporate officers and certain employees of Assystem, and (ii) within Assystem's subsidiaries.

7.4.1 FREE SHARE AND PERFORMANCE SHARE AWARDS DECIDED BY THE COMPANY'S MANAGEMENT BOARD

In the year ended 31 December 2012

During 2012, the Management Board used the authorisation granted in the 15th resolution of the Annual General Meeting of 5 May 2010 as follows:

- At its meeting on 13 March 2012, it awarded 60,000 performance shares to the members of the Company's Management Board (with the exception of the Chairman). These shares vested after a period of three years, subject to the beneficiaries still forming part of the Group at that date and to the achievement of the applicable performance conditions (with each condition accounting for one third of the vested shares).
- At its meeting on 13 March 2012, it awarded 1,000 free shares to certain Group employees in France[1].

The vesting period under these plans ended on 14 March 2015 and the applicable lock-up period ended on 14 March 2017.

In the year ended 31 December 2013

No free shares or performance shares were awarded in 2013.

In the year ended 31 December 2014

During 2014, the Management Board used the authorisation granted by shareholders in the 19th resolution of the 22 May 2013 Annual General Meeting as follows:

- At its meeting on 24 March 2014, it awarded 9,000 free shares to certain employees of Group companies in France[1].
- At its meeting on 12 May 2014, it awarded 6,000 free shares to certain employees of Group companies in France[1].

7.4.2 FREE SHARE AND PERFORMANCE SHARE AWARDS DECIDED BY THE COMPANY'S BOARD OF DIRECTORS

In the year ended 31 December 2014

During 2014, the Board of Directors used the authorisation granted by shareholders in the 25th resolution of the 22 May 2014 Annual General Meeting as follows:

- At its meeting on 22 May 2014, it awarded 500 free shares to certain employees of Group companies in France[1].
- At its meeting on 7 July 2014, it awarded 1,500 free shares to certain employees of Group companies in France[1].

The vesting periods under the plans concerned ended on 24 March, 12 May, 22 May and 7 July 2016 respectively and the applicable lock-up periods end on 24 March, 12 May, 22 May and 7 July 2018.

In the year ended 31 December 2015

At its meeting on 29 April 2015, the Board of Directors used the authorisation granted by shareholders in the 25th resolution of the 22 May 2014 Annual General Meeting to award 2,500 free shares to an employee of a Spanish subsidiary of the Assystem Group[1].

The vesting period for this free share plan ended on 29 April 2017 and the lock-up period will end on 29 April 2019.

In the year ended 31 December 2016

At its meeting on 4 July 2016, the Board of Directors used the authorisation granted by shareholders in the 24th resolution of the 24 May 2016 Annual General Meeting to award 300,300 performance shares[1] to 91 people.

The vesting period for this performance share plan ended on 30 April 2017 for Tranche 1 and will end on 30 April 2020 for Tranche 2. There is no lock-up period.

At its meeting on 7 November 2016, the Board of Directors used the authorisation granted by shareholders in the 24th resolution of the 24 May 2016 Annual General Meeting to award 7,000 performance shares to one person[1].

The vesting period for this free share plan will end on 31 December 2018 and there is no lock-up period.

(1) The vesting of these shares is subject to performance conditions.

In the year ended 31 December 2017

At its meeting on 26 July 2017, the Board of Directors used the authorisation granted by shareholders in the 24th resolution of the 24 May 2016 Annual General Meeting to:

- Amend the 4 July 2016 performance share plan by setting the portion of the shares that will vest for beneficiaries under Tranche 2 of the plan at the end of the applicable vesting period (i.e. on 30 April 2020) at a fixed 40% of the shares that were originally awarded to them on 4 July 2016. For the remaining 89 beneficiaries under this Tranche, this proportion corresponds to 91,800 shares. The vesting of these shares will not be subject to any performance conditions and the only condition that will apply is that the beneficiaries must form part of the Group on an uninterrupted basis from 4 July 2016 to 30 April 2020. No lock-up period applies after the shares vest.
- Award 66,750 performance shares[1] to 89 people. The vesting of these shares is subject to the beneficiaries forming part of the Group on an uninterrupted basis from 26 July 2017 to 30 April 2020. No lock up period applies under this plan.
- Award 1,000 performance shares[1] to one person. The vesting period for this plan will end on 26 July 2019 and there is no lock-up period.
- Award 3,000 performance shares[1] to one person. The vesting period for this plan will end on 30 April 2020 and there is no lock-up period.

At its meeting on 7 September 2017, the Board of Directors used the authorisation granted by shareholders in the 26th resolution of the Annual General Meeting of 16 May 2017 to award 10,500 performance shares [1] to 13 people.

The vesting period for this plan will end on 30 April 2020 and there is no lock-up period.

7.4.3 FREE SHARES AND PERFORMANCE SHARES AWARDED DURING 2017 BY RELATED COMPANIES AS DEFINED IN ARTICLE L. 225-197-2 OF THE FRENCH COMMERCIAL CODE

None.

7.4.4 FREE SHARES AND PERFORMANCE SHARES AWARDED BY CONTROLLED COMPANIES AS DEFINED IN ARTICLE L. 233-16 OF THE FRENCH COMMERCIAL CODE

None.

7.5 SPECIAL REPORT ON STOCK OPTIONS

None.

(1) The vesting of these shares is subject to performance conditions.

8

ANNUAL GENERAL MEETING OF 16 MAY 2018

8.1 AGENDA

8.1.1 ORDINARY BUSINESS

- The Board of Directors' management report, including the report on the Group's operations in 2017 and the corporate governance report; presentation by the Board of Directors of the parent company and consolidated financial statements for the year ended 31 December 2017.
- Statutory Auditors' reports on the parent company and consolidated financial statements for the year ended 31 December 2017.
- Statutory Auditors' reports on Corporate Social Responsibility and the related-party agreements governed by Articles L. 225-38 *et seq.* of the French Commercial Code.
- First resolution – Approval of the parent company financial statements for the year ended 31 December 2017.
- Second resolution – Approval of the consolidated financial statements for the year ended 31 December 2017.
- Third resolution – Discharge given to the Board of Directors for its duties performed in 2017.
- Fourth resolution – Appropriation of 2017 profit.
- Fifth resolution – Ratification of the Board's appointment of a director.
- Sixth resolution – Review of related-party agreements governed by Articles L. 225-38 *et seq.* of the French Commercial Code.
- Seventh resolution – Approval of the compensation policy applicable to the Chairman & CEO, Dominique Louis.
- Eighth resolution – Approval of the compensation policy applicable to the CFO & Deputy CEO, Philippe Chevallier.
- Ninth resolution – Approval of the components of the compensation and benefits due or awarded for 2017 to the Chairman & CEO, Dominique Louis.
- Tenth resolution – Approval of the components of the compensation and benefits due or awarded for 2017 to the CFO & Deputy CEO, Philippe Chevallier.
- Eleventh resolution – Setting directors' fees for 2018.
- Twelfth resolution – Authorisation for the Board of Directors to carry out a share buyback programme in accordance with Articles L. 225-209 to L. 225-212 of the French Commercial Code.

8.2.2 EXTRAORDINARY BUSINESS

- Thirteenth resolution – Authorisation for the Board of Directors to reduce the Company's capital by cancelling treasury shares.
- Fourteenth resolution – Authorisation for the Board of Directors to increase the Company's capital by a maximum aggregate nominal amount of €4,500,000 by issuing ordinary shares and/or other securities, with pre-emptive subscription rights for existing shareholders.
- Fifteenth resolution – Authorisation for the Board of Directors to increase the Company's capital by a maximum aggregate nominal amount of €3 million by issuing ordinary shares and/or other securities through a public offering, without pre-emptive subscription rights for existing shareholders.
- Sixteenth resolution – Authorisation for the Board of Directors to increase the Company's capital by a maximum aggregate nominal amount of €1,500,000 by issuing ordinary shares and/or other securities by way of a private placement, as defined in paragraph II of Article L. 411-2 of the French Monetary and Financial Code, without pre-emptive subscription rights for existing shareholders.
- Seventeenth resolution – Authorisation for the Board of Directors to set the issue price for issues of shares or other securities carried out without pre-emptive subscription rights for existing shareholders, subject to a ceiling of 10% of the Company's capital.
- Eighteenth resolution – Authorisation for the Board of Directors to increase the number of securities issued in the event of a capital increase carried out using the above authorisations, with or without pre-emptive subscription rights for existing shareholders.
- Nineteenth resolution – Blanket ceilings for issues carried out using the above authorisations.
- Twentieth resolution – Authorisation to increase the Company's capital by a maximum nominal amount of €15 million by capitalising share premiums, reserves, profit or other eligible items.
- Twenty-first resolution – Authorisation for the Board of Directors to grant new or existing shares free of consideration, in accordance with Articles L. 225-197-1 *et seq.* of the French Commercial Code.
- Twenty-second resolution – Authorisation for the Board of Directors to issue stock warrants (BSAAR and BSA) to employees and officers of the Company and its subsidiaries, without pre-emptive subscription rights for existing shareholders.
- Twenty-third resolution – Blanket ceiling for issues carried out pursuant to the twenty-first resolution (free share grants) and the twenty-second resolution (stock warrant issues).
- Twenty-fourth resolution – Authorisation to increase the Company's capital by issuing shares and/or securities carrying rights to the Company's shares to employees who are members of a company or Group employee savings plan.
- Twenty-fifth resolution – Powers to carry out formalities.

8.2 PURPOSE OF THE PROPOSED RESOLUTIONS

8.2.1 ORDINARY RESOLUTIONS

FIRST, SECOND AND THIRD RESOLUTIONS – APPROVAL OF THE 2017 FINANCIAL STATEMENTS

Purpose

In the **1st, 2nd and 3rd resolutions**, shareholders are invited to approve Assystem's parent company and consolidated financial statements for the year ended 31 December 2017 and to give full discharge to the Board of Directors for the performance of its duties in 2017.

FOURTH RESOLUTION – APPROPRIATION OF PROFIT AND APPROVAL OF A DIVIDEND PAYMENT

Purpose

In the **4th resolution**, shareholders are invited to appropriate the Company's profit for the year ended 31 December 2017 and to approve a dividend payment of €1 per share.

FIFTH RESOLUTION – RATIFICATION OF THE BOARD'S APPOINTMENT OF A DIRECTOR

Purpose

In the **5th resolution**, the Board of Directors is asking shareholders to ratify its 30 November 2017 appointment of Tikehau Capital as a director to replace Salvepar (following Salvepar's merger into Tikehau Capital), for the remainder of Salvepar's term, which expires at the close of the Annual General Meeting to be held to approve the 2019 financial statements.

SIXTH RESOLUTION – APPROVAL OF A RELATED-PARTY AGREEMENT

Purpose

Following the formation of HDL Development and its successful takeover bid for Assystem shares, two related party agreements were signed:

- On 1 April 2014, HDL and HDL Development signed a services agreement in relation to HDL's compensation in its capacity as Chair of HDL Development. HDL was paid €200,000 under this agreement in 2017.
- On 1 April 2014, HDL and HDL Development signed a services agreement under which HDL undertook to provide services to HDL Development involving strategy definition, management, organisation and oversight for the Assystem Group.

This second agreement – which was amended on 1 October 2014, 29 April 2015 and 7 March 2017 – provided for the payment of €348,000 in fixed compensation to HDL for 2017. In addition to this fixed compensation, HDL was entitled to variable compensation representing up to €817,800, based on (i) Assystem's consolidated EBITA (75% weighting) and (ii) Assystem's free cash flow (25% weighting). The amount payable based on each of these criteria was determined on a straight-line basis between a floor (i.e. the level below which the criterion is deemed not to have been met) and a cap (i.e. the level at which the criterion is deemed to have been fully met).

- EBITA corresponds to operating profit before share-based payment expense (free shares/performance shares and stock options), acquisition costs, capital gains and losses arising on business divestments, and non-recurring items (i.e. income and expenses related to unusual, atypical and infrequent events).
- Free cash flow corresponds to net cash generated from operating activities less capital expenditure, net of disposals and excluding cash generated by discontinued operations.

However, in view of the transfer of control of the GPS division that took place on 28 September 2017 (see Chapter 1), these criteria were automatically rendered null and void. Consequently, at its meeting on 15 March 2018, acting on the recommendation of the Nominations and Compensation Committee and based on Assystem's financial results for the year, the Board decided to award HDL a gross amount of €280,000 in variable compensation for 2017.

SEVENTH AND EIGHTH RESOLUTIONS – APPROVAL OF THE COMPENSATION POLICIES APPLICABLE TO THE CHAIRMAN & CEO, DOMINIQUE LOUIS, AND THE CFO & DEPUTY CEO, PHILLIPPE CHEVALLIER

Purpose

In accordance with Article L. 225-37-2 of the French Commercial Code, as introduced by Act no. 2016-1691 dated 9 December 2016, once a year – and each time an executive officer's term is renewed – a resolution must be submitted at the Annual General Meeting concerning the principles and criteria used for determining, allocating and awarding the fixed, variable and exceptional components making up the total compensation and benefits of the Chairman, Chief Executive Officer(s) and Deputy Chief Executive Officer(s).

Consequently, in the seventh and eighth resolutions, the Board is seeking shareholder approval of the principles and criteria used for determining, allocating and awarding the fixed, variable and exceptional components making up the total compensation and benefits of Dominique Louis (Chairman & CEO) and Philippe Chevallier (CFO & Deputy CEO) for 2018, as presented in Chapter 2 of this Registration Document.

NINTH AND TENTH RESOLUTIONS – APPROVAL OF THE COMPONENTS OF THE COMPENSATION AND BENEFITS DUE OR AWARDED FOR 2017 TO THE CHAIRMAN & CEO, DOMINIQUE LOUIS, AND THE CFO & DEPUTY CEO, PHILIPPE CHEVALLIER

Purpose

In the **9th and 10th** resolutions, the Board is asking shareholders to approve the components of the compensation and benefits due or awarded for 2017 to Dominique Louis, Chairman & CEO, and Philippe Chevallier, CFO & Deputy CEO, as presented in Chapter 2 of this Registration Document.

ELEVENTH RESOLUTION – 2018 DIRECTORS' FEES

Purpose

In the **11th resolution**, the Board is asking shareholders to set the annual aggregate amount of directors' fees for 2018 at €215,000. This amount takes into consideration the fact that a director representing employees will be appointed to the Board in 2018.

The Company does not currently have any directors representing employees. However, following the introduction of the French Act dated 17 August 2015 (the Rebsamen Act), public limited companies in France are now required to have employee representatives on their management bodies. Consequently, following the issue of the Group Works Council's opinion on the matter on 10 March 2017, during the extraordinary session of the 16 May 2017 Annual General Meeting, the shareholders amended the Company's Articles of Association in order to (i) provide for the Board to include one or more employee representatives, depending on the size of the Board, i.e. one employee representative director if the Board has fewer than 12 members (which is currently the case for Assystem) or two employee representative directors if the Board has more than 12 members, and (ii) set the terms and conditions for appointing the employee representative director(s), namely appointment by the Group Works Council.

The director representing employees was supposed to take up office within six months of the 16 May 2017 Annual General Meeting. However, in view of the transfer of control of the GPS division that took place on 28 September 2017 (see Chapter 1 of this Registration Document), the existing Group Works Council was automatically dissolved on 13 September 2017. A new Group Works Council is currently being formed and its scope will include ECP and BGQ which were acquired in late 2017 (see Chapter 1). The Company plans to have an employee representative director on the Board by 30 June 2018.

See Chapter 2 of this Registration Document for further information.

TWELFTH RESOLUTION – SHARE BUYBACK PROGRAMME

Purpose

In the **12th resolution**, shareholders are invited to renew, for an 18-month period, the authorisation for the Board of Directors to buy back Assystem shares on behalf of the Company, either directly or indirectly, for a maximum purchase price of €35 per share. The total amount that could be invested in this share buyback programme would be €25 million and the shares bought back could not exceed 10% of the Company's capital.

The objectives of the share buyback programme are listed in the twelfth resolution below and in the description of the programme that is available on the Company's website.

This new authorisation would supersede the authorisation previously granted for the same purpose.

8.2.2 EXTRAORDINARY RESOLUTIONS

SUMMARY TABLE OF AUTHORISATIONS SOUGHT AT THE 16 MAY 2018 AGM

Authorisation	Ceiling	Duration (expiry date)
To reduce the Company's capital through the cancellation of shares purchased under share buyback programmes. *(13th resolution)*	Cancellation capped at 10% of the shares making up the Company's share capital at the transaction date	18 months (up to 16/11/2019)
To increase the Company's capital through the issuance of shares and/or securities carrying rights to shares, with pre-emptive subscription rights. *(14th resolution)*	Maximum nominal amount of capital increase(s): €4,500,000	26 months (up to 16/07/2020)
To increase the Company's capital through the issuance of shares and/or securities carrying rights to shares, without pre-emptive subscription rights. *(15th resolution)*	Maximum nominal amount of capital increase(s): €3 million	26 months (up to 16/07/2020)
To increase the Company's capital through the issuance of shares and/or securities carrying rights to shares, without pre-emptive subscription rights, by way of a private placement. *(16th resolution)*	Maximum nominal amount of capital increase(s): €1,500,000	26 months (up to 16/07/2020)
To set the issue price for issues of shares and/or securities carrying rights to shares carried out without pre-emptive subscription rights, subject to a ceiling of 10% of the Company's capital as well as the ceilings provided for at the AGM. *(17th resolution)*	10% of the Company's share capital per 12-month period, and subject to the ceilings provided for at the AGM	26 months (up to 16/07/2020)
To increase the amount of issues carried out with or without pre-emptive subscription rights pursuant to the 14th to 16th resolutions. *(18th resolution)*	Up to 15% of the original issue	26 months (up to 16/07/2020)
To set a blanket ceiling for the overall amount by which the Company's capital may be increased (pursuant to the 14th, 15th, 16th and 18th resolutions). *(19th resolution)*	€4,500,000 maximum nominal amount for issues of shares and €45 million maximum nominal amount for issues of debt securities	26 months (up to 16/07/2020)
To increase the Company's capital by capitalising share premiums, reserves, profit or other eligible items. *(20th resolution)*	Maximum nominal amount of capital increase(s): €15 million	26 months (up to 16/07/2020)
To award free shares/performance shares (existing or newly-issued shares) *(21st resolution)*	3% increase in the nominal amount of the Company's capital at the award date	38 months (up to 16/07/2021)
To issue BSAAR or BSA stock warrants (without pre-emptive subscription rights) to employees and officers of the Company and its subsidiaries. *(22nd resolution)*	€470,046, representing a maximum total of 470,046 shares, i.e. 3% of the Company's capital	18 months (up to 16/11/2019)
To set a blanket ceiling on the issues carried out pursuant to the 21st and 22nd resolutions. *(23rd resolution)*	Ceiling: 940,092 shares	Same period as that in the resolution concerned
To increase the Company's capital through the issuance of shares and/or securities carrying rights to shares for members of a company or Group savings plan. *(24th resolution)*	Maximum nominal amount of 1% of the Company's capital at the issue date	26 months (up to 16/07/2020)

THIRTEENTH RESOLUTION – AUTHORISATION TO REDUCE THE COMPANY'S SHARE CAPITAL BY CANCELLING TREASURY SHARES

Purpose

At the 16 May 2017 Annual General Meeting, the shareholders authorised the Board of Directors to cancel, on one or more occasions and at its sole discretion, all of some of the Assystem shares purchased under the share buyback programme and to reduce the Company's capital accordingly. The ceiling on the number of shares cancelled pursuant to this authorisation was 10% of the Company's capital.

This authorisation was used on 21 December 2017 to cancel 550,000 treasury shares as well as 6,000,000 Assystem shares repurchased under the share buyback offer whose settlement-delivery date was 22 December 2017.

In the **13th resolution**, shareholders are asked to renew this authorisation for a period of 18 months. Under the new authorisation, the total number of shares cancelled in any 24-month period may not represent more than 10% of the Company's capital (as adjusted for any corporate actions carried out subsequent to this Meeting).

FOURTEENTH RESOLUTION – INCREASING THE COMPANY'S CAPITAL THROUGH THE ISSUANCE OF SHARES AND/OR OTHER SECURITIES, WITH PRE-EMPTIVE SUBSCRIPTION RIGHTS

Purpose

In order to finance the Group's expansion capital expenditure, at the 16 May 2017 Annual General Meeting the shareholders authorised the Board of Directors to increase the Company's capital by a maximum nominal amount of €10 million, corresponding to approximately 50% of the total capital at 31 December 2016.

This authorisation, which was given for a 26-month period, has not been used.

In the **14th resolution**, shareholders are invited to give the Board of Directors a new authorisation to increase the Company's capital, this time by a maximum nominal amount of €4,500,000, corresponding to approximately 30% of the total capital at 31 December 2017, through the issuance, on one or more occasions, of ordinary shares and/or dilutive hybrid securities. Existing shareholders would have pre-emptive rights to subscribe for the securities issued pursuant to this resolution, pro rata to their existing holdings.

This authorisation would be valid for a period of 26 months.

FIFTEENTH RESOLUTION – INCREASING THE COMPANY'S CAPITAL THROUGH THE ISSUANCE OF SHARES AND/OR OTHER SECURITIES, WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS

Purpose

In order to finance the Group's expansion capital expenditure, at the 16 May 2017 Annual General Meeting the shareholders authorised the Board of Directors to increase the Company's capital by a maximum nominal amount of €3 million.

This authorisation, which was given for a 26-month period, has not been used.

In the **15th resolution**, shareholders are invited to renew this authorisation for the Board of Directors to increase the Company's capital by a maximum nominal amount of €3 million, through the issuance, on one or more occasions, of ordinary shares and/or dilutive hybrid securities, without pre-emptive subscription rights for existing shareholders.

This authorisation would be valid for a period of 26 months.

SIXTEENTH RESOLUTION – INCREASING THE COMPANY'S CAPITAL THROUGH THE ISSUANCE OF SHARES AND/OR OTHER SECURITIES BY WAY OF A PRIVATE PLACEMENT, WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS

Purpose

In order to finance the Group's expansion capital expenditure, at the 16 May 2017 Annual General Meeting the shareholders authorised the Board of Directors to increase the Company's capital by a maximum nominal amount of €1,500,000.

This authorisation, which was given for a 26-month period, has not been used.

In the **16th resolution**, shareholders are invited to renew this authorisation for the Board of Directors to increase the Company's capital by a maximum nominal amount of €1,500,000, through the issuance, on one or more occasions, of ordinary shares and/or dilutive hybrid securities by way of a private placement (i.e. an offer to qualified investors or a restricted group of investors), without pre-emptive subscription rights for existing shareholders.

This authorisation would be valid for a period of 26 months.

SEVENTEENTH RESOLUTION – AUTHORISATION FOR THE BOARD OF DIRECTORS TO SET THE ISSUE PRICE OF ORDINARY SHARES OR OTHER SECURITIES

Purpose

At the 16 May 2017 Annual General Meeting, the shareholders granted the Board of Directors a 26-month authorisation to set the issue price of ordinary shares and/or securities carrying rights to shares issued without pre-emptive subscription rights for existing shareholders, by way of a public offer or a private placement as defined in paragraph II of Article L. 411-2 of the French Monetary and Financial Code. Under this authorisation, for issues representing up to 10% of the Company's share capital in any given 12-month period, the Board was entitled not to apply the pricing conditions specified in the resolutions concerned and to set the issue price of the securities at an amount at least equal to the weighted average of the prices quoted for the Company's shares over the twenty trading days preceding the pricing date, less a discount of up to 20%.

This authorisation has not been used.

In the **17th resolution**, shareholders are invited to renew this authorisation for a further 26-month period, i.e. to authorise the Board not to apply the pricing conditions set in the fourteenth and fifteenth resolutions and to set the issue price of securities issued in accordance with those resolutions at an amount at least equal to the weighted average of the prices quoted for the Company's shares over the twenty trading days preceding the pricing date, less a discount of up to 20%. The new authorisation would be subject to the same ceiling of 10% of the Company's share capital in any given 12-month period.

EIGHTEENTH RESOLUTION – AUTHORISATION FOR THE BOARD OF DIRECTORS TO INCREASE THE AMOUNT OF ANY ISSUES CARRIED OUT PURSUANT TO THE FOURTEENTH, FIFTEENTH OR SIXTEENTH RESOLUTIONS

Purpose

In the **18th resolution**, shareholders are asked to grant the Board of Directors a 26-month authorisation to increase the amount of issues of ordinary shares or other securities carried out, with or without pre-emptive subscription rights for existing shareholders, pursuant to the fourteenth, fifteenth or sixteenth resolutions, provided that the additional shares or securities issued do not represent more than 15% of the original issue.

NINETEENTH RESOLUTION – BLANKET CEILINGS FOR THE AUTHORISATIONS GRANTED TO THE BOARD OF DIRECTORS TO INCREASE THE COMPANY'S CAPITAL

Purpose

In the **19th resolution**, shareholders are invited to set an overall ceiling ("blanket ceiling") for the authorisations given in the above resolutions at the following maximum aggregate nominal amounts:

- €4.5 million for capital increases;
- €45 million for debt securities.

TWENTIETH RESOLUTION – AUTHORISATION FOR THE BOARD OF DIRECTORS TO INCREASE THE COMPANY'S CAPITAL BY CAPITALISING SHARE PREMIUMS, RESERVES, PROFIT OR OTHER ELIGIBLE ITEMS

Purpose

In the **20th resolution**, the Board of Directors is seeking a 26-month authorisation to increase the Company's capital by a maximum aggregate nominal amount of €15 million by capitalising share premiums, reserves, profit or other eligible items.

TWENTY-FIRST RESOLUTION – CONDITIONAL SHARE GRANTS

The purpose of the **21st resolution** is to renew the authorisation given to the Board of Directors in 2017 to carry out conditional share grants to employees and executive officers of the Group with a view to making Assystem's compensation packages more attractive. The new authorisation would be given for a period of 38 months and the features of the conditional share grants would be as follows:

- Beneficiaries: employees and/or executive officers.
- Ceiling: 3% of the Company's capital (2% for executive officers).
- Vesting conditions: performance conditions and the requirement for the beneficiary to still form part of the Group on the vesting date.
- Vesting period: minimum of one year (minimum of two years for combined vesting period and lock-up period).

TWENTY-SECOND RESOLUTION – AUTHORISATION FOR THE BOARD OF DIRECTORS TO ISSUE STOCK WARRANTS TO EMPLOYEES AND OFFICERS

In the **22nd resolution**, the Board of Directors is seeking an 18-month authorisation to issue stock warrants (BSAAR and/or BSA) exercisable for a maximum of 470,046 shares, representing 3% of the Company's capital.

TWENTY-THIRD RESOLUTION – BLANKET CEILING ON THE NUMBER OF SHARES ISSUED AND/OR ALLOCATED PURSUANT TO THE AUTHORISATIONS GIVEN IN THE TWENTY-FIRST AND TWENTY-SECOND RESOLUTIONS

In the **23rd resolution**, shareholders are invited to set an overall ceiling ("blanket ceiling") on the number of shares issued and/or allocated pursuant to the twenty-first and twenty-second resolutions, corresponding to 940,092 shares with a par value of €1 each.

TWENTY-FOURTH RESOLUTION – AUTHORISATION FOR THE BOARD OF DIRECTORS TO ISSUE SECURITIES TO MEMBERS OF A COMPANY OR GROUP EMPLOYEE SAVINGS PLAN

In the **24th resolution**, the Board of Directors is seeking a 26-month authorisation to carry out one or more capital increases by issuing securities to members of a company or Group savings plan, subject to a ceiling of 1% of the Company's capital.

TWENTY-FIFTH RESOLUTION – POWERS TO CARRY OUT FORMALITIES

Purpose

The **25th resolution** is a standard resolution giving the necessary powers to carry out legal filing and other formalities.

8.3 TEXT OF THE PROPOSED RESOLUTIONS

8.3.1 ORDINARY RESOLUTIONS

FIRST RESOLUTION

Approval of the parent company financial statements for the year ended 31 December 2017

Having considered the Board of Directors' management report and the Statutory Auditors' report on the parent company financial statements, the shareholders:

- approve the parent company financial statements for the year ended 31 December 2017, as presented, together with the transactions reflected in said financial statements and summarised in said reports;
- approve the amount of non-tax-deductible expenses referred to in the Board of Directors' report, corresponding to €26,209.

SECOND RESOLUTION

Approval of the consolidated financial statements for the year ended 31 December 2017

Having considered the Board of Directors' management report and the Statutory Auditors' report on the consolidated financial statements, the shareholders:

- approve the consolidated financial statements for the year ended 31 December 2017, as presented, together with the transactions reflected in said financial statements and summarised in said reports.

THIRD RESOLUTION

Discharge given to the Board of Directors for its duties performed in 2017

The shareholders give full discharge to the members of the Board of Directors for the performance of their duties in the year ended 31 December 2017.

FOURTH RESOLUTION

Appropriation of 2017 profit and approval of a dividend payment

Having noted that:

- the Company's profit for 2017 totalled €387,767,535.39; and
- the retained earnings account amounts to €23,888,419.29;

the shareholders place on record that distributable profit for 2017 totals €411,655,954.68, and in accordance with the Board of Directors' recommendation, resolve:

- to pay a dividend of €1 per share for 2017, representing an aggregate payout of €15,143,811 based on the shares making up the Company's capital at 31 March 2018 (excluding the 524,405 shares held in treasury at that date); and
- to appropriate the balance of distributable profit to the retained earnings account, which will subsequently amount to €396,512,143.68.

Consequently, the shareholders give full powers to the Board of Directors to proceed with the above dividend payment by 30 June 2018 at the latest.

At the time of the dividend payment, the amount actually paid out will be calculated taking into account the exact number of treasury shares bought back under the share buyback programme. If the number of treasury shares held at the date of the dividend payment is not the same as at 31 March 2018, the difference will be accounted for by increasing or decreasing the amount allocated to the retained earnings account.

The dividends paid for the last three years were as follows (information disclosed in accordance with Article 243 *bis* of the French General Tax Code).

	Amounts eligible for tax relief	
Year	**Dividends**	**Other distributed profit**
2014	€0.75/share	None
2015	€0.80 per share	None
2016	€1 per share	None

FIFTH RESOLUTION

Ratification of the Board's appointment of a director

Having considered the Board of Directors' report, the shareholders ratify the decision taken by the Board on 30 November 2017 to appoint as a director Tikehau Capital – a partnership limited by shares whose registered office is located at 32, rue de Monceau, 75008 Paris, France and which is registered under no. 477 599 104 – represented by Vincent Favier (as permanent representative).

Tikehau Capital will replace Salvepar (following Salvepar's merger into Tikehau Capital) for Salvepar's remaining term of office, which expires at the Annual General Meeting to be called to approve the 2019 financial statements.

SIXTH RESOLUTION

Approval of a related-party agreement

Having considered the Statutory Auditors' special report on related-party agreements and commitments governed by Articles L. 225-38 *et seq.* of the French Commercial Code, the shareholders approve the amounts rebilled to Assystem by HDL Development SAS for services relating to strategy definition, management, organisation and oversight for the Assystem Group provided by HDL SAS on behalf of HDL Development SAS, under the same financial terms and conditions as those specified in the services agreement signed between HDL SAS and HDL Development SAS on 1 April 2014, namely:

- fixed compensation of €348 thousand for 2017; and
- variable compensation of €280 thousand for 2017, calculated based on Assystem's consolidated EBITA and free cash flow.

SEVENTH RESOLUTION

Approval of the compensation policy applicable to the Chairman & CEO, Dominique Louis

Having considered the Board of Directors' report drawn up in accordance with Article L. 225-37-2 of the French Commercial Code, the shareholders approve the principles and criteria used for determining, allocating and awarding the fixed, variable and exceptional components making up the Chairman & CEO's total compensation and benefits for 2018, as presented in the detailed report set out in Chapter 2 of the 2017 Registration Document ("Corporate Governance") in the section concerning the compensation policy applicable to the Company's executive officers.

EIGHTH RESOLUTION

Approval of the compensation policy applicable to Philippe Chevallier, CFO & Deputy CEO

Having considered the Board of Directors' report drawn up in accordance with Article L. 225-37-2 of the French Commercial Code, the shareholders approve the principles and criteria used for determining, allocating and awarding the fixed, variable and exceptional components making up the CFO & Deputy CEO's total compensation and benefits for 2018, as presented in the detailed report set out in Chapter 2 of the 2017 Registration Document ("Corporate Governance") in the section concerning the compensation policy applicable to the Company's executive officers.

NINTH RESOLUTION

Approval of the components of the compensation and benefits due or awarded for 2017 to the Chairman & CEO, Dominique Louis

Having considered the Board of Directors' management report, in accordance with paragraph II of Article L. 225-100 of the French Commercial Code, the shareholders approve the fixed, variable and exceptional components of the compensation and benefits due or awarded for 2017 to the Chairman & CEO, as determined by the Board of Directors in line with the principles and criteria approved by the Company's shareholders in the fourteenth resolution of the 16 May 2017 Annual General Meeting, and as presented in Chapter 2 of the 2017 Registration Document ("Corporate Governance") in the section on the components of the compensation and benefits due or awarded for 2017 to Dominique Louis.

TENTH RESOLUTION

Approval of the components of compensation and benefits due or awarded for 2017 to the CFO & Deputy CEO, Philippe Chevallier

Having considered the Board of Directors' management report, in accordance with paragraph II of Article L. 225-100 of the French Commercial Code, the shareholders approve the fixed, variable and exceptional components of the compensation and benefits due or awarded for 2017 to the CFO & Deputy CEO, as determined by the Board of Directors in line with the principles and criteria approved by the Company's shareholders in the fifteenth resolution of the 16 May 2017 Annual General Meeting, and as presented in Chapter 2 of the 2017 Registration Document ("Corporate Governance") in the section on the components of the compensation and benefits due or awarded for 2017 to Philippe Chevallier.

ELEVENTH RESOLUTION

Setting directors' fees for 2018

Based on the recommendation of the Board of Directors, the shareholders set the aggregate amount of directors' fees for 2018 at €215,000.

TWELFTH RESOLUTION

Authorisation for the Board of Directors to carry out a share buyback programme

Having considered the report of the Board of Directors, the shareholders:

- Grant the Board of Directors an authorisation – which may be delegated as provided for by law – to buy back Assystem shares on behalf of the Company, either directly or indirectly, in accordance with Articles L. 225-209 *et seq.* of the French Commercial Code and market practices approved by the French securities regulator (Autorité des marchés financiers – AMF)
- Resolve that under this share buyback programme, shares may be purchased, sold or otherwise transferred by any method in accordance with the applicable stock market regulations and market practices approved by the AMF, and notably:
  - through public purchase or exchange offers;
  - through the use of options or other forward financial instruments traded via regulated markets, multilateral trading facilities, systematic internalisers or over the counter, through the allocation of shares on conversion, redemption exchange or exercise of securities carrying rights to the Company's shares, or by any other method, either directly or via an investment services provider;
  - through block trades (without limitation) or via multilateral trading facilities or systematic internalisers.

- Resolve that the shares purchased under the buyback programme may be used for the following purposes:
  - to maintain the liquidity of the Company's shares under a liquidity contract entered into with an investment services provider that complies with a Code of Conduct recognised by the AMF;
  - to honour obligations associated with stock option and/or free share/performance share plans, employee savings schemes or other share allotments made to employees and officers of the Company or related companies;
  - for allocation on exercise of rights attached to securities redeemable, convertible, exchangeable or otherwise exercisable for the Company's shares;
  - to be held and subsequently used in exchange or as payment in connection with external growth transactions, in accordance with market practices approved by the AMF;
  - for subsequent cancellation, subject to the adoption of and the conditions set out in the thirteenth resolution below; or
  - more generally, for any purpose that may be authorised by law or any market practice that may be permitted by the market authorities in the future, provided that in such a case the Company notifies its shareholders by way of a press release.
- Set the maximum per-share purchase price (excluding fees and transaction costs) at €35 and the maximum amount that the Company may invest in the share buyback programme at €25 million. The maximum per-share purchase price may, however, be adjusted in order to take into account any corporate actions carried out while this authorisation is in force (including a bonus share issue paid up by capitalising reserves or a stock-split or reverse stock-split).
- Resolve that the number of shares purchased under the buyback programme may not exceed 10% of the total number of shares making up the Company's capital at any given time (as adjusted for any corporate actions carried out subsequent to this Meeting). When shares are bought back to maintain the liquidity of the Company's shares in compliance with the AMF's General Regulations, the number of shares taken into account to calculate this 10% ceiling will correspond to the number of shares purchased less the number of shares sold during the period covered by this authorisation. In addition, the number of shares purchased for subsequent delivery as payment or in exchange for shares in another company in connection with a merger, demerger or asset transfer may not represent more than 5% of the total number of shares making up the Company's capital.
- Give full powers to the Board of Directors – which may be delegated as provided for by law – to use this authorisation, and notably to (i) judge the timing of the buyback programme and set the applicable terms and conditions, (ii) place any and all buy and sell orders, (iii) sign any sale or transfer deeds, (iv) enter into any and all agreements, including liquidity contracts and option contracts, (v) allocate the purchased shares to the various specified purposes, (vi) carry out any and all filings with the AMF and any other organisation, and (vii) generally do whatever is necessary.

This authorisation is given for a period of 18 months as from the date of this Meeting and supersedes the unused portion of any authorisation previously granted to the Board of Directors for the same purpose.

8.3.2 EXTRAORDINARY RESOLUTIONS

THIRTEENTH RESOLUTION

Authorisation for the Board of Directors to reduce the Company's capital by cancelling treasury shares

Having considered the reports of the Board of Directors and the Statutory Auditors, and subject to the adoption of the twelfth resolution above, the shareholders:

- Authorise the Board of Directors, in accordance with Article L. 225-209 of the French Commercial Code, to cancel, on one or more occasions, all or some of the Assystem shares bought back by the Company, and to reduce the Company's capital accordingly. The total number of shares cancelled in any 24-month period may not represent more than 10% of the Company's capital, as adjusted, where necessary, for any corporate actions carried out subsequent to this Meeting.
- Resolve that any difference between the buyback price and the par value of the cancelled shares will be charged against the share premium account or any other available reserves, including the legal reserve, provided that the legal reserve is not reduced to below 10% of the Company's capital after the capital reduction.

- Grant the Board of Directors full powers – which may be delegated as provided for by law – to carry out the capital reduction(s) by cancelling shares, and notably to (i) determine the amount and terms and conditions of the capital reduction(s), (ii) place on record the capital reduction(s), (iii) charge the difference between the carrying amount of the cancelled shares and their par value against the share premium account or any other available reserves, (iv) more generally, undertake any and all actions, formalities and filings required to complete the capital reduction(s) carried out pursuant to this authorisation, and (v) amend the Company's Articles of Association to reflect the new capital.

This authorisation is given for a period of 18 months as from the date of this Meeting and supersedes any authorisation previously granted for the same purpose.

FOURTEENTH RESOLUTION

Authorisation for the Board of Directors to increase the Company's capital, on an immediate or deferred basis, by issuing ordinary shares and/or equity securities carrying rights to other equity securities of the Company or to the allocation of debt securities and/or securities carrying rights to new shares, with pre-emptive subscription rights for existing shareholders

Having considered the reports of the Board of Directors and the Statutory Auditors, in accordance with Articles L. 225-129-2, L. 225-129-4, L. 225-134, L. 228-91, L. 228-92 and L. 228-93 of the French Commercial Code, the shareholders:

- Grant the Board of Directors an authorisation – which may be delegated as provided for by law – to increase the Company's capital by issuing, on one or more occasions, (i) ordinary shares of the Company, and/or (ii) equity securities carrying rights to other equity securities of the Company or to the allocation of debt securities, and/or (iii) securities (including any and all debt securities) carrying rights to new shares of the Company or of any entity that directly or indirectly owns over half of the Company's capital or in which the Company directly or indirectly owns over half of the capital. The Board of Directors or its duly authorised representative will have full discretionary powers to determine the amount and timing of such issue(s), which may be carried out in France or abroad and may be denominated in euros, foreign currency or any monetary unit determined by reference to a basket of currencies. The issue(s) may be paid up either in cash or by capitalising receivables.
- Expressly note that this authorisation may not be used to issue preference shares.
- Resolve that the aggregate nominal amount of any capital increase(s) carried out pursuant to this authorisation – on an immediate or deferred basis – may not exceed €4,500,000 (or the equivalent of this amount for issues denominated in foreign currency) (representing approximately 30% of the Company's share capital), it being specified that:
  - this ceiling is included in the blanket ceiling set in the nineteenth resolution below; and
  - these ceilings do not include the par value of any additional shares that may be issued to protect, in accordance with the applicable laws and any contractual stipulations, the rights of existing holders of securities and other instruments carrying rights to the Company's shares.
- Resolve that the maximum aggregate nominal amount of debt securities that may be issued pursuant to this authorisation is €45,000,000 (or the equivalent of this amount for issues denominated in foreign currency), it being specified that this ceiling:
  - does not include any above-par redemption premiums;
  - is included in the blanket ceiling set in the nineteenth resolution below; and
  - is separate to and does not include the amount of any debt securities referred to in Articles L. 228-40, L. 228-36-A and paragraph 3 of Article L. 228-92 of the French Commercial Code whose issue may be decided or authorised by the Board of Directors in accordance with either (i) the conditions provided for in Article L. 228-40 of said Code, or (ii) the conditions determined by the Company in compliance with Article L. 228-36-A of said Code.
- Resolve that the shareholders will have pre-emptive rights to subscribe for the ordinary shares and other securities issued pursuant to this resolution, which may be exercised in accordance with the applicable laws and regulations.
- Resolve that if certain shareholders elect not to exercise their pre-emptive rights, the Board of Directors may offer the unsubscribed securities to the other shareholders, with each shareholder having the right to acquire the number of securities applied for unless the issue is oversubscribed, in which case the securities will be allocated pro rata to shareholders' existing interests.
- Resolve that if any issue is not taken up in full by shareholders exercising their above-mentioned pre-emptive rights, the Board of Directors may take one or more of the following courses of action, in the order of its choice:
  - limit the amount of the issue to the subscriptions received, provided that at least three-quarters of the issue is taken up;
  - freely allocate all or some of the unsubscribed securities;
  - offer all or some of the unsubscribed securities for subscription on the open market.
- Resolve that if warrants to subscribe for the Company's shares are issued they may be offered for cash subscription or allocated among holders of existing shares without consideration. In the latter case, the Board of Directors will have full discretionary powers to decide that rights to fractions of warrants will be non-transferable and non-tradable and that the corresponding warrants will be sold.
- Note that this authorisation automatically entails the waiver by shareholders of their pre-emptive rights to subscribe for any shares to be issued on exercise of the rights to shares attached to any securities issued in accordance with this resolution.

- Resolve that the Board of Directors will have full powers to use this authorisation and notably (but not exclusively) to determine (i) the timing and other terms of the issue(s), including the type and characteristics of the securities to be issued (either with or without a premium), (ii) the amounts of the issue(s), (iii) the cum-rights date (which may be retroactive) of the issued securities and the method by which they will be paid up, (iv) the exercise period and exercise price of any rights attached to the issued securities and the terms and conditions for exercising the rights attached to shares and/or securities carrying rights to shares (i.e. any exchange, conversion, redemption or allocation rights), all within the limits provided for in this resolution.
- Resolve that the Board of Directors will have full powers – which may be delegated – to implement this resolution and to carry out the above-described issue(s), on one or several occasions and at the times and in the amounts it deems appropriate, as well as to suspend any issue where appropriate, enter into any and all agreements in order to complete the planned issue(s), place on record the capital increase(s) resulting from each issue, amend the Company's Articles of Association to reflect the new share capital, and more generally:
  - determine, in accordance with the applicable laws, the terms and conditions for making any adjustments to the rights to the Company's shares attached to the securities issued pursuant to this resolution;
  - suspend, where appropriate, the rights attached to the securities for a period not exceeding three months;
  - make any deductions from the share premium account, particularly for issuance costs;
  - decide on and make any adjustments required in accordance with the applicable laws and regulations and any contractual stipulations in order to protect the rights of holders of securities and other instruments carrying rights to the Company's shares;
  - take all necessary measures and carry out all the requisite formalities for listing the issued securities on Euronext Paris or any other market on which the Company's shares are listed at that time.
- Note that if the Board of Directors uses this authorisation, it will report thereon at the following Annual General Meeting in accordance with the applicable laws and regulations.
- Resolve that this authorisation is given for a period of 26 months as from the date of this Meeting and supersedes any authorisation previously granted for the same purpose.

FIFTEENTH RESOLUTION

Authorisation for the Board of Directors to increase the Company's capital, on an immediate or deferred basis, by issuing ordinary shares and/or equity securities carrying rights to other equity securities of the Company or to the allocation of debt securities and/or securities carrying rights to new shares, by way of a public offer, without pre-emptive subscription rights for existing shareholders

Having considered the reports of the Board of Directors and the Statutory Auditors, in accordance with Articles L. 225-129 to L. 225-129-6 and Articles L. 225-135 *et seq.* of the French Commercial Code and notably Articles L. 225-136, L. 225-148, L. 228-91 and L. 228-92, the shareholders:

- Grant the Board of Directors an authorisation – which may be delegated as provided for by law – to increase the Company's capital by issuing, on one or more occasions, by way of a public offer, (i) ordinary shares of the Company, and/or (ii) equity securities carrying rights to other equity securities of the Company or to the allocation of debt securities, and/or (iii) securities (including any and all debt securities) carrying rights to new shares of the Company or of any entity that directly or indirectly owns over half of the Company's capital or in which the Company directly or indirectly owns over half of the capital. The Board of Directors or its duly authorised representative will have full discretionary powers to determine the amount and timing of such issue(s), which may be carried out in France or abroad and may be denominated in euros, foreign currency or any monetary unit determined by reference to a basket of currencies. Except for differences in cum-rights dates any new shares issued pursuant to this resolution will rank pari passu with existing shares. This authorisation may notably be used to issue ordinary shares or securities carrying rights to ordinary shares as payment for securities tendered to the Company as part of a public exchange offer that complies with the conditions set out in Article L. 225-148 of the French Commercial Code (including an offer for securities issued by the Company).
- Expressly note that this authorisation may not be used to issue preference shares.
- Resolve that the securities issued pursuant to this authorisation may consist of debt securities, or may be issued jointly with debt securities, or else allow the issue thereof as intermediate securities.
- Resolve to waive shareholders' pre-emptive rights to subscribe for the ordinary shares and/or other securities to be issued pursuant to this authorisation. However, the Board of Directors may offer existing shareholders a priority right to subscribe for all or part of any issue, for a specified period and subject to terms and conditions to be set by the Board pursuant to Article L. 225-135 of the French Commercial Code. This priority subscription right will not be transferable or tradable and will be exercisable in proportion to shareholders' existing interests. If certain shareholders elect not to exercise this right, the Board may offer the unsubscribed securities to the other shareholders.
- Note that this authorisation automatically entails the waiver by shareholders of their pre-emptive rights to subscribe for any shares to be issued on exercise of the rights to shares attached to any securities issued in accordance with this resolution.

- Resolve that the aggregate nominal amount of any capital increase(s) carried out pursuant to this authorisation – on an immediate or deferred basis – may not exceed €3,000,000. This ceiling does not include the par value of any additional shares that may be issued to protect, in accordance with the applicable laws and any contractual stipulations, the rights of holders of securities and other instruments carrying rights to the Company's shares.
- Resolve that the above ceiling is included in the blanket ceiling set in the nineteenth resolution below,
- Resolve that the aggregate nominal amount of debt securities carrying rights to shares that may be issued pursuant to this authorisation may not exceed €45,000,000 (or the equivalent of this amount for issues denominated in foreign currency), it being specified that this ceiling:
  - does not include any above-par redemption premiums;
  - is included in the blanket ceiling set in the nineteenth resolution below; and
  - is separate to and does not include the amount of any debt securities referred to in Articles L. 228-40, L. 228-36-A and paragraph 3 of Article L. 228-92 of the French Commercial Code whose issue may be decided or authorised by the Board of Directors in accordance with either (i) the conditions provided for in Article L. 228-40 of said Code, or (ii) the conditions determined by the Company in compliance with Article L. 228-36-A of said Code,
- Resolve that if any issue is not taken up in full, the Board of Directors may, in accordance with the law and in the order of its choice, take one or more of the following courses of action provided for in Article L. 225-134 of the French Commercial Code:
  - limit the amount of the issue to the subscriptions received, provided that at least three-quarters of the issue is taken up;
  - freely allocate all or some of the unsubscribed securities among the investors of its choice;
  - offer all or some of the unsubscribed securities on the open market in France and/or abroad.
- Resolve that the issue price of the shares and other securities that may be issued pursuant to this resolution will be set by the Board of Directors in accordance with Article L. 225-136 (paragraph 1) and Article R. 225-119 of the French Commercial Code. For information purposes, as at the date of this Meeting, in accordance with the applicable legislation, the issue price of shares issued pursuant to this resolution must correspond to at least the weighted average of the prices quoted for the Company's shares over the three trading days preceding the pricing date, less the legally authorised discount (currently 5%) and adjusted for any differences in the cum-rights dates of the new shares. The issue price of securities carrying rights to shares must be set in such a way that the amount received by the Company at the time of issue plus the amount to be received on conversion, exchange, redemption or exercise of said rights is, for each share issued, at least equal to the issue price defined above.
- Resolve that the Board of Directors will have full powers – which may be delegated as provided for by law – to use this authorisation in accordance with the conditions set by law and the Company's Articles of Association, and notably to:
  - determine the timing and other terms of the issue(s), including the type and characteristics of the securities to be issued (either with or without a premium);
  - set (i) the amounts of the issue(s), (ii) the cum-rights date (which may be retroactive) of the issued securities and the method by which they will be paid up, and (iii) the terms and conditions for exercising the rights attached to shares and/or securities carrying rights to shares (i.e. any exchange, conversion, redemption or allocation rights);
  - decide on and make any adjustments required in accordance with the applicable laws and regulations and any contractual stipulations in order to protect the rights of holders of securities and other instruments carrying rights to the Company's shares;
  - suspend, where appropriate, the rights attached to the securities for a period not exceeding three months;
  - in the case of securities issued as payment for securities of another company tendered as part of a public exchange offer:
    - prepare the list of securities tendered to the offer,
    - set the terms and conditions of issue, the exchange ratio and any balance to be paid in cash, without applying the pricing method described in this resolution,
    - determine how the securities will be issued, and
    - more generally, take all necessary measures, enter into any and all agreements, and apply for the admission to trading of the securities issued pursuant to this resolution.
- Resolve that the Board of Directors may:
  - at its sole discretion, and when it deems appropriate, charge the costs and fees resulting from the capital increase(s) carried out in accordance with this resolution against the related premiums and deduct from said premiums the amounts necessary to increase the legal reserve to 10% of the new capital after each operation;
  - take any and all decisions relating to the admission to trading of the issued securities on Euronext Paris; and
  - more generally, take all necessary measures, enter into any commitments and carry out any formalities required for the successful completion of the issue(s) and the resulting capital increase(s), and amend the Company's Articles of Association to reflect the new capital.

- Resolve that this authorisation is given for a period of 26 months as from the date of this Meeting and supersedes any authorisation previously granted for the same purpose.

SIXTEENTH RESOLUTION

Authorisation for the Board of Directors to increase the Company's capital, on an immediate or deferred basis, by issuing ordinary shares and/or equity securities carrying rights to other equity securities of the Company or to the allocation of debt securities and/or securities carrying rights to new shares, by way of a private placement as defined in paragraph II of Article L. 411-2 of the French Monetary and Financial Code, without pre-emptive subscription rights for existing shareholders

Having considered the reports of the Board of Directors and the Statutory Auditors, in accordance with Articles L. 225-129, L. 225-129-2, L. 225-129-4, L. 225-135, L. 225-136 and L. 228-91 *et seq*. of the French Commercial Code and paragraph II of Article L. 411-2 of the French Monetary and Financial Code, the shareholders:

- Grant the Board of Directors an authorisation – which may be delegated as provided for by law – to increase the Company's capital by issuing, on one or more occasions and without pre-emptive subscription rights for existing shareholders, (i) ordinary shares of the Company, and/or (ii) or equity securities carrying rights to other equity securities of the Company or to the allocation of debt securities, and/or (iii) securities (including any and all debt securities) carrying rights to new shares of the Company or of any entity that directly or indirectly owns over half of the Company's capital or in which the Company directly or indirectly owns over half of the capital. The Board of Directors or its duly authorised representative will have full discretionary powers to determine the amount and timing of such issue(s), which may be carried out in France or abroad and may be denominated in euros, foreign currency or any monetary unit determined by reference to a basket of currencies. The issue(s) may be paid up either in cash or by capitalising receivables.
- Expressly note that this authorisation may not be used to issue preference shares.
- Resolve that the issue(s) carried out pursuant to this resolution may form part of a private placement as defined in paragraph II of Article L. 411-2 of the French Monetary and Financial Code (i.e. an offer to qualified investors or a restricted group of investors).
- Resolve that the aggregate nominal amount of any capital increases carried out pursuant to this authorisation – on an immediate or deferred basis – may not exceed either (i) €1,500,000, or (ii) the ceiling provided for in the laws and regulations in force at the date of the issue(s). For information purposes, as at the date of this Meeting, issues of equity securities carried out accordance with paragraph II of Article L. 411-2 of the French Monetary and Financial Code may not exceed 20% of the Company's capital in any given 12-month period, based on the amount of the capital at the date of the Board's decision to carry out the issue(s). Neither of these ceilings include the par value of any additional shares to be issued pursuant to the applicable laws and any contractual stipulations to protect the rights of existing holders of securities and other instruments carrying rights to the Company's shares.
- Resolve that any capital increases carried out pursuant to this resolution will be included in the blanket ceiling set in the nineteenth resolution below.
- Resolve that the aggregate nominal amount of debt securities that may be issued pursuant to this authorisation may not exceed €45,000,000, it being specified that this ceiling:
  - does not include any above-par redemption premiums;
  - is included in the blanket ceiling set in the nineteenth resolution below; and
  - is separate to and does not include the amount of any debt securities referred to in Articles L. 228-40, L. 228-36-A and paragraph 3 of Article L. 228-92 of the French Commercial Code whose issue may be decided or authorised by the Board of Directors in accordance with either (i) the conditions provided for in Article L. 228-40 of said Code, or (ii) the conditions determined by the Company in compliance with Article L. 228-36-A of said Code.
- Resolve to waive shareholders' pre-emptive rights to subscribe for the ordinary shares and/or other securities issued pursuant to this authorisation, in accordance with the applicable legislation.
- Resolve that if any issue is not taken up in full, the Board of Directors may, in accordance with the law and in the order of its choice, take one or more of the following courses of action provided for in Article L. 225-134 of the French Commercial Code:
  - limit the amount of the issue to the subscriptions received, provided that at least three-quarters of the issue is taken up;
  - freely allocate all or some of the unsubscribed securities among the investors of its choice;
  - offer all or some of the unsubscribed securities on the open market in France and/or abroad.
- Resolve that the issue price of the shares and other securities that may be issued pursuant to this resolution will be set by the Board of Directors in accordance with Article L. 225-136 (paragraph 1) and Article R. 225-119 of the French Commercial Code. For information purposes, as at the date of this Meeting, in accordance with the applicable legislation, the issue price of shares issued pursuant to this resolution must correspond to at least the weighted average of the prices quoted for the Company's shares over the three trading days preceding the pricing date, less the legally authorised discount (currently 5%) and adjusted for any differences in the cum-rights dates of the new shares. The issue price of securities carrying rights to shares must be set in such a way that the amount received by the Company at the time of issue plus the amount to be received on conversion, exchange, redemption or exercise of said rights is, for each share issued, at least equal to the issue price defined above.

- Note and resolve that this authorisation automatically entails the waiver by shareholders of their pre-emptive rights to subscribe for any shares to be issued on exercise of the rights to shares attached to any securities issued in accordance with this resolution.
- Resolve that the Board of Directors will have full powers – which may be delegated as provided for by law – to use this authorisation in accordance with the conditions set by law and the Company's Articles of Association, and notably to:
  - determine the timing and other terms of the issue(s), including the type and characteristics of the securities to be issued (either with or without a premium);
  - set (i) the amounts of the issue(s), (ii) the cum-rights date (which may be retroactive) of the issued securities and the method by which they will be paid up, and (iii) the terms and conditions for exercising the rights attached to shares and/or securities carrying rights to shares (i.e. any exchange, conversion, redemption or allocation rights);
  - decide on and make any adjustments required in accordance with the applicable laws and regulations and any contractual stipulations in order to protect the rights of holders of securities and other instruments carrying rights to the Company's shares;
  - suspend, where appropriate, the rights attached to the securities for a period not exceeding three months.
- Resolve that the Board of Directors may:
  - at its sole discretion, and when it deems appropriate, charge the costs and fees resulting from the capital increase(s) carried out in accordance with this resolution against the related premiums and deduct from said premiums the amounts necessary to increase the legal reserve to 10% of the new capital after each operation;
  - take any and all decisions relating to the admission to trading of the issued securities on Euronext Paris; and
  - more generally, take all necessary measures, enter into any commitments and carry out any formalities required for the successful completion of the issue(s) and the resulting capital increase(s), and amend the Company's Articles of Association to reflect the new capital.
- Note that if the Board of Directors uses this authorisation, it will report thereon at the following Annual General Meeting in accordance with the applicable laws and regulations.
- Resolve that this authorisation is given for a period of 26 months as from the date of this Meeting and supersedes any authorisation previously granted for the same purpose.

SEVENTEENTH RESOLUTION

Authorisation for the Board of Directors to set the issue price for issues of ordinary shares and/or equity securities carrying rights to other equity securities of the Company or to the allocation of debt securities and/or securities carrying rights to new shares, carried out without pre-emptive subscription rights for existing shareholders, subject to a ceiling of 10% of the Company's capital and the ceilings set at the Annual General Meeting

Having considered the reports of the Board of Directors and the Statutory Auditors, in accordance with paragraph 1 of Article L. 225-136 of the French Commercial Code, the shareholders:

- Grant the Board of Directors a 26-month authorisation as from the date of this Meeting – which may be delegated – whereby for issues carried out pursuant to the fifteenth and sixteenth resolutions, the Board of Directors will have full powers to decide not to apply the pricing conditions provided for in said resolutions and instead to set the issue price of the securities concerned in accordance with the conditions described below. The issues for which the Board of Directors may set the issue price in this way will be subject to a ceiling representing 10% of the Company's capital (as at the issue date) in any given 12-month period. The applicable conditions will be as follows:
  - the issue price of ordinary shares must be at least equal to the weighted average of the prices quoted for the Company's shares over the twenty trading days preceding the pricing date, less a maximum discount of 20%. In all circumstances the amount received for each share must be at least equal to the par value. For issues of securities carrying rights to shares, the issue price of the shares resulting from the exercise, conversion or exchange of the rights attached to the securities may be set, at the discretion of the Board, using a calculation formula chosen by the Board and applicable subsequent to the issue of said securities (for example at the time of their exercise, conversion or exchange). In such a case, if the Board deems it appropriate, the above maximum discount may be assessed at the date on which the calculation formula is applied rather than the pricing date;
  - the issue price of securities carrying rights to shares must be set in such a way that the amount received by the Company at the time of issue plus the amount to be received on conversion, exchange, redemption or exercise of said securities is, for each share issued, at least equal to the issue price defined above.
- Resolve that the Board of Directors will have full powers to use this authorisation in accordance with the terms and conditions provided for in the resolution(s) used to carry out the issue(s) concerned.

EIGHTEENTH RESOLUTION

Authorisation for the Board of Directors to increase the number of securities issued in the event of issues carried out pursuant to the fourteenth to sixteenth resolutions above, with or without pre-emptive subscription rights for existing shareholders

Having considered the reports of the Board of Directors and the Statutory Auditors, in accordance with Articles L. 225-129, L. 225-129-2, L. 225-135-1, L. 228-91, L. 228-92 and L. 228-93 of the French Commercial Code, the shareholders:

- Authorise the Board of Directors to increase the number of securities issued in the event of issues carried out with or without pre-emptive subscription rights pursuant to the fourteenth to sixteenth resolutions above, in accordance with the terms and conditions set out in Article L. 225-135-1 of the French Commercial Code (at the date of this meeting said Article provides that the additional securities must be issued within thirty days of the close of the original subscription period, at the same price as for the original issue, and may not represent more than 15% of the original issue amount). Any shares issued pursuant to this authorisation will rank *pari passu* with existing shares, except for differences in cum-rights dates.
- Resolve that the nominal amount of any capital increase(s) carried out pursuant to this resolution will be included in the €4,500,000 blanket ceiling for the capital increases that may be carried out under the fourteenth to sixteenth resolutions above. This ceiling does not include the nominal amount of any additional shares or other securities that may be issued pursuant to the applicable laws and any contractual stipulations in order to protect the rights of holders of securities and other instruments carrying rights to the Company's shares.
- Note that if the Board of Directors uses this authorisation, it will report thereon at the following Annual General Meeting in accordance with the applicable laws and regulations.
- Resolve that this authorisation is given for a period of 26 months as from the date of this Meeting and supersedes any authorisation previously granted for the same purpose.

NINETEENTH RESOLUTION

Blanket ceiling for the authorisations granted to the Board of Directors to increase the Company's capital

Having considered the Board of Directors' report, the shareholders resolve that:

- The aggregate nominal amount of any capital increases carried out pursuant to the authorisations granted in the fourteenth, fifteenth, sixteenth and eighteenth resolutions above may not exceed €4,500,000 (or the equivalent of this amount at the issue date for issues denominated in foreign currency). This ceiling does not include the nominal amount of any additional shares or other securities that may be issued pursuant to the applicable laws and any contractual stipulations in order to protect the rights of holders of securities and other instruments carrying rights to the Company's shares.
- The aggregate nominal amount of debt securities that may be issued pursuant to the above-mentioned resolutions may not exceed €45,000,000 (or the equivalent of this amount at the issue date for issues denominated in foreign currency). This amount does not include any above-par redemption premiums and does not apply to any debt securities referred to in Articles L. 228-40, L. 228-36-A and paragraph 3 of Article L. 228-92 of the French Commercial Code whose issue may be decided or authorised by the Board of Directors in accordance with either (i) the conditions provided for in Article L. 228-40 of said Code, or (ii) the conditions determined by the Company in compliance with Article L. 228-36-A of said Code.

TWENTIETH RESOLUTION

Authorisation for the Board of Directors to increase the Company's capital by capitalising share premiums, reserves, profit or other eligible items

Having considered the Board of Directors' report, in accordance with Articles L. 225-129, L. 225-129-2 and L. 225-130 of the French Commercial Code, the shareholders:

- Grant the Board of Directors an authorisation – which may be delegated as provided for by law – to increase the Company's capital on one or several occasions, to be paid up by capitalising all or part of the Company's reserves, profit or share premiums, and to subsequently issue bonus shares and/or raise the par value of existing shares. The Board of Directors will have full powers to determine the timing and terms and conditions of such capital increase(s), which may not exceed an aggregate amount of €15,000,000. This ceiling (i) is separate from the ceilings set for capital increases carried out pursuant to the other resolutions above, and (ii) does not include the par value of any additional shares to be issued pursuant to the applicable laws and any contractual stipulations in order to protect the rights of holders of securities and other instruments carrying rights to the Company's shares.
- Note that the total amount of any capital increases carried out using this authorisation may not exceed the amount of the Company's reserves, share premiums or profit existing at the time of the capital increase(s).
- Resolve that if the Board of Directors uses this authorisation, in compliance with Article L. 225-130 of the French Commercial Code, any rights to fractions of shares will be non-transferable and non-tradable and the corresponding shares will be sold in accordance with the applicable regulations, with the proceeds of such sale allocated to the holders of the rights within the timeframe provided for in the regulations in force at that date.

- Give full powers to the Board of Directors to use this authorisation and generally take any and all necessary measures and carry out all the formalities required in order to complete each capital increase.
- Resolve that this authorisation is given for a period of 26 months as from the date of this Meeting and supersedes any authorisation previously granted for the same purpose.

TWENTY-FIRST RESOLUTION

Authorisation for the Board of Directors to grant new or existing shares free of consideration

Having considered the reports of the Board of Directors and the Statutory Auditors, in accordance with Articles L. 225-197-1 *et seq.* of the French Commercial Code, the shareholders:

- Authorise the Board of Directors to grant, on one or more occasions and free of consideration, existing shares (notably treasury shares purchased under a buyback programme) or new shares of the Company, to beneficiaries designated by the Board in accordance with the applicable laws and regulations from among:

(i) the employees, or certain categories of employees, of the Company and/or of directly or indirectly related entities or economic interest groupings as defined in Article L. 225-197-2 of the French Commercial Code; or

(ii) executive officers of the Company and/or of directly or indirectly related entities as defined in Article L. 225-197-2 of the French Commercial Code.

- Resolve that the total number of free shares granted may not represent more than 3% of the Company's capital at the grant date, it being specified that:

(i) the total number of free shares that may be granted to executive officers that fall within the scope of paragraphs 1 and 2 of Article L. 225-197-1 II of the French Commercial Code may not represent more than 2% of the total number of free shares granted by the Board of Directors under this resolution;

(ii) any free shares granted to executive officers who fall within the scope of paragraphs 1 and 2 of Article L. 225-197-1 II of the French Commercial Code will be subject to the terms and conditions set out in Article L. 225-197-6 of said Code;

(iii) the Board of Directors may adjust the number of shares granted, subject to the ceiling specified above, following any corporate actions that may be carried out; and

(iv) the number of free shares that may be granted under this authorisation will be included in the blanket ceiling set in the twenty-third resolution below,

- Resolve that the shares granted will vest after a period of at least one year (the "Vesting Period"), provided any pre-defined conditions and criteria set by the Board have been met (notably performance conditions and the condition that the beneficiary remains with the Group during the Vesting Period). The beneficiaries of the vested shares may be required to hold their shares for a period set by the Board of Directors (the "Lock-up Period") which, combined with the Vesting Period, may not be less than two years.
- Resolve that, as an exception to the above, the shares may vest before the end of the Vesting Period if a beneficiary suffers from a disability classified in the second or third categories provided for in Article L. 341-4 of the French Social Security Code.
- Resolve that in the event of a beneficiary's death or if a beneficiary suffers from a disability classified in one of the above categories of the French Social Security Code, the vested shares will become freely transferable following a request made by the beneficiary in the event of disability or by his or her heirs in the event of death.
- Resolve that the durations of the Vesting Period and the Lock-up Period will be set by the Board in accordance with the above minimum timeframes.
- Note that, in accordance with Article L. 225-197-1 of the French Commercial Code, in the case of grants of new shares, this resolution automatically entails the waiver by existing shareholders of their pre-emptive rights to subscribe for any such shares and that the corresponding capital increase will take place at the end of the applicable vesting period.
- Note that this resolution automatically entails the waiver by shareholders of their entitlement to the portion of reserves, profit or share premiums that will be capitalised if new shares are issued at the end of the Vesting Period, and that the Board will have full powers to carry out such issues of new shares.
- Grant the Board of Directors full powers – which may be delegated as provided for by law – to use this authorisation and notably to:
  - place on record that there are sufficient reserves to pay up the new shares to be granted, and where necessary, at the time of each grant, transfer the amounts necessary for said purpose to a blocked reserve;
  - set any eligibility conditions and draw up a list of the names of the beneficiaries and the number of shares that may be granted free of consideration to each beneficiary subject to the above ceilings;
  - set any conditions (notably performance and/or presence conditions) that must be met for the shares to vest at the end of the Vesting Period, it being specified that these conditions may vary from one grant and/or one beneficiary to another;
  - take the decision to carry out the corresponding capital increase(s) when the shares granted free of consideration correspond to new shares;

- acquire any shares required for delivering to beneficiaries when the shares granted free of consideration correspond to existing shares;
- take all necessary measures to ensure that the beneficiaries respect the lock-up period; and
- more generally, do everything required to use this authorisation, in accordance with the applicable legislation.

- Resolve that this authorisation is given for a period of 38 months as from the date of this Meeting.

Each year, the Board of Directors will report to the Annual General Meeting on the share grants made during the year pursuant to this resolution, in accordance with Article L. 225-197-4 of the French Commercial Code.

TWENTY-SECOND RESOLUTION

Authorisation for the Board of Directors to issue stock warrants (BSAAR and/or BSA) to employees and officers of the Company and its subsidiaries, without pre-emptive subscription rights for existing shareholders

Having considered the reports of the Board of Directors and the Statutory Auditors, in accordance with Articles L. 225-129-2, L. 225-138 and L. 228-91 of the French Commercial Code, the shareholders:

- Grant the Board of Directors an authorisation – which may be delegated as provided for by law – to issue, on one or more occasions, stock warrants ("BSA warrants") and/or redeemable stock warrants ("BSAAR warrants").
- Resolve that the aggregate nominal amount of any capital increases carried out as a result of this authorisation, on an immediate or deferred basis, may not exceed €470,046, corresponding to a maximum of 470,046 shares with a par value of €1 each and representing 3% of the Company's capital. This ceiling does not include the par value of any additional shares to be issued pursuant to the applicable laws and any contractual stipulations to protect the rights of holders of securities and other instruments carrying rights to the Company's shares. The number of BSA and BSAAR warrants that may be issued under this authorisation will be included in the blanket ceiling set in the twenty-third resolution below.
- Resolve to waive the pre-emptive subscription rights of existing shareholders in favour of the employees and officers of the Company and its French and foreign subsidiaries (the "Beneficiaries").
- Authorise, in accordance with Article L. 225-128-I of the French Commercial Code, the Board of Directors to draw up the list of Beneficiaries and to set the maximum number of BSA and/or BSAAR warrants that may be subscribed by each Beneficiary.
- Grant the Board of Directors full powers to determine all of the characteristics of the BSA and BSAAR warrants, notably the subscription price which will be set based on the opinion of an independent valuer by reference to factors influencing their value (such as exercise price, lock-up period, exercise period, triggering threshold and redemption period, interest rate, dividend payment policy, trading price and volatility of the Company's shares) as well as the methods of the issue and terms and conditions of the issue contract.
- Resolve that for as long as the Company's shares are listed on Euronext Paris or another stock market, the exercise price of the BSA and BSAAR warrants – which will be set by the Board of Directors at the issue date – must be at least equal to the weighted average of the prices quoted for the Company's shares over the twenty trading days preceding the warrant issue date, it being specified that each BSA or BSAAR warrant will be exercisable for one share of the Company.
- Resolve that this authorisation is given for a period of 18 months as from the date of this Meeting and supersedes any authorisation previously granted for the same purpose.
- Resolve that in accordance with Articles L. 228-91 and L. 225-132 of the French Commercial Code, this authorisation automatically entails the waiver by shareholders of their pre-emptive rights to subscribe for any shares issued on exercise of the BSA or BSAAR warrants.
- Give full powers to the Board of Directors – which may be delegated as provided for by law or the applicable regulations – to:
  - issue and allocate the BSA and BSAAR warrants and set their subscription price, exercise conditions and final terms, in accordance with the provisions of this resolution and the ceilings set herein;
  - draw up the list of Beneficiaries and determine the number of BSA and/or BSAAR warrants to be granted to each Beneficiary;
  - set the issue price of the shares for which the warrants will be exercisable, in accordance with the terms and conditions described above;
  - place on record the number of shares issued on exercise of the BSA and BSAAR warrants and undertake, either directly or through an authorised representative, any actions and formalities required to complete any capital increase(s) that may be carried out on exercise of the warrants and amend the Articles of Association to reflect the new capital;
  - take all measures required to protect the rights of the holders of BSA and BSAAR warrants in the event of a corporate action relating to the Company, in accordance with the applicable laws and regulations; and
  - more generally, carry out all measures and formalities required in order to use this authorisation.

TWENTY-THIRD RESOLUTION

Blanket ceiling for share issues carried out pursuant to the twenty-first resolution (free share grants) and twenty-second resolution (stock warrant issues)

Having considered the reports of the Board of Directors and the Statutory Auditors, the shareholders resolve that the aggregate number of (i) the shares issued for the purpose of granting shares free of consideration pursuant to the twenty-first resolution above and (ii) the shares issued on exercise of warrants issued pursuant to the twenty-second resolution above, may not exceed 940,092 shares with a par value of €1 each. This ceiling does not include any additional shares to be issued pursuant to the applicable laws and any contractual stipulations in order to protect the rights of holders of securities or other instruments carrying rights to the Company's shares.

TWENTY-FOURTH RESOLUTION

Authorisation for the Board of Directors to increase the Company's capital by issuing shares and/or securities carrying rights to the Company's shares to employees who are members of a company or Group employee savings plan

Having considered the reports of the Board of Directors and the Statutory Auditors, in accordance with Articles L. 225-129-2, L. 225-129-6, L. 225-138 and L. 225-138-1 of the French Commercial Code and Articles L. 3332-1 *et seq.* of the French Labour Code, the shareholders:

- Give the Board of Directors full powers – in accordance with Articles L 225-129 and L. 225-138-1 of the French Commercial Code and Articles L. 3332-1 *et seq.* of the French Labour Code – to increase the Company's capital on one or more occasions by issuing shares and/or securities carrying rights to the Company's shares to employees who are members of an employee savings plan (*Plan d'Épargne d'Entreprise*) set up by the Company or any French or foreign related entity as defined in Article L 225-180 of the French Commercial Code and Article L 3344-1 *et seq.* of the French Labour Code, subject to a ceiling of 1% of the Company's capital as at the date this authorisation is used.
- Resolve that the subscription price of the shares or securities carrying rights to shares will be set in accordance with the conditions and ceilings provided for in the applicable laws and regulations, notably Article L. 3332-19 of the French Labour Code.
- Authorise the Board of Directors to grant the subscribers, free of consideration, new or existing shares or securities carrying rights to shares, in accordance with Article L. 3332-21 of the French Labour Code. The Board of Directors may (i) use such grants to replace all or part of a discount on the issue price in accordance with the ceilings provided for in the applicable laws and regulations, or (ii) deduct the value of such grants from the total amount of an employer's top-up payment, or (iii) use both of the possibilities provided for in (i) and (ii),
- Give full powers to the Board of Directors to use this authorisation and to:
  - draw up the list of entities whose employees will be entitled to subscribe for the shares or other securities;
  - set the seniority conditions required for employees to subscribe for the issue(s), subject to the limits provided for in the applicable laws, and set the maximum number of shares that may be subscribed for by the employees concerned;
  - set the number of new shares to be issued and their cum-rights date;
  - set the issue price of the new shares, in accordance with the applicable laws, as well as the period during which employees' subscription rights may be exercised;
  - set the terms and conditions and timeframes for payment of the subscription price;
  - place on record the capital increase(s) and amend the Articles of Association to reflect the new capital;
  - if it deems it appropriate, charge the issue costs against the related premiums and deduct from the premiums the amount necessary to increase the legal reserve to 10% of the Company's new capital after each issue;
  - carry out any and all actions and formalities required in connection with the capital increase(s).

This authorisation automatically entails the waiver by shareholders of their pre-emptive rights to subscribe for any shares or other securities issued pursuant to this resolution.

This authorisation is given for a period of 26 months as from the date of this Meeting and supersedes any authorisation previously granted for the same purpose.

TWENTY-FIFTH RESOLUTION

Powers to carry out formalities

The shareholders give full powers to the bearer of an original, extract or copy of the minutes of this Meeting to carry out any and all filing and other formalities required by the applicable law and regulations.

8.4 STATUTORY AUDITORS' REPORTS

The Statutory Auditors' reports can be found in Chapter 6, Sections 6.2, 6.3.4 and 6.3.5 of this Registration Document.

Additional reports will be available within the legal timeframes on the Company's website at www.assystem.com in the "Regulated information" section.

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APPENDICES

9.1 STATEMENT BY THE PERSONS RESPONSIBLE FOR THE 2017 REGISTRATION DOCUMENT

We hereby state that having taken all reasonable care to ensure that such is the case, the information contained in this Registration Document is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

We further state that, to the best of our knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and the consolidated Group as a whole and that the management report as referred to in the cross-reference table on pages 208 and 209 of this Registration Document presents a fair view of the business, results and financial position of the Company and its consolidated entities and contains a description of the main risks and uncertainties to which they are exposed.

We obtained a completion letter from the Statutory Auditors confirming that they have read the whole of the Registration Document and verified the information about the Group's financial position and the accounts contained therein.

Paris, 10 April 2018
French original signed by:

Dominique Louis
Chairman & CEO of Assystem SA

Philippe Chevallier
Person in charge of financial information
Chief Financial Officer & Deputy CEO

9.2 CROSS-REFERENCE TABLES

CROSS-REFERENCE TABLE FOR DISCLOSURES REQUIRED IN ACCORDANCE WITH ANNEX I OF EUROPEAN COMMISSION REGULATION (EC) NO. 809/2004

The following cross-reference table can be used to identify the information contained in this Registration Document that is required in accordance with Annex I of European Commission Regulation (EC) no. 809/2004 dated 29 April 2004.

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CROSS-REFERENCE TABLE FOR INFORMATION REQUIRED IN THE MANAGEMENT REPORT

The following cross-reference table identifies the information contained in this Registration Document that constitutes Assystem's management report, as required in accordance with the applicable laws and regulations and in particular Articles L. 225-100 *et seq.* of the French Commercial Code.

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In accordance with Article 28 of European Commission Regulation (EC) no. 809/2004 of 29 April 2004, the following information is incorporated by reference into this Registration Document:

- the consolidated financial statements for the year ended 31 December 2016, the accompanying notes, the Statutory Auditors' report and the related management report, presented on pages 79 to 142, 143 and 144, and 35 to 44 of the Registration Document filed with the AMF on 31 March 2017 under number D.17-0273;
- the consolidated financial statements for the year ended 31 December 2015, the accompanying notes, the Statutory Auditors' report and the related management report, presented on pages 78 to 148, 149 and 35 to 44 of the Registration Document filed with the AMF on 13 April 2016 under number D.16-0326.

Topic		Chapter(s)	Page number(s)
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3.1	List of offices and posts held by each officer in any company during the year	2	17-30
3.2	Compensation and benefits paid during the year to each officer by the Company and entities that control or are controlled by the Company	2	30-36
3.3	Commitments related to taking up, ending or changing duties	2	30-36
3.4	If stock options are awarded, disclosure of the information on which the Board of Directors based its decision to: • either prohibit executives from exercising their options during their term of office; or • require executives to hold in registered form, until the end of their term of office, all or some of the shares issued on exercise of their options (specifying the proportion set).	N/A	N/A
3.5	Summary of transactions in the Company's securities carried out by executives and related parties	7	173
3.6	If free shares are awarded, disclosure of the information on which the Board of Directors based its decision to: • either prohibit executives from selling their unrestricted free shares during their term of office; or • require executives to hold in registered form, until the end of their term of office, all or some of their unrestricted free shares (specifying the proportion set).	N/A	N/A
4	CSR disclosures	4	
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5	Other information		
5.1	The amount of loans due within less than two years granted by the Company on an ancillary basis to micro-enterprises, SMEs or middle-market companies with which it has economic ties justifying such loans	N/A	N/A
5.2	Information about payments made to the authorities of each country in which the Company exercises the following business activities: exploring, prospecting, discovering, extracting or mining Oil & Gas, coal and brown coal, ores, stone and sand and clay, inorganic minerals and mineral fertilizer, peat, salt, and any other mineral resources, and logging virgin forests	N/A	N/A
5.3	The main characteristics of the internal control and risk management procedures put in place by the Company relating to the preparation and processing of accounting and financial information	3.8	45

CROSS-REFERENCE TABLE FOR DISCLOSURES REQUIRED IN THE ANNUAL FINANCIAL REPORT

The following cross-reference table identifies the information contained in this Registration Document that constitutes Assystem's Annual Financial Report, as required in accordance with Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-3 of the AMF's General Regulations.

CROSS-REFERENCE TABLE FOR DISCLOSURES REQUIRED IN THE CORPORATE GOVERNANCE REPORT

The following cross-reference table identifies the information contained in this Registration Document that constitutes Assystem's corporate governance report, as required in accordance with the applicable laws and regulations and in particular Articles L. 225-100 *et seq.* of the French Commercial Code.

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Designed & published by LABRADOR +33 (0)1 53 06 30 80

This document is printed in compliance with ISO 14001.2004 for an environmental management system.

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