



Nicolas Seailles and Jérôme Hollinger from Bouygues Bâtiment Ile-de-France on the site of the Aubervilliers shopping centre, near Paris

BUSINESS ACTIVITIES AND SUSTAINABLE DEVELOPMENT

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FULL-SERVICE CONTRACTOR

Good operating and commercial performance in 2009

€9,546m (+0.5%)
2009 sales

3.5% (+0.3 pts)
Operating margin

€240m (-19%)
Net profit attributable to the Group

€12.0bn (-2%)
Order book

52,599
Employees

€9,100m (-5%)
2010 sales target



Good operating and commercial performance

A continuing high level of orders at €9,395 million

The order intake in 2009 remained robust in comparison with the exceptional level attained in 2008 (€10,668 million). Although lower, it was virtually equivalent to the year's sales.

Orders worth €5,467 million were taken in France, 11% down on 2008. Orders remained strong for building works in the Paris region and for Public-Private Partnership (PPP) infrastructure projects, especially hospitals and prisons. The order intake on international markets fell to €3,928 million, a figure which includes a tunnel project for the port of Miami in the United States.

A slight rise in sales to €9,546 million

The financial and economic crisis had a limited impact on Bouygues Construction's sales in 2009.

After five consecutive years of double-digit growth, the 2009 sales figure was slightly higher than the record level reached in 2008. A slight fall in sales in France, down 1% to €5,356 million, was offset by a 2% rise in international sales to €4,190 million, driven by major projects.

HIGHLIGHTS

Major contracts concluded

- > Amiens-Picardie and Orléans hospitals¹.
- > Tunnel in Miami.
- > Bata motorway in Equatorial Guinea.

Projects under construction

- > EPR nuclear power plants in Flamanville¹ and Finland.

- > Tour First in La Défense².
- > Presidential complex in Turkmenistan.

Completed projects

- > Cyprus airports.
- > Bouygues Telecom Technical Centre in Meudon².
- > Tampines Grande real estate complex in Singapore.

Sustainable development

Construction of 14 low-energy buildings and rollout of CarbonEco®, a carbon balance software package.

Bouygues Construction is one of the world's leading construction firms, operating in building, civil works, and electrical contracting and maintenance. Combining the strength of a large group with the responsiveness of a network of companies, its know-how includes project financing, design, construction, operation and maintenance.

¹France
²Paris region

A fall in net profit to €240 million, down 19%

Current operating profit rose in relation to 2008 to €335 million, giving a current operating margin of 3.5%. Financial income fell to €37 million, hit by the effect of lower interest rates on the group's capacity to generate income from its cash surpluses. After a tax charge of €124 million, net profit attributable to the Group amounted to €240 million in 2009, representing 2.5% of sales.

A further €694 million rise in net cash to €3,286 million

Bouygues Construction saw its net cash position increase by €694 million to €3.3 billion, further strengthening its financial structure.

A decrease in net investment to €3 million from €256 million in 2008

Net capital expenditure (€142 million) fell in relation to 2008 due in particular to disposals of plant and equipment from projects nearing completion in 2009 and the effect of project phasing.

Net financial and other investments turned negative at -€139 million, compared with €3 million in 2008, under the combined effect of the disposal of majority interests in public service delegations held by Axione, a company specialising in the construction of broadband networks, and the refinancing of several PPP projects.



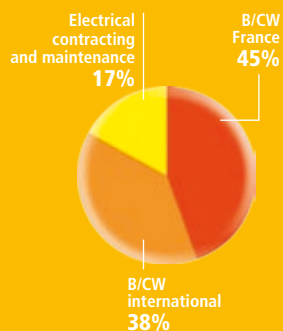
Sales € billion



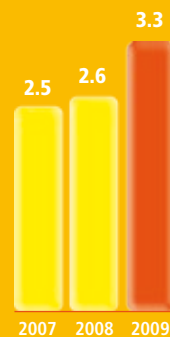
Net profit € million



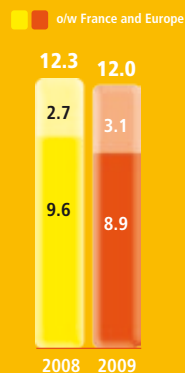
Sales by segment



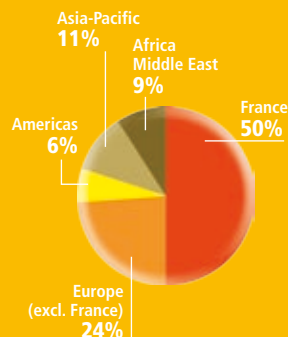
Net cash € billion



Order book € billion



Order book by region



Condensed balance sheet at 31 December

| ASSETS (€ million) | 2008 | 2009 |
|---|--------------|--------------|
| • Property, plant and equipment and intangible assets | 670 | 467 |
| • Goodwill | 395 | 395 |
| • Non-current financial assets and taxes | 336 | 333 |
| NON-CURRENT ASSETS | 1,401 | 1,195 |
| • Current assets | 3,539 | 3,128 |
| • Cash and equivalents | 3,199 | 3,813 |
| • Financial instruments ¹ | - | - |
| CURRENT ASSETS | 6,738 | 6,941 |
| TOTAL ASSETS | 8,139 | 8,136 |
| LIABILITIES AND SHAREHOLDERS' EQUITY (€ million) | 2008 | 2009 |
| • Shareholders' equity attributable to the Group | 756 | 754 |
| • Minority interests | 5 | 12 |
| SHAREHOLDERS' EQUITY | 761 | 766 |
| • Non-current debt | 375 | 346 |
| • Non-current provisions | 646 | 739 |
| • Other non-current liabilities | 2 | 1 |
| NON-CURRENT LIABILITIES | 1,023 | 1,086 |
| • Current debt | 26 | 8 |
| • Current liabilities | 6,123 | 6,103 |
| • Overdrafts and short-term bank borrowings | 206 | 173 |
| • Financial instruments ¹ | - | - |
| CURRENT LIABILITIES | 6,355 | 6,284 |
| TOTAL LIABILITIES | 8,139 | 8,136 |
| Net surplus cash | 2,592 | 3,286 |

¹Hedging of financial liabilities at fair value

Condensed income statement

| (€ million) | 2008 | 2009 |
|---|--------------|--------------|
| SALES | 9,497 | 9,546 |
| • Net depreciation and amortisation expense | (154) | (162) |
| • Net charges to provisions and impairment losses | (168) | (347) |
| • Other income and expenses | (8,867) | (8,702) |
| OPERATING PROFIT | 308 | 335 |
| • Income from net surplus cash | 93 | 26 |
| • Other financial income and expenses | 5 | 11 |
| • Income tax expense | (114) | (124) |
| • Share of profits and losses of associates | 2 | (7) |
| NET PROFIT FROM CONTINUING OPERATIONS | 294 | 241 |
| • Net profit from discontinued and held-for-sale operations | - | - |
| NET PROFIT | 294 | 241 |
| • Minority interests | 3 | (1) |
| CONSOLIDATED NET PROFIT (attributable to the Group) | 297 | 240 |



Building and civil works

Building and civil works generated total sales of €7,919 million in 2009, slightly higher than in 2008. Sales in France amounted to €4,255 million. Internationally, Bouygues Construction operates in 79 countries. Operations outside France generated sales of €3,664 million in 2009.

France

2009 sales: €4,255m

2009 order intakes: €4,084m

The construction market in France, worth €201 billion, shrank by 6.8% in 2009, hit by the effects of the global economic and financial crisis. A 17% overall drop in new housing starts affected both the private residential segment, despite tax incentives to boost sales, and the social housing segment, despite loans to low-rent housing associations from the Caisse des Dépôts et Consignations. However, the commercial property sector was hardest hit as companies sought to control their costs. Orders for civil works rose 15% in the last quarter in relation to the same period in 2008. Bouygues is one of the three major players in France, with Vinci and Eiffage, the rest of the market being shared by a large number of small and medium-sized regional firms.

Bouygues Bâtiment Ile-de-France, leader on its market, reported 14% growth to €1,901 million in 2009. Although all activities contributed, sales growth was driven by major

projects, both for renovation, up 26%, and new construction, up 17%. Examples included renovation of the Tour First in La Défense near Paris, a project with High Environmental Quality (HQE®) certification, rehabilitation of Jussieu University in Paris and the construction of a shopping centre in the Parc du Millénaire, a new eco-neighbourhood in Aubervilliers to the north of Paris.

In France, **Bouygues Entreprises France-Europe** has six main regional subsidiaries involved in both building and civil works. After growing by 51% in five years, sales fell back 5% to €1,937 million. Regional subsidiaries are highly active in building public infrastructure, including hospitals (seven hospitals are currently under construction, each project being worth over €50 million, and a contract has been signed for construction of the Amiens-Picardie hospital), prisons (an order has been taken for a prison at Réau, near Lille), schools and leisure facilities.

The sales in France of **Bouygues Travaux Publics** and **DTP Terrassement** fell by 18% to €274 million and €137 million respectively. Civil engineering work on the Flamanville EPR nuclear power plant is continuing.

Europe

2009 sales: €1,930m

2009 order intakes: €1,457m

The construction market in the **United Kingdom**, worth €163 billion, fell by 12.6% in 2009 mainly due to a

21% decline in the residential property market and a 50% drop in the non-residential segment. However, public-sector investment held up well, especially for schools and infrastructure for the 2012 Olympic Games. Bouygues UK targets Private Finance Initiative (PFI) and design/build projects in the London region (schools, Broomfield hospital, social housing in Brent, etc.). Waring, a subsidiary in the south of England, has a diversified portfolio, much of it in the form of multi-year contracts. Bouygues Travaux Publics is building a new tunnel under the Tyne in Newcastle as part of a concession contract.

The construction market in **Switzerland** grew by 3.3% in 2009 to €36 billion in all its segments. Losinger, the country's second-largest construction firm and the leader in French-speaking Switzerland and the Bern region, is continuing to expand in German-speaking areas and is building the Prime Tower, the country's tallest.

The construction sector in **Spain** contracted by 21.5% to €145 billion. It was the market hardest hit by the crisis, compounded by the bursting of the property bubble and the credit crunch. Bouygues Construction subsidiaries are targeting specific segments like industrial cladding and prestressing.

In **Cyprus**, under a concession agreement for two airports, Bouygues Bâtiment International delivered the Larnaka airport in July, having already delivered the Paphos airport in September 2008. This calling card for airport concession projects opens

up many prospects for growth in the Mediterranean region.

In **Croatia**, Bouygues Travaux Publics in partnership with DTP Terrassement is continuing work on the widening of the Istria motorway, which it had previously built and which is operated by the Concessions division.

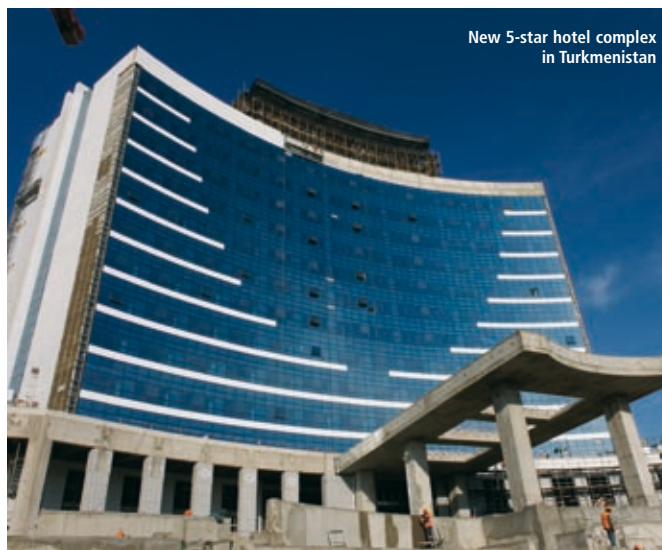
In **Finland**, Bouygues Travaux Publics is continuing civil engineering work on the Olkiluoto EPR nuclear power plant for Areva.

The construction market in **Poland**, worth €45 billion, proved the exception in Europe: it grew by 5.3%, a decline in housing being more than offset by infrastructure projects. Karmar, a Warsaw-based subsidiary acquired by Bouygues Construction in 2007, is continuing to expand. At the end of the year, DTP Terrassement delivered a 22-km section of the A4 motorway.

In the **Czech Republic**, the construction market fell by 4.3% to €22 billion despite considerable needs for housing and public infrastructure. VCES is one of the country's top ten construction firms, operating in the building and water treatment segments.

In **Ukraine**, Bouygues Travaux Publics in partnership with Vinci has started work on the new Chernobyl confinement shelter, which will ultimately enable the damaged reactor to be dismantled.

Bouygues Construction also has smaller-scale projects in **Hungary, Romania, Russia** and **Portugal**.



Asia

2009 sales: €892m
2009 order intakes: €799m

Established in **Hong Kong** since 1955, Dragages operates in both the building and civil works segments. Its subsidiary BYME specialises in electrical and HVAC engineering.

Dragages **Singapore** is a prominent builder of luxury condominiums, hotels and offices. The Tampines Grande real estate complex, remarkable for its environmental features, was delivered in 2009.

In **Thailand**, Bouygues Thai specialises in high-rise blocks and delivered The Met residential complex in Bangkok.

In **South Korea**, Bouygues Travaux Publics is building the new port at

Pusan under a concession contract.

In **Turkmenistan**, Bouygues Bâtiment International has started work on two major projects in Ashgabat, the presidential palace and a luxury hotel complex.

Middle East

2009 sales: €119m
2009 order intakes: €33m

In **Qatar**, Bouygues Bâtiment International is to build a vast 700,000-sq metre real estate complex in Doha, the Barwa Financial District, in partnership with two local firms.

In **Abu Dhabi**, VSL is building the first stay-cable bridge in the United Arab Emirates, linking Hodariyat Island to Abu Dhabi.

Activity in **Dubai** has slowed considerably since the main projects there have been completed or are nearing completion

Americas – Caribbean

2009 sales: €186m
2009 order intakes: €600m

In the **United States**, at the end of 2009 Bouygues Travaux Publics signed a 35-year PPP contract to build a tunnel for the port of Miami.

In **Canada**, Bouygues Bâtiment International is building a hospital in Surrey (British Columbia) in a consortium with two local firms. Ecovert FM, a subsidiary of ETDE, will provide facilities management under a 30-year contract. Other PPP projects are under consideration.

In **Cuba**, Bouygues Bâtiment International is involved in turnkey luxury hotel projects. A player in the country for ten years now, in December it concluded its sixteenth hotel contract and the first on the Cayo Coco site.

In **Trinidad and Tobago**, Bouygues Bâtiment International delivered a major real estate development on the seafront at Port of Spain, the island's capital. Bouygues Travaux Publics, as part of the Trinitrain consortium alongside Alstom and RATP Développement, is currently carrying out studies for a 105-km express rail network including 20 km of viaducts.

In Jamaica, Bouygues Travaux Publics has been involved in developing the

island's road and motorway network for several years.

Africa

2009 sales: €537m
2009 order intakes: €759m

In **South Africa**, Bouygues Travaux Publics is continuing construction work on the 80-km Gautrain rail link between Pretoria, Johannesburg and Johannesburg International Airport under a concession contract.

In **Equatorial Guinea**, the government has embarked on a major infrastructure modernisation programme. BBGE, the local subsidiary, is involved in building, road construction and civil engineering projects. The order intake for the year was very high, including the construction of 86 km of motorway, a 5-star hotel and two bridges.

In **Morocco**, activity in the construction sector was sustained in 2009 by major public-sector investment programmes. Bouygues Construction is currently building a hotel complex at Essaouira. The contract for the second Tangiers container port, Tanger Med 2, has been signed (Tanger Med 1 came into service in 2008) and is expected to take effect in 2010.

In **Egypt**, Bouygues Travaux Publics is a member of the consortium building Cairo's third subway line. Following on from the first phase begun in 2008, the contract for the second phase was concluded in June 2009. The two phases involve nearly 11 km of tunnels and nine underground stations.



In 2009, ETDE won the public lighting contract for the city of Metz

Electrical contracting and maintenance

ETDE contributed €1,627 million to Bouygues Construction's sales in 2009, compared with €1,648 million in 2008. ETDE has three business lines: utility networks (44% of sales), electrical and HVAC engineering (36%) and facilities management (20%). Sustained growth until 2008 has placed ETDE among the leading players in the sector.

France

2009 sales: €1,101m
2009 order intakes: €1,383m

The electrical contracting and maintenance market in France held up well in 2009, sustained by public spending

and large-scale projects to create or upgrade infrastructure.

ETDE's contribution to Bouygues Construction's consolidated sales fell slightly to €1,101 million.

In the electrical and HVAC engineering segment, two new orders worth over €15 million each were taken with hospitals in Amiens and Metz.

ETDE won a 10-year PPP street lighting contract with the city of Metz under which it will be responsible for replacing and maintaining street lighting, with a brief to reduce the city's energy consumption.

In partnership with the group's construction subsidiaries, ETDE is involved in a number of other PPP projects, including a prison at Réau, near Lille, and the logistics platform at

Carcassonne hospital. Its subsidiary, Exprimm, will provide maintenance throughout the lifetime of the contracts.

Its subsidiary, Axione, is a leading player in the development of broadband and digital networks in France. It is involved in 12 public service delegations, representing 6,400 km of optical fibre serving five million inhabitants.

International

2009 sales: €526m
2009 order intakes: €280m

In 2009, ETDE's international sales were hit by substantial currency fluctuations, especially the decline of sterling against the euro.

In the **United Kingdom**, ETDE provides facilities management with

Ecovert FM, street lighting services with David Webster (five PFI contracts in progress) and HVAC engineering with Icel and ETDE Contracting.

Elsewhere in Europe, ETDE also has operations in **Switzerland**, where it is continuing to integrate Mibag, a facilities management specialist acquired in mid-2007, and in **Hungary**, with its HVAC engineering subsidiary Szigma-Coop.

In **Africa**, where it has operated for over 50 years, ETDE does most of its business in Congo, Ivory Coast and Gabon. The company provides a full range of services for the design, installation and maintenance of energy networks, street lighting and electrical and HVAC engineering. In one of its major international projects, ETDE has started work on a contract for 500 km

of power lines and substations in Congo on behalf of an international oil company.

Research and development

More than ever in a changing world, Bouygues Construction relies on research and innovation to support and anticipate new developments that affect its lines of business and activities.

To better coordinate research and development programmes according to its major strategic options and further encourage innovation among staff, Bouygues Construction has created a special department to oversee and coordinate all the resources devoted to research, development and innovation.

The main research projects in 2009 concerned:

- improving the thermal qualities of concrete, culminating in the development with Lafarge of Thermedia™ structural insulating concrete;
- the development of a software tool to oversee sites maintained and operated by specialist subsidiaries under PPP contracts;
- the development of a prototype lamppost of the future incorporating a very wide range of functions and services (telecommunications, CCTV, etc.).

SUSTAINABLE DEVELOPMENT

Highly motivated

Coordination of initiatives



Since 2007, Bouygues Construction has structured its sustainable development policy in an approach entitled Actitudes. Organised around seven key themes subdivided into 42 actions, Actitudes constitutes the common core of the policy for all Bouygues Construction subsidiaries (see box on page 34).

Subsidiaries carry out self-assessments and set their targets for progress according to the 42 actions in the policy on the basis of a reference framework that spells out the results expected at each level of rollout on a scale from 1 to 4. The results of this assessment exercise, carried out every year, are used to track progress and steer the policy. For the last two years an outside consultancy, Ernst & Young,

| STAKEHOLDERS | THEIR EXPECTATIONS | OUR RESPONSES | FORUMS AND FORMS OF DIALOGUE |
|--|---|--|---|
| Customers | <ul style="list-style-type: none"> > Service quality and competitiveness > Innovation > Trust > Consideration > Ethical behaviour | <ul style="list-style-type: none"> > Quality, Environment, Health and Safety policy (ISO 9001, ISO 14001, OHSAS 18001) > Sustainable construction research programmes > Eco-variants offered to customers > Circulation of the Code of Ethics and executive training in business ethics | <ul style="list-style-type: none"> > Customer satisfaction surveys, conventions, study days, newsletters, organisation of "Sustainable Construction Mornings" (Sustainable Construction Club for customers) |
| Shareholders and the financial community | <ul style="list-style-type: none"> > Economic efficiency and profitability > Transparency and information > Long-term visibility | <ul style="list-style-type: none"> > Publication of information documents and press releases > Publication of the annual report > Responses to non-financial rating agencies and investors (through Bouygues SA) | <ul style="list-style-type: none"> > Annual meetings > Website |
| Employees and trade unions | <ul style="list-style-type: none"> > Working conditions, health and safety, respect, labour and union rights, fairness, acknowledgment of achievements, training, diversity | <ul style="list-style-type: none"> > Training: Bouygues Construction University, equal opportunity, Pro Academy, QSE Academy, etc. > Annual assessment interviews and internal mobility > Employee share ownership (<i>Bouygues Partage</i> and profit-sharing) > Fringe benefits > Safety training on worksites, road safety and anti-addiction campaigns > Ergonomic approach, warm-up exercises on worksites > Handitour roadshow to raise awareness of disability among staff | <ul style="list-style-type: none"> > Employee satisfaction surveys > Health and safety committee, works councils, elections of employee representatives > Diversity committee > Group Health and Safety Committee > Internal communication (intranet, in-house magazines, conferences, poster campaigns) > Information meetings |
| Suppliers and subcontractors | <ul style="list-style-type: none"> > Loyalty > Fairness > Long-term relationships | <ul style="list-style-type: none"> > CSR^a Charter for suppliers and subcontractors > Partnerships > Welcome pack for new partners > Assessment of suppliers' CSR performance | <ul style="list-style-type: none"> > Satisfaction and perception surveys. Cooperation reviews > Conventions > Day conferences > Working days |
| Local residents | <ul style="list-style-type: none"> > Control and reduction of worksite impacts | <ul style="list-style-type: none"> > Environment-friendly worksite policy – Écosite[®] label > Software to estimate and model worksite noise levels > Arrangements for consultation, dialogue and information | <ul style="list-style-type: none"> > Signs providing information > Register of complaints > Freefone number > Worksite websites > Meetings |
| Civil society incl. local authorities, associations, non-governmental organisations (NGOs) | <ul style="list-style-type: none"> > Dialogue and transparency > Long-term partnerships > Compliance with regulations, labour laws and human rights > Protection of the environment > Ethical and responsible behaviour | <ul style="list-style-type: none"> > Environment-friendly worksite policy – Écosite[®] label > Evaluation of carbon emissions with CarbonEco[®] software > Partnerships with charities like Care France, Architectes de l'Urgence, Planète Urgence, Réseau Vauban, etc. > Terre Plurielle corporate foundation > Citizenship Action Committee > Contribution to economic development in places where we operate > Social audits of suppliers in emerging countries | <ul style="list-style-type: none"> > Website > Participation in outside events (Forum Federe, etc.) > Membership of organisations that encourage exchanges with civil society (Comité 21, Global Compact) |
| Scientific community, industry bodies (Ademe ^f , CSTB ^d , FNTP ^e , EGF-BTP ^g , etc.) and educational organisations | <ul style="list-style-type: none"> > R&D and innovation > Pooling of knowledge and skills > Sharing of knowledge | <ul style="list-style-type: none"> > Specialist masters in sustainable construction and housing in partnership with Ensam^b and ESTP^c > Participation in research projects with CSTB^d > Projects in cooperation with Ademe^f (eco-driving, carbon balance, etc.) | <ul style="list-style-type: none"> > Participation in sustainable development working groups in industry bodies > Lectures and courses > Participation in careers fairs |

^aCorporate Social Responsibility ^bArts et Métiers ParisTech ^cÉcole Spéciale des Travaux Publics, du Bâtiment et de l'Industrie ^dCentre Scientifique et Technique du Bâtiment ^eFédération Nationale des Travaux Publics ^fAgence de l'Environnement et de la Maîtrise de l'Énergie ^gEntreprises Générales de France - BTP



Tutoring to enhance employees' skills

has carried out an audit and validated the ratings and consolidation.

The calculation of the performance-related portion of senior managers' pay takes account of sustainable development criteria like safety. Sustainable development targets are also included in the checklists for employees' annual assessment interviews.

The sustainable development department, which reports to senior management, oversees the rollout of its policy through a committee made up of representatives from operating units and support divisions. It also coordinates a network of a hundred or so correspondents in group subsidiaries.

A Sustainable Construction skill centre and committees working on specific subjects like diversity, purchasing and ethics complete the arrangements.

A training drive

The training drive continued in 2009, including a six-day course for the hundred or so sustainable development correspondents, incorporation of the theme into management, human resources, works and sales training courses and a sustainable construction induction course that has been dispensed to nearly 1,400 technicians and sales staff since 2008.

Involving stakeholders

Bouygues Construction has given commitments to organisations that seek to promote sustainable development principles and offers forums for dialogue with stakeholders like the United Nations Global Compact.

A member of Comité 21, the French committee for the environment and sustainable development, Bouygues Construction takes an active part in its work, assisting in 2009 with the publication of a handbook on how to motivate employees for sustainable development.

Bouygues Construction is also involved

in many partnerships and exchanges with players from civil society and the construction industry, enabling it to incorporate stakeholders' expectations in both the social and the environmental spheres into its policy (see table on page 33).

Balanced development to serve clients better

Forging a relationship of trust with clients

Listening and transparency

Our clients' trust is founded on the guaranteed quality of our products and production methods, backed up by an integrated Quality Safety Environment management system (82% of sales were generated in triple-certified operating units in 2009). Listening more attentively to our customers continues to be a priority, reflected in the systematic introduction of customer satisfaction surveys and greater use of outside organisations to ensure that opinions can be freely expressed (for example, Qualimétrie was asked to conduct 480 surveys for Bouygues Entreprises France-Europe in 2009 and mirror surveys have been introduced in several entities).

A group ethics officer at headquarters level is responsible for instigating and coordinating subsidiaries' ethics-related initiatives, including circulating the Code of Ethics to all employees

ACTITUDES: seven key themes

- > Foster a trusting relationship with our clients, based on consideration, transparency and innovation
- > Incorporate risk assessment into the day-to-day management of the company
- > Lead our business sectors in terms of occupational health and safety
- > Develop our employees' skills and promote equal opportunity
- > Establish balanced, long-term relationships with partners, suppliers and subcontractors
- > Ensure that our businesses respect the environment
- > Participate in the economic and social life of the regions where we operate

and training managers. Four important measures were decided in 2009: extending whistleblowing arrangements to anti-competitive practices wherever legally possible, stepping up the vetting of sales agents by Adit, a business intelligence agency, creating an ethics committee and introducing an ethics training plan for the executive committees of all Bouygues Construction subsidiaries.

Leading clients towards sustainable construction

Promoting sustainable construction to customers is a strategic priority for all

Bouygues Construction's businesses. Efforts in this direction include giving technical and sales staff training in the subject, proposing eco-variants and providing customers with information and support. Examples include an online intranet resource for sales staff containing information about and arguments for sustainable construction, organised by type of structure, sustainable construction mornings for customers, the creation of a sustainable construction club as a forum where Bouygues Construction's customers and partners can exchange ideas, and software tools to guide customers, like Projection, which evaluates the sustainable development qualities of housing projects, and CarbonEco® (see "Reducing CO₂ emissions" on page 39).

Involving suppliers and subcontractors

Bouygues Construction subsidiaries seek to ensure that their subcontractors take their social and environmental responsibilities seriously (health and safety, quality, environment, concealed work), providing introductory handbooks at the start of projects and organising training courses, working groups, conventions, satisfaction surveys and cooperation reviews.

Particular attention is paid to illegal working. In cooperation with State services, Bouygues Construction applies very strict procedures, including identity document checks, personalised access badges, training for works supervisors, upstream coop-

eration with temporary employment agencies including clauses in framework agreements, in-house checks, etc. Bouygues Construction worksites are regularly inspected by the social security authorities, the police and the labour inspectorate.

In late 2009, as part of a movement urging the regularisation of workers without papers coordinated by various associations and trade unions, Bouygues Bâtiment Ile-de-France was accused of employing illegal workers, both directly through temporary employment agencies and indirectly through subcontractors, on the Tour First site and, between 2007 and 2008, on the site of the National Assembly annex at 101 rue de l'Université in Paris. Checks led to the conclusion that the workers spotlighted by the media had used stolen identities with their employer, who produced entirely valid documents. The company's vigilance could not be faulted. Bouygues Construction does not have the means to detect certain types of fraud, false documents or stolen identities. Only State services have the powers and resources to do so.

The assessment of suppliers' CSR¹ performance has been strengthened by the use of a specialist external organisation, EcoVadis, offering objective analysis and a benchmark between suppliers (60 suppliers were audited in 2009, representing purchases worth €263 million). This arrangement completes the principles set out in the Supplier CSR Charter attached to contracts and specific clauses relating to

social and environmental responsibility in subcontracting agreements. Particular attention is paid to suppliers in emerging countries: 74 audits of new international suppliers were carried out in 2009.

Action is coordinated by a responsible purchasing committee which provides Bouygues Construction's purchasers with information and training on the subject. Catalogues of eco-products and eco-equipment for technical and works teams complete the arrangements.

Corporate social responsibility

Leading the way in health and safety

Bouygues Construction's accident prevention policy, which aims to keep its businesses and worksites accident-free, is coordinated by a Health and Safety Committee which ensures the worldwide sharing of best practices and consistency in initiatives for progress and tracking indicators. The total safety management system, implemented in all entities, has OHSAS 18001 certification that covers 82% of the group's activity.

Preventing accidents means training staff and making them more responsible. In addition to everyday initiatives on worksites, major campaigns to raise awareness of health, safety and road safety issues were carried out in 2009, reaching a total of 33,000 employees.



Accident prevention initiatives by Bouygues Entreprises France-Europe

They included a health and safety day at ETDE, an ongoing health and safety campaign at Bouygues Bâtiment Ile-de-France and an anti-addiction campaign at Bouygues Entreprises France-Europe.

A comprehensive training cycle is offered, adapted to the target population (site workers, foremen, site supervisors, managers). Subsidiaries' safety records are taken into account in calculations for managers' profit-sharing and performance-related pay.

The accident prevention policy is also extended to temporary workers and subcontractors. Measures such as safety clauses in contracts, training, prevention handbooks and renewal of the partnership with OPPBTP², a construction industry health and safety advisory body, have been taken to motivate subcontractors.

The prevention policy has several health-related strands:

- anti-addiction campaigns (alcohol, drugs);
- prevention of risks arising from the use of chemicals, including the development of a specific software package and the establishment of a safety watch unit bringing together preventers and occupational health experts;
- rollout of warm-up exercises for site workers before they start work to prevent muscle strain.

Developing employees' skills

Bouygues Construction has continued to recruit staff despite the crisis, hiring 1,635 new employees in France in 2009.

Bouygues Construction spends over 5% of its wage bill in France on training, provided by in-house training centres at both group level (Bouygues

¹Corporate Social Responsibility ²Organisme Professionnel de Prévention du Bâtiment et des Travaux Publics



The Handitour roadshow reached 6,000 employees

Construction University, Gustave Eiffel apprentice training centre) and in subsidiaries (Pro Académie, VSL Academy, etc.). Courses are designed for both managers and trades, particular emphasis being given to safety in 2009.

Training courses for site workers to enhance their career prospects and the Minorange Guild and its sister organisations in Switzerland, Morocco, Hong Kong and Cuba offer recognised pathways for advancement. Literacy training is also provided.

Satisfaction surveys are also used extensively to take better account of employees' expectations. They are conducted every three years as part of the management cycle; 15,400 employees took part in such surveys between 2007 and 2009. Profit-sharing and employee share ownership schemes also help to give staff an interest in the company's success (employees are Bouygues' second-largest shareholder group).

Social dialogue within the firm is ensured in a number of Bouygues Construction entities through the negotiation and conclusion of agreements on jobs and skills planning, disability, gender equality and the employment of older people.

Encouraging diversity

Bouygues Construction's diversity policy has been coordinated since 2008 by a Diversity Committee made up of representatives from group entities. Following diversity audits in a number

of subsidiaries, Bouygues Construction is preparing to apply for the diversity certificate awarded by the French standards body Afnor.

In the fight against discrimination, equal opportunity training for Human Resources managers and executives is continuing: 220 people had received training by the end of 2009. On the gender equality front, women represent 15% of the workforce and 18% of managerial staff in France. In all, 13 gender equality agreements were concluded with social partners in 2008 and Quille became the first construction firm to obtain the Afnor gender equality certificate.

A particular effort was made in 2009 to integrate disabled workers, of whom 618 in the group's French subsidiaries. Six new agreements were concluded with Agefiph¹, a fund to promote the employment of disabled people, and purchases of services from the protected sector increased significantly in 2009 following the establishment of a network of 22 HR/purchasing pairs in subsidiaries. Operations to raise awareness of disability among staff were carried out, like the Handitour, a roadshow that tours worksites and reached 6,000 employees in 2009. The group welcomed 30 disabled workers on day visits as part of the disabled employment week organised by Agefiph.

In 2009, all Bouygues Construction subsidiaries in France concluded an agreement on the employment of older people with the social partners.

Respecting human rights

Operating in nearly 80 countries, Bouygues Construction encounters a very wide range of economic, social and political situations. Its actions are guided by respect for the fundamental values and principles of human rights as expressed in the Universal Declaration of Human Rights and by organisations like the ILO² and OECD³. These principles are echoed in the Bouygues group's Code of Ethics and Supplier CSR Charter, circulated in all subsidiaries.

Entities operating in emerging countries take action in a variety of different ways:

- enabling local staff to benefit from the group's occupational health and safety standards, which are stricter than local requirements in many countries;
- providing decent working conditions and accommodation while respecting different cultures and communities (Bouygues Bâtiment International is working on a general standard for 2010);
- introducing controls to ensure that subcontractors and suppliers do not use forced or child labour;
- transferring know-how and skills to local staff to make them more employable, through training and the establishment of training centres (in Cuba, for example, two centres to train foremen have been set up with the Education Ministry and trained about a hundred apprentices in 2009);

¹Fund to promote the employment of disabled people ²International Labour Organisation ³Organisation for Economic Co-Operation and Development

TESTIMONIAL

Allen Ang,

Deputy CEO of City Developments Ltd (CDL)

As an investor, we aim to promote sustainable construction solutions in Singapore. The two buildings that Dragages Singapore¹ built for us, Tampines Grande and Tampines Concourse, are a fine example. Tampines Grande, Singapore's first building with LEED Gold certification, has been awarded Green Mark Platinum status, the country's highest environmental distinction, and won a Solar Pioneer Award for its solar energy innovations.

That is an area in which we had particularly high ambitions. Dragages proposed a highly innovative solar air-conditioning system, using thermal panels and adsorption chillers to transform solar energy into cold air. It has also installed 2,080 sq metres of photovoltaic and thermal solar panels, more than on any other private building in Singapore. Overall, the building's green features will save 2.7 million kWh of electricity and 1,400 tonnes of CO₂ a year.

With a limited budget, the second development, Tampines Concourse, has *façade* and roof greening, helping to keep the building cool and encouraging biodiversity. The concrete also incorporates recycled materials.

Dragages shares our philosophy that environmental performance is as important as quality. As proof, our buildings came first and second in the Conquas² rankings.

¹A subsidiary of Bouygues Bâtiment International and Bouygues Travaux Publics

²Construction quality assessment system in Singapore

- contributing to local development, on all major projects, by supporting associations that help the most disadvantaged.

Bouygues Construction refrains from working in countries under a United Nations embargo.

Participating in the economic and social life of local communities

Integration

Bouygues Construction subsidiaries are involved in a number of integration schemes. They include "Chantiers Écoles", a vocational training programme in partnership with the government employment agency Pôle Emploi and AFPA¹, an adult training organisation; a partnership with EPIDE², an agency of the French Defence Ministry, to help educational underachievers into employment; and the "Gateway to Employment" programme in the Paris region to help young people and adults find a job (90 people were supported in 2009, of which a third were able to find work, and 40 employees were involved in the scheme). ETDE is also continuing its partnership with the National Neighbourhood Association Liaison Committee, a coordinating body for 120 local associations, commissioning services and thus encouraging the training, integration and recruitment of people excluded from society. In the context of a cooperation with IMS-Entreprendre pour la Cité, a network promoting corporate social responsibility, two subsidiaries, Quille and

Bouygues Bâtiment Ile-de-France, are involved in local initiatives to roll out targeted integration and employment actions in disadvantaged neighbourhoods.

Sponsorship

2009 was marked by the creation of the Bouygues Construction corporate foundation, Terre Plurielle, to support projects favouring access to healthcare, education and integration for the disadvantaged. Some 21 projects in eight countries benefited from the foundation's support in 2009. In the context of a partnership with Planète Urgence, 38 employees were able to take community leave in order to undertake humanitarian missions in Africa. International partnerships were also formed in response to emergencies, with Care France in Cuba for a

two-year project to build and rehabilitate 5,000 homes, and with Architectes de l'Urgence.

Through its subsidiaries, Bouygues Construction supports 334 charities and associations and works with 208 integration bodies.

Innovating to protect the environment

Faced with the challenges of climate change, escalating energy costs and biodiversity issues, the construction industry has a key part to play in terms of both its processes (the environmental footprint of worksites) and its products, whether on the scale of a building, a neighbourhood or a component of transport infrastructure.



Centre for disadvantaged children in Vietnam

¹Association Nationale pour la Formation Professionnelle des Adultes ²Établissement Public d'Insertion de la Défense



Including eco-design

Sustainable construction is a strategic growth priority for all Bouygues Construction businesses, which are mobilising to offer their customers solutions that improve the energy performance of buildings and limit the impact of structures on the environment.

Sustainable construction, a vector of innovation

Sustainable construction is a vector of innovation for the group and accounts for a third of R&D expenditure, 15% more than in 2008. The 150 or so experts in the research team are overseen and coordinated by an Innovation, R&D and Sustainable Construction department, created in 2009. The company teams up with many outside partners to stimulate innovation, including CSTB¹, the French building technology research centre, Ademe², the French environment and energy management agency, architects, design firms and manufacturers.

The main areas of focus are as follows:

- **Energy efficiency of both new and existing buildings**, with the aim of optimising the assembly of the best products and systems and integrating renewable energy sources. One outcome has been the Tikopia

concept building: designed as a vertical village, this low-energy residential mini-tower block won the Puca planning and building competition organised by the Ministry of Ecology, the Environment, Sustainable Development and the Sea.

Bouygues Construction has also enhanced its thermodynamic modelling skills so that it can make energy efficiency commitments.

- **Components:** the environmental and health quality of materials is analysed (145 product and system factsheets) and partnerships are developed with suppliers. Bouygues Construction and Lafarge have teamed up to create Thermedia™ 0.6B, a structural insulating concrete with three times less thermal conductivity than standard concrete (the product is exclusive to Bouygues Construction for two years).
- **Low-carbon solutions** through energy efficiency and advances in building systems, such as composite wood and concrete structures.
- **Evaluation and measurement tools.** Bouygues Construction has developed a number of such tools:
 - Projection®, to evaluate the sustainable development performance of new housing;

- BY Oasis (civil engineering) and Silens (building), to model and control site noise;
- CarbonEco®, to carry out a carbon balance of projects;
- Participation in work by the CSTB building technology research centre on Elodie® building lifecycle analysis software.

- **Services during the operating phase of buildings.** Bouygues Construction is developing tools to measure usage, comfort and consumption during a building's lifetime. Hypervision uses sensors connected to PLCs to centralise, analyse and track consumption on a site in real time in order to constantly optimise energy efficiency.

- **Eco-neighbourhoods**, with the development of a questionnaire derived from a benchmark involving 15 sustainable neighbourhoods worldwide to help local authorities plan eco-neighbourhoods.

Increase in sustainable construction projects

Bouygues Construction saw the number of projects under environmental certification schemes rise by 11% in 2009 to 148 compared with 133 in 2008. Although such projects have fallen from 35% to 29% of the global order intake, the overall decline masks contrasting situations.

In France, following the Grenelle Environment Forum, the number of buildings with environmental certification or labels has increased by

28%. The slight decline in the order intake by value, down 3 points on the previous year, is due to the effect of the HQE® renovation of the Tour First in La Défense. 2009 saw delivery of the first low-energy buildings (BBC³) (<50 kWh/sq m/year): the headquarters buildings of Norpac in Lille, Construction Privée in Les Ulis and Ademe in Angers and the departmental agencies of the Ile-et-Vilaine council. Ten other low-energy buildings are under construction.

On **international markets**, the decline was 27% by volume and

13 points by value. Although buildings with environmental certification predominate in the UK, Switzerland and Hong Kong, the movement has had trouble gaining a foothold in markets that are less mature in environmental terms. Expertise in environmental certification and labelling schemes (HQE®, LEED™, BREEAM) has been developed to facilitate a proactive approach to customers.

Circulating knowledge about sustainable construction

A bilingual sustainable construction

TESTIMONIAL

Jean-Christophe Visier,

Energy, Health and Environment director of CSTB, the French building technology research centre

▼▼ The carbon balance proposed by Ademe, the French environment and energy management agency, has become an essential diagnostic and steering tool for any construction firm that wishes to offer its customers buildings with reduced greenhouse gas emissions. For me, Bouygues Construction has been a pioneer with CarbonEco®, adapted for construction projects from the Ademe method. Over 300 carbon balances have been carried with CarbonEco®, a figure that ensures a certain representative value. Bouygues Construction has agreed to share its experience in a working group coordinated by the CSTB, tasked by Ademe with producing a sectoral guide to enhance the "building" component of the carbon balance. Bouygues Construction's contribution is valuable in terms of both method and precise data on greenhouse gas emissions during a building's construction and operational phases. ▼▼

¹Centre Scientifique et Technique du Bâtiment ²Agence de l'Environnement et de la Maîtrise de l'Énergie ³BBC – Bâtiment Basse Consommation



Reducing the environmental impact of activities

For Bouygues Construction, reducing the environmental impacts of its activities involves developing a prevention policy based on an ISO 14001-certified environmental management system that covers 84% of its business.

Creation of the Écosite® environmental label

In 2009, Bouygues Construction defined environmental standards for construction sites, specifying measures to be taken in 11 key areas to reduce a site's environmental footprint, from waste management and the preservation of biodiversity to the limitation of nuisance for local residents.

All entities are involved in the approach, wherever they are located, with adaptations to take account of the specific features of the different businesses. Implementation of the actions recommended in the standards is measured against a set of 60 criteria. If the results are satisfactory, the site is awarded the Écosite® label. The initiative helps to motivate staff from Bouygues Construction and its subcontractors to achieve ambitious and clearly stated environmental targets. Rollout of the Écosite® scheme started in January 2010. Measures to raise awareness among site workers and office staff are taken through campaigns to encourage green behaviour and meetings on responsible consumption.

Preserving biodiversity

Particular attention is paid to preserving eco-systems in major infrastructure projects. In order to fully integrate this aspect from the tender stage, the businesses concerned are developing a methodology based on successive phases of analysis, identification, evaluation and integration. The initiatives put forward generally concern ordinary biodiversity and may take the form of establishing green and blue infrastructure, the reintroduction of pollinators, the enhancement of abandoned sites, the creation of wetlands and the rehabilitation of quarries.

In-house expertise in biodiversity has been developed. Biodiversity is included in the R&D programme and partnerships in the field have been established with outside experts like Noé Conservation. Bouygues Construction is working to develop relevant indicators to quantify, measure and evaluate its efforts relating to biodiversity.

Reducing CO₂ emissions

Bouygues Construction intends to reduce its CO₂ emissions and has already taken action in two main areas: low-carbon building design and changes to organisational methods and travel arrangements.

CarbonEco®

In cooperation with Carbone 4 the firm has developed CarbonEco®, a software package to calculate carbon emissions based on the Ademe method and adapted to the construction industry,

which highlights the CO₂ reductions offered by eco-variants. 330 carbon balances of building and civil works projects have been carried out since the product was introduced in March 2009. A network of around 50 in-house experts, trained in the Ademe method and in using CarbonEco®, provide training in the group's businesses with the aim of systematically carrying out carbon balances on all projects in 2010 and introducing a comprehensive carbon accounting system.

Drawing on its expertise, Bouygues Construction is contributing to work by CSTB, the French building technology research centre, on a specific method for the building industry.

Eco-mobility

Travel accounts for a substantial portion of the group's carbon footprint, whether on business or between home and work. Several initiatives have been taken, including company vehicles that emit less CO₂, use of Excellium fuel, corporate travel plans in five subsidiaries and at Bouygues Construction's headquarters, an online training module in eco-driving techniques (280 people have been trained), eco-driving training for employees of Bouygues Travaux Publics and the "Green Challenge" campaign to raise employees' awareness of their fuel consumption.

OUTLOOK FOR 2010






In a business environment still hit by the crisis, Bouygues Construction can count on:

- > **orders at 31 December 2009 to be executed in 2010 worth €6.7 billion, covering 74% of forecast 2010 sales;**
- > **a long-term order book (more than five years) standing at €1.3 billion at 31 December 2009;**
- > **a solid financial structure with a net cash surplus of €3.3 billion;**
- > **an opportunistic international strategy that enabled Bouygues Construction to win the huge Barwa Financial District project in Qatar in the last quarter of 2009.**

Bouygues Construction will step up its efforts in the fields of innovation and sustainable construction to make them real differentiation factors.



¹École Spéciale des Travaux Publics, du Bâtiment et de l'Industrie ²Arts et Métiers ParisTech ³Entreprises Générales de France - BTP ⁴Fédération Nationale des Travaux Publics

SUSTAINABLE DEVELOPMENT: CHALLENGES AND KEY INDICATORS




| | AIM | KEY FIGURES | | ACTION IN 2009 | PROGRESS ^a | 2010 OBJECTIVES |
|-----------------------------------|--|---|---|---|---|---|
| | | 2008 | 2009 | | | |
| FINANCIAL AND BUSINESS CHALLENGES | Foster a trusting relationship with our clients, based on consideration, transparency and innovation | 81% of sales covered by triple certification | 82% of sales covered by triple certification | <ul style="list-style-type: none"> > Furtherance of triple Quality Safety Environment (QSE) certification in business units > Systematic use of customer satisfaction surveys conducted by outside consultants > Business ethics: circulation of the Code of Ethics to all employees, executive training and framing of a corporate action plan > Rollout of resources to promote sustainable construction: sales pitches, sustainable construction training (1,400 people trained since 2008), guide to low-energy building design, etc. |  | <ul style="list-style-type: none"> > Promote sustainable construction to customers (eg, new training course to help sales and technical staff to take a proactive approach to environmental certification on international markets) > Create a Sustainable Construction Club as a forum for exchanging ideas with customers and partners > Roll out the business ethics action plan: whistleblowing for anti-competitive practices, stricter vetting before appointing sales agents, creation of an Ethics Committee, training plan |
| | Incorporate risk assessment into the day-to-day management of the company | 82% of sales in activities where a formal analysis of environmental risk is carried out | 84% of sales in activities where a formal analysis of environmental risk is carried out | <ul style="list-style-type: none"> > Rollout of a common risk analysis methodology in business units (identification, description, assessment and ranking of main risks) as part of the plan to strengthen the Group's internal control |  | <ul style="list-style-type: none"> > Prepare factsheets describing the most significant risks, to be used to support analysis and action to reduce the likelihood of such risks occurring and their impact |
| | Develop balanced relations with suppliers and subcontractors and involve them in the sustainable development policy | 70% of sales generated by business units that have incorporated the CSR ^b charter for suppliers and subcontractors into their contracts | 79% of sales generated by business units that have incorporated the CSR ^b charter for suppliers and subcontractors into their contracts | <ul style="list-style-type: none"> > Responsible purchasing policy coordinated by a specific committee: training of buyers, catalogues of eco-products and eco-equipment, CSR^b charter annexed to contracts, etc. > Assessment of suppliers' CSR^b performance by an outside consultant (EcoVadis), audits of new international suppliers (74 audits in 2009) > Measures to involve subcontractors in the policy: introductory handbook, training, working groups, satisfaction surveys, etc. > Measures against illegal working: systematic checks of identity documents and work permits, access badges, organisation of internal checks |  | <ul style="list-style-type: none"> > Increase the number of suppliers assessed by EcoVadis and audit low-scoring suppliers, incorporate CSR^c performance as a criterion for choosing suppliers for framework agreements > Develop partnerships with suppliers and subcontractors |
| SOCIAL/HR CHALLENGES | Lead our business sectors in terms of health and safety | 82% of sales in activities with OHSAS ^c 18001 certification 12.17: industrial accident frequency rate ^{d & 1} 0.40: industrial accident severity rate ^{e & 1} | 82% of sales in activities with OHSAS ^c 18001 certification 10.64: industrial accident frequency rate ^{d & 1} 0.39: industrial accident severity rate ^{e & 1} | <ul style="list-style-type: none"> > Worksite health and safety and road safety campaigns: 33,000 employees reached > Safety training cycles adapted to different target populations (site workers, foremen, site supervisors, managers) > Involvement of subcontractors in safety initiatives: training, accident prevention handbook > Development of software and creation of a safety watch unit bringing together preventers and occupational health experts to prevent risks arising from the use of chemicals > Rollout of warm-up exercises for site workers before they start work > Anti-addiction campaigns (alcohol, drugs) and initiatives to raise awareness of health and lifestyle issues |  | <ul style="list-style-type: none"> > Continue a proactive health and safety policy with awareness-raising and training actions for employees, temporary workers and subcontractors' staff |
| | Develop employees' skills | 61% of staff given training during the year | 52% of staff given training during the year | <ul style="list-style-type: none"> > Proactive training policy (over 5% of the total payroll in France) based on in-house training centres (Bouygues Construction University, Gustave Eiffel apprentice training centre, etc.) > Training in sustainable development and sustainable construction in the Bouygues Construction University curriculum > Extensive use of employee satisfaction surveys (15,400 employees surveyed between 2007 and 2009) > Measures to improve the work/life balance following the audit carried out in 2008 (eg, test and conclusion of an agreement on teleworking at ETDE) |  | <ul style="list-style-type: none"> > Strongly emphasise training that addresses safety and sustainable construction issues |

^aCompared with 2009 objectives ^bCorporate Social Responsibility ^cOccupational Health and Safety Assessment Series ^dNumber of industrial accidents involving time off work x 1,000,000 / number of hours worked (scope: global)
^eNumber of days off work x 1,000 / number of hours worked (scope: global) ¹Indicator subject to possible correction since it has to be validated after publication by the relevant authorities

SOCIAL/HR CHALLENGES

| AIM | KEY FIGURES | | ACTION IN 2009 | PROGRESS ^a | 2010 OBJECTIVES |
|--|--|--|---|---|---|
| | 2008 | 2009 | | | |
| Encourage diversity in the company | 18% of managers in France are women 22% more disabled employees in France | 18% of managers in France are women 13% more disabled employees in France | <ul style="list-style-type: none"> > Diversity policy overseen by a committee responsible for coordinating subsidiaries' initiatives > Equal opportunity training (220 people trained) > Implementation of 2008 agreements on gender equality in the workplace and conclusion of agreements on the employment of older people in all French subsidiaries > Six new agreements with Agefiph^b for the employment of disabled workers, expansion of purchases from the protected sector, measures to raise awareness of disability in the workforce (Handitour roadshow, which reached 6,000 employees) |  | <ul style="list-style-type: none"> > Organise new equal opportunity training courses (90 applications in 2010) > Prepare to apply for the Afnor diversity certificate in France > Extend the policy to promote the employment of disabled workers and initiatives with the protected sector |
| Participate in the economic and social life of the regions where Bouygues Construction operates | 263 partnerships supporting integration, education and health | 334 partnerships supporting integration, education and health | <ul style="list-style-type: none"> > Many integration initiatives: integration of young people from EPiDe (Defence Ministry integration scheme), "Gateway to Employment" in the Paris region to help young people and adults find a job (90 people helped), ETDE's partnership with the National Neighbourhood Association Liaison Committee > Creation of Terre Plurielle, Bouygues Construction's corporate foundation (21 projects favouring access to health, education and integration supported in 2009) > Community leave for 38 employees to spend with Planète Urgence > Partnerships in response to emergencies with Care France in Cuba (two-year plan to build and rehabilitate 5,000 homes) and Architectes de l'Urgence |  | <ul style="list-style-type: none"> > Continue action to promote integration: two subsidiaries involved in business and neighbourhood clubs organised by IMS-Entreprendre pour la Cité, partnership with Médiane for the integration of young high-school dropouts, etc. > Continue sponsorship initiatives through the Terre Plurielle foundation and local partnerships > Implement the partnership with the Vauban network to help local authorities preserve Vauban's architectural heritage |

ENVIRONMENTAL CHALLENGES

| | | | | | |
|---|---|---|---|---|--|
| Increase the consideration given to environmental factors in project design and construction | 35% of buildings under environmental labelling or certification schemes in the year's order intake | 29% of buildings under environmental labelling or certification schemes in the year's order intake | <ul style="list-style-type: none"> > Creation of an Innovation, R&D and Sustainable Construction department coordinating a network of 150 experts. Main innovations in 2009: Tikopia concept building (low-energy residential mini-tower block); Thermedia™, a structural insulating concrete developed with Lafarge with three times less thermal conductivity than standard concrete; Hypervision®, software to supervise the energy efficiency of a building in operation > Anticipation of future thermal regulations in France with 14 low-energy buildings (< 50 kWh/sq m/year) completed or in progress > Sharing of sustainable construction knowledge in-house and outside: dedicated intranet site, training courses, specialist masters with ESTP^c and Ensam^d |  | <ul style="list-style-type: none"> > Step up the sustainable construction R&D programme (40% budget increase on 2009) > Participate in CSTB^e research on the adaptation of Elodie® (lifecycle analysis software) for specific industry segments > Start work on the energy-efficient renovation of Challenger, Bouygues Construction's headquarters building, to achieve the objective of cutting energy consumption by a factor of ten |
| Reduce the environmental impacts of our activities | 82% of sales in activities with ISO 14001 certification 221 QSE "Blue Sites" in Europe | 84% of sales in activities with ISO 14001 certification 301 QSE "Blue Sites" in Europe | <ul style="list-style-type: none"> > Creation of the Écosite® label validating the implementation of a worksite environmental standards common to all business units > Reduction of nuisance caused to local residents: software to model and control site noise, self-compacting concrete to eliminate vibrations > Consultation and feedback actions with local residents: information meetings, websites, freephone numbers, open days, satisfaction surveys > Initiatives to raise employees' awareness of green behaviour |  | <ul style="list-style-type: none"> > Roll out the Écosite® label and environmental standards in 11 areas from waste management to preserving biodiversity > Extend the use of self-compacting concrete on Bouygues Entreprises France-Europe worksites > Implement the partnership with ATF Gaïa to recycle computer hardware |
| Reduce CO ₂ emissions related to our activities | 40 carbon balances of buildings and engineering structures carried out | 330 carbon balances of buildings and engineering structures carried out with CarbonEco® | <ul style="list-style-type: none"> > Deployment of CarbonEco® to carry out carbon balances of different types of construction projects > Quest for low-carbon solutions: energy consumption, materials, construction systems > Reduction of transport-related emissions: company vehicles that emit less CO₂, corporate travel plans in five subsidiaries and at Bouygues Construction headquarters, eco-driving training, etc. |  | <ul style="list-style-type: none"> > Gradually extend carbon balances to all projects > Introduce a comprehensive carbon accounting system > Roll out corporate travel plans to encourage eco-mobility |

^aCompared with 2009 objectives ^bFund to promote the employment of disabled people ^cÉcole Spéciale des Travaux Publics, du Bâtiment et de l'Industrie ^dArts et Métiers ParisTech ^eCentre Scientifique et Technique du Bâtiment

 Measures introduced in 2009  Ongoing measures in 2009  Mature measures (continuous improvement)



DETAILED NON-FINANCIAL INDICATORS AT 31 DECEMBER

| FAMILY | INDICATOR | SCOPE | UNIT | 2007 | 2008 | 2009 | REPORTING FRAMEWORK | |
|--|--|--|---|-----------------|--|------------|---------------------|------------|
| Foster a trusting relationship with customers | Completed projects for which customer satisfaction surveys have been concluded | Global (excl. ETDE) | % | 33 | 46 | 41 | GRI - PR 5 | |
| | Number of managers given training in business ethics in the last three years | Global | Number | 1,324 | 2,082 | 2,117 | GRI - SO 3 | |
| | Sales covered by triple QSE ^a certification | | % | 57 ¹ | 81 | 82 | GRI - PR 1 | |
| | Implement a Quality Management System (QMS) | Sales covered by an ISO 9001 certified QMS | Global | % | 90 ¹ | 94 | 97 | GRI - PR 1 |
| | Involve suppliers and subcontractors in the sustainable development policy | Sales generated by operating units with an action plan to involve subcontractors in the QSE ^a approach | European subsidiaries excl. Bâtiment International | % | 61 ¹ (excl. civil works) | 89 | 86 | Internal |
| | | Sales generated by operating units that systematically include the CSR Charter in their contracts with subcontractors or suppliers | | % | 43 ¹ (excl. civil works) | 70 | 79 | |
| Increase preventive health and safety measures | Sales covered by a safety management system (SMS) with ILO ^b , OHSAS ^c 18001 or equivalent certification | Global | % | 75 ¹ | 82 | 82 | GRI - PR 1 | |
| | Industrial accident frequency rate ^d | Global | e | 14.65 | 12.17 | 10.64 | GRI - LA 7 | |
| | Industrial accident severity rate ^d | Global | f | 0.50 | 0.40 | 0.39 | | |
| | Number of fatal accidents to employees | Global | Number | 10 | 4 | 4 | | |
| | Frequency rate ^d of industrial accidents involving temporary site workers | Frequency rate ^d of industrial accidents involving temporary site workers | Global (excl. Bouygues International) | e | 27.65 | 25.62 | 21.12 | Internal |
| | | Frequency rate ^d of road accidents with the company vehicle fleet involving third parties | Global | % | 15 | 14 | 19 | |
| | | Occupational illnesses recognised by social security authorities | France (excl. Bouygues TP) | Number | - | 48 | 48 | GRI - LA 7 |
| | | Employees covered by a major risk, hospitalisation and maternity welfare scheme | France | % | 100 | 100 | 100 | Internal |
| Absenteeism rate ^g | France | % | 4.01 | 4.23 | 4.24 | GRI - LA 7 | | |
| Monitor career paths | Employees receiving regular performance and career development reviews | France | % | 64 | 71 | 75 | GRI - LA 12 | |
| Develop skills | Employees given training | Global | % | 40 | 61 | 52 | GRI - LA 10 | |
| | Site workers given training | Global | % | 31 | 61 | 45 | | |
| | Managerial staff given training | France | % | 69 | 76 | 70 | | |
| | Clerical/technical/supervisory staff given training | France | % | 65 | 79 | 61 | | |
| | Employees in managerial positions outside France given training | International only | % | 21 | 44 | 48 | | |
| | Proportion of annual payroll spent on training | France | % | 4.88 | 5.12 | 5.10 | | |
| Encourage diversity | Women in the workforce | France | % | 14 | 15 | 15 | GRI - LA 13 | |
| | Women in top management (executive committee level) | France | % | 6 | 9 | 8 | | |
| | Women in managerial positions | France | % | 17 | 18 | 18 | | |
| | Female clerical/technical/supervisory staff | France | % | 32 | 32 | 30 | Internal | |
| | Female site workers | France | % | 1 | 1 | 1 | | |
| | Disabled employees on permanent contracts | France | Number | 449 | 547 | 618 | | |
| Participate in economic and social life | Sales from work performed by the adapted and sheltered sector | France | € '000 | 380 | 715 | 1,236 | Internal | |
| | Operations carried out in cooperation with local integration bodies | France | Number | 157 | 208 | 208 | | |
| | Partnerships supporting integration, education and health | Global | Number | 175 | 263 | 334 | Internal | |

■ Financial and business challenges ■ Social/HR challenges ■ Environmental challenges

¹Bouygues Construction's reporting methodology is described in an annex at the end of the Registration Document (p. 270).

| FAMILY | INDICATOR | SCOPE | UNIT | 2007 | 2008 | 2009 | REPORTING FRAMEWORK |
|--|---|--|----------------|-----------------|---------|---------|---------------------|
| Implement an Environmental Management System (EMS) | Sales covered by an ISO 14001 certified EMS | Global | % | 61 ¹ | 82 | 84 | GRI - PR 1 |
| Design and develop buildings with high environmental performance | R&D budget devoted to sustainable construction | Global | % | 21 | 25 | 32 | Internal |
| | Buildings with environmental labelling or certification in order intakes | Building activities, France and international | Number | 94 | 133 | 148 | |
| | Buildings with environmental labelling or certification in order intakes of which Bouygues Construction is the designer | Building activities, France and international | Number | 23 | 60 | 60 | |
| | Buildings with environmental labelling or certification in order intakes as a proportion of the amount of orders | | % | 23 | 35 | 29 | |
| | QSE "Blue Site" certified worksites | Bouygues Entreprises France-Europe | Number | 183 | 221 | 301 | |
| | Proportion of QSE "Blue Site" certified worksites | Bouygues Entreprises France-Europe | % | 43 | 56 | 72 | |
| Reduce energy consumption | Fuel consumption of the light commercial and passenger vehicle fleet | France | Million litres | 23.5 | 24 | 23 | GRI - EN 3 |
| Reduce and recycle waste | Hazardous waste collected | France (excl. DTP Terrassement) | Tonnes | - | 8,795 | 609 | GRI - EN 22 |
| | Non-hazardous waste collected | | Tonnes | - | 257,073 | 185,914 | |
| | Non-hazardous waste recycled | Bouygues Entreprises France-Europe (excl. Bouygues UK) | % | - | 39 | 49 | |
| Minimise disturbance for local residents | Work sites taking action to listen to or communicate with local residents, or to assess their satisfaction | Global (excl. ETDE and civil works) | % | 48 | 56 | 62 | Internal |

¹Quality Safety Environment ²International Labour Organisation ³Occupational Health and Safety Assessment Series ⁴Indicator subject to possible correction since it has to be validated after publication by the relevant authorities ⁵Number of industrial accidents involving time off work x 1,000,000 / number of hours worked (scope: global) ⁶Number of days off work x 1,000 / number of hours worked (scope: global) ⁷Number of days off work (social balance sheet figures) / Number of calendar days

Commentaries on trends

Completed projects for which customer satisfaction surveys have been carried out

A slight fall occurred in 2009 in all businesses except Bouygues Bâtiment International. However, efforts are continuing. At Bouygues Entreprises France-Europe, for example, customer satisfaction surveys are systematically commissioned from an outside consultant.

Industrial accident frequency and severity rates

Frequency and severity rates are better than in 2008, both for Bouygues Construction employees and for temporary workers, reflecting efforts to train staff and raise awareness.

Frequency rate of road accidents with the company vehicle fleet involving third parties

An increase can be seen, especially at ETDE, whose activities

require a considerable amount of travel (ETDE alone accounts for 38% of Bouygues Construction's entire vehicle fleet).

Employees given training

The fall in 2009 is due to:

- a slowdown in the recruitment of permanent staff in France (new employees are generally trained in their first year);
- the recruitment of large numbers of site workers on international projects, for which training is more difficult in the first year.

Integration of disabled workers (family: Encourage diversity in the company)

A particular effort to integrate disabled workers was made in 2009. Six new agreements were concluded with Agefiph, a fund to promote the employment of disabled people. Following the establishment of a network of 22 HR/pr-

chasing pairs, purchases of services from the adapted and sheltered sector rose by 73% in 2009.

Partnerships to support integration, education and health during the year

2009 was marked by the creation of the Bouygues Construction corporate foundation, Terre Plurielle, to support projects favouring access to healthcare, education and integration. Operating units entered into other partnerships, with Care France in Cuba and with Architectes de l'Urgence in particular.

Buildings with environmental labelling or certification in order intakes

The number of projects with environmental labelling or certification increased in 2009. However, the overall decline of such projects as a proportion of the global order intake by value

masks contrasting situations.

- In France, following the Grenelle Environment Forum, the number of buildings with environmental certification or labels has increased by 28%. The slight decline in the order intake by value, down three points on the previous year, is due to the effect of the HQE® renovation of the Tour First in La Défense.
- On international markets, although buildings with environmental certification predominate in the UK, Switzerland and Hong Kong, the movement has had trouble gaining a foothold in markets that are less mature in environmental terms.

Waste collected

The sharp fall in the amount of waste in 2009 is due to a decline in earth removal and disposal activities from the particularly high level in 2008.

A LEADING PROPERTY DEVELOPER

A leading position strengthened in 2009

€2,989m (+2%)
2009 sales

6.8% (-1.6 pts)
Operating margin

€110m (+5%)
Net profit attributable to the Group

1,343
Employees

€2,100m (-30%)
2010 sales target

With 33 branches in France and four subsidiaries elsewhere in Europe, **Bouygues Immobilier** develops residential, commercial and retail park projects. In 2009, the company performed better than the residential property market in France.

HIGHLIGHTS

Residential

- > Record sales of €2.1 billion (up 16%).
- > 11,230 housing units reserved, an increase of 40%.

Commercial

- > Sales of €0.9 billion.
- > Delivery of Eos, Galeo, Dueo and Trio in Issy-les-Moulineaux¹, Spallix

in Saint-Denis¹ and the Bouygues Telecom Technical Centre in Meudon¹.

Sustainable development

- > 14% of building permit applications filed in 2009 were for low-energy residential buildings.
- > 58,000 sq metres of positive-energy office space

under construction or with building permits granted.

- > Creation of the Bouygues Immobilier corporate foundation with the aim of making towns and cities more human by placing architecture and urban planning at the service of the environment and the community.



Galeo, Bouygues Immobilier's HQE® headquarters building in Issy-les-Moulineaux, near Paris

A leading property developer

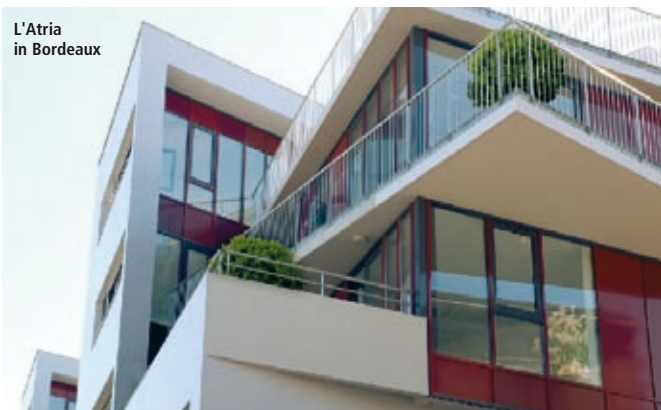
Bouygues Immobilier operates in all areas of property development, including residential property, serviced accommodation, offices, shops and retail parks. The company designs, builds and markets high-quality programmes for its corporate and private customers. After identifying and buying the land, it draws up the project with the architect and the designers and resolves any technical, administrative and financial issues. Bouygues Immobilier then develops the project, generally as contracting authority, and markets it to customers, whether private individuals, companies or investors.

Bouygues Immobilier also carries out major urban development projects, working with some of the best-known names in architecture. Christian de Portzamparc, Jean-Michel Wilmotte and Arquitectonica, for example, were commissioned to work on the Seine Ouest business district in Issy-les-Moulineaux.

Sustainable development has been a key element of Bouygues Immobilier's strategy for several years.

Bouygues Immobilier strengthened its leading position on a reviving residential property market. However, the commercial property market (offices and shops) showed another significant decline in 2009.

¹Paris region



L'Atria in Bordeaux

In response to the changed market conditions, Bouygues Immobilier adapted its organisation in order to cut overheads and production costs.

In 2009, the company took reservations worth €1,955 million, including €1,803 million in the residential segment, up 38% with 11,230 units reserved, and €152 million in the commercial segment, down 77%, representing 56,000 sq metres of office space.

Sales in 2009 amounted to €2,989 million, up 2% on 2008, reflecting a peak in marketing activity in 2007.

The order book totalled €2,178 million at year-end, representing ten months of sales in the residential segment and nine months of sales overall.

Current operating profit amounted to €203 million, representing 6.8% of sales.

Net profit attributable to the Group amounted to €110 million, 5% up on the previous year.

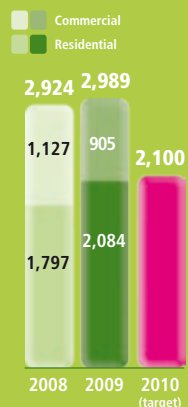
The company had shareholders' equity of €512 million and net surplus cash of €146 million at 31 December 2009.

Residential property: Bouygues Immobilier performed better than the market

Taking 11,230 reservations in all, including 10,740 in France, Bouygues Immobilier performed better than the market and had a market share of 10.1% in 2009.

After a sharp downturn in 2008, the French market for new, privately developed residential properties rebounded

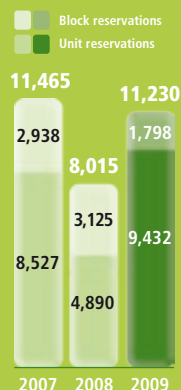
Sales € million



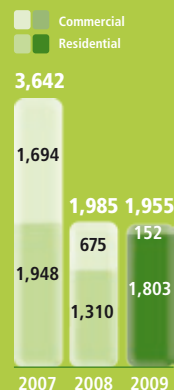
Net profit € million



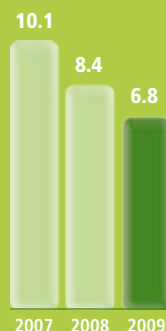
Residential number of reservations



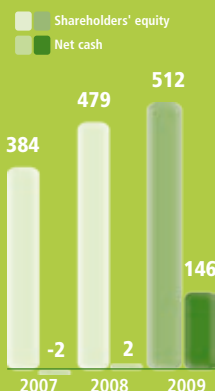
Reservations € million



Operating margin as a percentage of sales



Shareholders' equity and net cash € million



Condensed balance sheet at 31 December

| ASSETS (€ million) | 2008 | 2009 |
|---|--------------|--------------|
| • Property, plant and equipment and intangible assets | 16 | 16 |
| • Goodwill | - | - |
| • Non-current financial assets and taxes | 48 | 56 |
| NON-CURRENT ASSETS | 64 | 72 |
| • Current assets | 2,082 | 1,695 |
| • Cash and equivalents | 155 | 256 |
| • Financial instruments ¹ | - | 1 |
| CURRENT ASSETS | 2,237 | 1,952 |
| TOTAL ASSETS | 2,301 | 2,024 |
| LIABILITIES AND SHAREHOLDERS' EQUITY (€ million) | 2008 | 2009 |
| • Shareholders' equity attributable to the Group | 472 | 508 |
| • Minority interests | 7 | 4 |
| SHAREHOLDERS' EQUITY | 479 | 512 |
| • Non-current debt | 61 | 91 |
| • Non-current provisions | 78 | 83 |
| • Other non-current liabilities | 2 | 1 |
| NON-CURRENT LIABILITIES | 141 | 175 |
| • Current debt | 77 | 18 |
| • Current liabilities | 1,589 | 1,317 |
| • Overdrafts and short-term bank borrowings | 15 | 2 |
| • Financial instruments ¹ | - | - |
| CURRENT LIABILITIES | 1,681 | 1,337 |
| TOTAL LIABILITIES | 2,301 | 2,024 |
| Net surplus cash | 2 | 146 |

¹Hedging of financial liabilities at fair value

Condensed income statement

| (€ million) | 2008 | 2009 |
|---|--------------|--------------|
| SALES | 2,924 | 2,989 |
| • Net depreciation and amortisation expense | (6) | (6) |
| • Net charges to provisions and impairment losses | (86) | (81) |
| • Other income and expenses | (2,585) | (2,699) |
| OPERATING PROFIT | 247 | 203 |
| • Income from net surplus cash | (17) | (6) |
| • Other financial income and expenses | (30) | (35) |
| • Income tax expense | (89) | (49) |
| • Share of profits and losses of associates | - | - |
| NET PROFIT FROM CONTINUING OPERATIONS | 111 | 113 |
| • Net profit from discontinued and held-for-sale operations | - | - |
| NET PROFIT | 111 | 113 |
| • Minority interests | (6) | (3) |
| CONSOLIDATED NET PROFIT (attributable to the Group) | 105 | 110 |



in 2009, rising by 34% to 106,282 reservations¹ under the dual effect of lower interest rates and measures introduced by the French government in its stimulus plan (Loi Scellier tax incentives, doubling of the amount available for interest-free mortgages, Pass-foncier[®] scheme for low-income first-time buyers).

Bouygues Immobilier took a number of measures to adapt to the new market conditions and enable its customers to take maximum advantage of the incentives offered under the government stimulus plan. The measures included:

- revising the conditions for acquiring land;
- adjusting sale prices while continuing to maintain high quality;
- developing partnerships with lenders so as to be able to offer customers more advantageous borrowing terms;
- finalising agreements with major collectors of the 1% housing levy on employers to implement the Pass-foncier[®] scheme, which enables low-income households to get onto the housing ladder by significantly

reducing their monthly mortgage payments.

Bouygues Immobilier also continued its strategy of selling to social housing bodies.

Marketing efforts made headway in Poland and Belgium, where Bouygues Immobilier subsidiaries are continuing to develop residential property programmes.

Residential property

Paris region

The residential property market in the Paris region has a number of specific features, including extensive demand, scarce land, high prices and concentration in the property development business.

Bouygues Immobilier has created an attractive range of properties that meet its customers' expectations, whether occupants or investors. Some 2,572 housing units were reserved in 2009, 63% more than in 2008.

Owner-occupiers accounted for 42% of reservations.

Bouygues Immobilier achieved a number of commercial successes with the launch of remarkable programmes such as:

- L'Avant-Garde in Nanterre: 263 units, 158 of them sold as a block;
- the Limeil-Brévannes eco-neighbourhood: 84 units;
- Le Bel Agora in Cergy: 88 units.

In 2009, Bouygues Immobilier launched two programmes under the Pass-foncier[®] scheme at Dammarie-les-Lys and Saint-Fargeau-Ponthierry to the south-east of Paris, both of which were highly successful in marketing terms.

2,516 units were delivered. The biggest developments included:

- Clos Arc en Ciel at Brétigny-sur-Orge: 200 units;
- Le Med in Cachan: 158 units;
- Crescendo in Argenteuil: 129 units;
- Cèdre Bleu and Îlot Robinson at Plessis-Robinson: 134 units.

Rest of France

The market in the French regions is less concentrated, since the top four developers account for only a quarter of the market. Bouygues Immobilier took 8,168 reservations in the French regions in 2009.

Several major developments were marketed, including:

- Côté Parc at Vizille, south of Grenoble, a 60-unit development under the Pass-foncier[®] scheme;

- Cap Sud in Lyon with 238 units, including 140 in a student residence;
- Valnaturel in Marseille with 960 units, including 260 social housing units and nearly 400 in serviced residences (nursing home, student residence, etc.).

A number of serviced residences were also launched, including:

- Patio Courteline in the centre of Tours: a 37-unit nursing home;
- Vespucci, a 108-unit tourist residence in La Rochelle.

8,972 units were delivered, including the following projects:

- L'Atria (114 units) and Les Chais (51 units) in Bordeaux, programmes of remarkable architectural quality, designed respectively by Christian de Portzamparc and Bernard Bühler;
- Cour Saint-Clément in Rennes (77 units);
- Plein Ciel at La Madeleine near Lille (87 units);
- Porte du Barrio, the last phase of the Ponts Jumeaux urban development zone in Toulouse, Bouygues Immobilier's first development with Habitat & Environment certification (138 units).

Residential property subsidiaries France

Maisons Elika

Maisons Elika builds inexpensive, high-quality, wood-frame, two- to four-

bedroom houses intended mainly for first-time buyers. It is already developing programmes of low-energy (BBC²) homes.

Often located in urban renovation areas, Maisons Elika developments qualify for the Pass-foncier[®] scheme, making them even more affordable.

After delivering programmes at Beaucaire and Dreux, Maisons Elika started work on six new projects in the second half of 2009, scheduled for delivery in the first half of 2010.

SLC and Urbis

SLC (Société Lyonnaise pour la Construction) and Urbis Réalisations also performed well under their own names on their respective markets of Lyon and Toulouse, with SLC taking 410 reservations and Urbis 180.

Subsidiaries in Europe

Poland

Bouygues Immobilier Polska performed well, taking reservations for 318 homes in five developments. Three programmes were delivered in 2009: La Lumière (517 units), Villa l'Azur (176 units) and Le Village (85 units).

Belgium

Three residential property developments are under way in Brussels and Liège and 140 units have been reserved. Two programmes in Brussels were delivered in 2009, Davis House (72 units) and Clos Ceres (74 units).

¹Source: ECLN (new housing marketing survey) ²BBC – Bâtiment Basse Consommation

Commercial property

The commercial property market (offices and shops) remained sluggish in 2009, hit by a decline in placed demand¹, investor insistence on higher yields and falling rents. In this unfavourable environment, Bouygues Immobilier took commercial property orders worth €152 million.

In France, Bouygues Immobilier continued the Farman and La Banque Postale projects in Paris, Euralille 2 in Lille, Mozart and Eqwater in Issy-les-Moulineaux, and CCG Veritas in Massy (Paris region).

Work started on the first Green Office®, which has won energy efficiency and innovation awards from Ademe², the French environment and energy management agency, and the Île-de-France regional council. A real technology incubator, this first positive-energy

office building is at the cutting edge of environmental innovation, producing more energy than it consumes. When delivered in the first half of 2011, the building will house part of Bouygues Immobilier's workforce.

In Portugal, the Aqua Portimão shopping centre was sold to Generali Klépierre. Work started on the project, which is scheduled for delivery in 2011.

In Poland, a first 43,000-sq metre commercial property project is being developed for TPSA, a France Télécom subsidiary and the country's leading operator.

Thanks to sustained marketing activity in previous years, Bouygues Immobilier was able to deliver nearly 268,500 sq metres of office space in 2009.

Major flagship projects delivered in 2009:

Paris region

- In Issy-les-Moulineaux, the first buildings in the Seine Ouest business district with Eos (46,000 sq metres), headquarters of Microsoft France, and Galeo (5,840 sq metres), Bouygues Immobilier's new headquarters;
- in Meudon, Bouygues Telecom's 60,000-sq metre Technical Centre, which houses its IT and network staff;
- in Saint-Denis, the 39,000-sq metre Spallis building, sold to the Spanish investor Naropa Properties;

- in Paris (13th *arrondissement*), a 6,400-sq metre development on rue Daviel for Pramerica Properties.

Rest of France

- In Toulouse, the 13,000-sq metre Marengo Boulevard building for HSBC.

In Europe

- In Portugal, Bouygues Imobiliária delivered a 12,000-sq metre retail park in Portimão and a 48,000-sq metre shopping centre in Guimarães.

A number of major deliveries are scheduled in 2010, including:

In France

- The 22,000-sq metre headquarters of La Banque Postale in Paris (6th *arrondissement*);
- the 45,500-sq metre Mozart Tower for Bouygues Telecom, which has HQE® certification for office buildings, and the 27,000-sq metre Farman and 16,500-sq metre Eqwater buildings situated respectively to the north and south of the tower;
- the 7,851-sq metre Solaris building in Lyon;
- a retail park in Orange, the roof of which will be covered with over 12,000 photovoltaic panels generating energy equivalent to the annual electricity needs of 3,500 people.

In Europe

- In Madrid, Bouygues Imobiliária will complete the Cristalia business



park with Cristalia 4 and Cristalia 4B (each 11,000 sq metres), sold respectively to Ama, a Spanish mutual insurance group, and Deka Immobilier, a German investor;

- in Lisbon, Bouygues Imobiliária will deliver the 10,000-sq metre Espace and 5,000-sq metre Explorer buildings for Pramerica Properties.

Innovation

Innovation in 2009 focused mainly on sustainable development and energy efficiency through the design of low-energy (BBC) and positive-energy buildings.

After launching Green Office®, the first positive-energy office building concept, in 2008 Bouygues Immobilier created the Positive Energy Consortium, a group of major industrial firms seeking

to improve the energy performance of commercial buildings in the operating phase. The first results of their research were published in a White Paper, available online (in French) on the website www.enjeu-energie-positive.com. Two new members will join the consortium in 2010, Intel and Tenesol/Total.

In the residential property segment, Bouygues Immobilier is continuing to pursue its energy efficiency policy. 14% of building permit applications filed in 2009 were for BBC residential buildings, anticipating future regulatory requirements.

A research and sustainable development committee has been created to ensure the in-house coordination of innovation in key areas like sustainable neighbourhoods, building energy management, carbon balances and housing/transport convergence.



¹Total surface area let during the year ²Agence de l'Environnement et de la Maîtrise de l'Énergie

Our approach

Having embarked on a proactive sustainable development policy in 2006, Bouygues Immobilier stepped up its efforts in 2009 and was the leading property developer in the Novethic¹ sustainable development league table for the second year running.

Aware of the challenges of sustainable development in the property development sector, Bouygues Immobilier is pursuing an ambitious policy with four major strands:

- designing and marketing environment-friendly property development programmes and supporting customers in the responsible use of their housing and offices;
- promoting the green economy by cre-

ating a new generation of buildings and related services while actively helping to change the property development business from the inside;

- reducing the environmental impact of its activity and controlling its carbon footprint;
- encouraging diversity and the well-being of the company's employees.

The first French property developer to seek comprehensive H&E² and HQE³ certification, creator of the Green Office[®] concept for positive-energy office buildings and prime mover of the Positive Energy Consortium, Bouygues Immobilier continued to roll out its initiatives in 2009 in order to confirm its positioning as the standard-setter in sustainable development.



Green Office[®] project in Nanterre, near Paris

| STAKEHOLDERS | BOUYGUES IMMOBILIER DIALOGUE PARTNERS | EXAMPLES OF DIALOGUE |
|---|--|--|
| Central and local government and public bodies | <ul style="list-style-type: none"> > Senior management > Regional divisions > Branch management | <ul style="list-style-type: none"> > Permanent dialogue with regional divisions and branch managers > Joint coordination, in the framework of the Grenelle Building Plan strategic committee (Pelletier commission), of a working group tasked with framing proposals to help property developers accelerate their transition to BBC (low-energy) buildings |
| Customers | <ul style="list-style-type: none"> > Group and regional sales departments > Quality department | <ul style="list-style-type: none"> > Permanent dialogue with customers through local sales structures, especially customer relations staff > Website > Information about progress on projects, including through project newsletters > Systematic customer satisfaction survey for all developments during the acquisition phase and after delivery |
| Suppliers and service providers | <ul style="list-style-type: none"> > Purchasing department > Regional technical staff | <ul style="list-style-type: none"> > Supplier relations management including an annual assessment, progress plans and an EcoVadis CSR (Corporate Social Responsibility) assessment > Permanent and personalised dialogue with the purchasing division and regional technical staff > CSR and sustainable development clauses incorporated into contracts |
| Local residents and associations and non-governmental organisations | <ul style="list-style-type: none"> > Regional divisions > Branch management > Programme management | <ul style="list-style-type: none"> > Regular initiatives at a very early stage in projects to organise consultation with local residents and associations > Information provided to local residents throughout construction work, including on-site signs and posters, traffic plans, etc. Provision of a letter box for questions and complaints > Participation in public meetings (eg, of local residents) to explain the project |
| Staff and social partners | <ul style="list-style-type: none"> > Management, human resources department | <ul style="list-style-type: none"> > Dialogue and negotiation of agreements with staff representatives > Internal communication: BIM in-house magazine, intranet, newsletters, breakfasts with senior management, chat forums, day events for managers, etc. > Two personalised annual interviews (skills assessment and performance interview) |
| Charities and associations | <ul style="list-style-type: none"> > Human resources department > Bouygues Immobilier corporate foundation | <ul style="list-style-type: none"> > Membership of various associations to promote the integration of disabled people into working life (Tremplin entreprises, Hanploi, etc.) > Launch of solidarity initiatives under the aegis of the corporate foundation, especially Unis-Cité's "Mediaterrre" project |
| Industry bodies | <ul style="list-style-type: none"> > Senior management > Regional divisions | <ul style="list-style-type: none"> > Participation in management committees of the FPC (Property Developers Federation), staff members elected president of certain regional federations |
| Press, online community | <ul style="list-style-type: none"> > Communications department | <ul style="list-style-type: none"> > Regular dialogue with the press, press conferences, blogger breakfasts, etc. > Social networking sites (Twitter, Facebook, etc.) |

¹Novethic & Ademe survey of communication about eco-efficient building (www.novethic.fr; under heading "Baromètre_2009") ²H&E – Habitat & Environment ³HQE[®] – High Environmental Quality



L'Ermitage, a positive-energy residential development in Montreuil, near Paris

Anticipating to stay ahead

Anticipating energy efficiency regulations

Implementing the laws and regulations that have flowed from the Grenelle Environment Forum will imply a transformation of the property development business. Although the regulatory requirements and deadlines are known (*BBC*¹ – low-energy by 2012, *Bepos*² – positive-energy by 2020), Bouygues Immobilier has already set itself a number of objectives: to anticipate regulatory changes, to set the industry benchmark in a period of transformation, to prepare staff to deal with

the issues, and to rethink purchasing policy in order to select suppliers and service providers capable of responding to the new requirements. Bouygues Immobilier started out along this road in 2007 by systematically seeking Habitat & Environment certification for its residential developments and *HQE*[®] certification for office buildings.

If the company has been able to get ahead of the game, it is thanks to the determination of its management, which among other measures in 2009 created a research and sustainable development committee to ensure the in-house coordination of innovation in key areas like building energy management, carbon balances and renewable energy sources.

Speeding up the transition to *BBC*¹ housing

Anticipating low-energy standards means mastering complex types of know-how that are still relatively unfamiliar in France. Design, development, construction and operation all have to be rethought from a sustainable development standpoint. 14% of building permit applications filed in 2009 were for *BBC* residential buildings, representing over 1,500 housing units.

Combining thought and action in the cause of innovation

Green Office[®]: setting new benchmarks for positive-energy offices

In 2006, with the aim of structuring its future strategic thinking, Bouygues Immobilier embarked on the Green Office[®] project in Meudon, the first large-scale positive-energy building in France. Work on the 23,000-sq metre project began in mid-2009 for delivery in the first half of 2011. A technological showcase which anticipates French environmental regulations by ten years, the building will produce more energy than it consumes in a year thanks to 4,200 sq metres of photovoltaic panels and a biomass combined heat and power generation system. Another Green Office[®] project with a net floor area of 35,000 sq metres is being developed in the Paris suburb of Nanterre.

Bouygues Immobilier has also laid the foundation stone of a retail park in Orange that will have the biggest photovoltaic power plant incorporated into a public building in Europe. More than 12,000 photovoltaic panels distributed over the 27,000-sq metres of roof will generate 2.5 GWh a year, equivalent to the annual domestic power consumption of a town with 3,500 inhabitants.

Using industrial expertise to optimise energy consumption

In 2008, Bouygues Immobilier created the Positive Energy Consortium, a grouping of eight major industrial firms, each a leader in its particular field (energy management, lighting, office equipment, catering, etc.). The consortium's aims are to reduce the energy consumption of future office buildings in the operating phase, to help increase their capacity to generate energy from renewable sources and to optimise the carbon balance of such buildings over their entire lifecycle. The consortium, which recently celebrated its first birthday, has published its first recommendations in a White Paper available online (in French) on the www.enjeu-energie-positive.com website. Two new members will join the consortium in 2010, Intel and Tenesol, Total's photovoltaic energy subsidiary. Five new subjects will be explored, namely the integration of photovoltaic energy, health, comfort and quality of life, the carbon footprint in the operating phase, green mobility and network convergence.

Rehagreen[®]: rehabilitating existing commercial buildings

Residential and commercial buildings account for 46% of energy consumption and 25% of greenhouse gas emissions in France. The property industry is experiencing a green revolution that makes existing buildings even more obsolescent. To help institutional owners enhance the value of their property assets, in 2009 Bouygues Immobilier introduced a service package baptised Rehagreen[®]. The approach involves providing a methodological framework that will enable value creation through greater energy and thermal efficiency as part of a more comprehensive approach to property assets. The aim is to assess the development potential of the property in order to enhance its

Positive Energy Consortium press conference at the Cité de l'Architecture on 29 December 2009



¹BBC – Bâtiment Basse Consommation ²Bepos – Bâtiment à Énergie Positive

The Ginko eco-neighbourhood will have 2,150 housing units, 90% of them with the BBC (low-energy) label



value in a sustainable and environmentally responsible way using green rehabilitation methods.

Designing sustainable neighbourhoods

The Ginko eco-neighbourhood, part of the Berge du Lac development in Bordeaux, is representative of Bouygues Immobilier's sustainable neighbourhood ambitions. The fruit of cooperation with the urban community and city of Bordeaux, the neighbourhood, on which work will begin in 2010, will ultimately comprise 2,150 housing units, 20,000 sq metres of public buildings, 25,000 sq metres of office space and 32,000 sq metres of retail space. It is distinctive in taking account of all aspects of sustainable development, including social diversity, mixed usage, quality of life, preservation of biodiversity, energy-efficient building and soft mobility. In November 2009, the project won the "Energy efficiency and renewable energy prize" awarded by the Ministry of Ecology, Energy, Sustainable Development and the Sea. In 2009, Bouygues Immobilier also won a contract to develop a future eco-neighbourhood in Joué-lès-Tours, near Tours, scheduled for completion in 2015. It will include 150 homes, two serviced residences, four local shops, a hypermarket and local and public amenities.

Priority will be given in 2010 to structuring proposals for sustainable neighbourhoods based on objective and measurable criteria.

Assuming our environmental and social responsibility

Raising customer awareness of energy savings

Bouygues Immobilier introduced educational initiatives targeting customers in 2009, including the production of a manual of green behaviour and an online eco-calculator¹. As well as highlighting the potential energy savings of new homes, the calculator enables users to evaluate the impact of simple

things they can do to reduce their environmental footprint. The aim is to spread best practice and help customers to analyse their own behaviour.

Reducing the environmental impact of ICTs²

The development of Green IT was another major focus of Bouygues Immobilier's sustainable development policy in 2009. At Galeo, its new headquarters building in Issy-les-Moulineaux, Bouygues Immobilier has implemented the Green IT Factory[®] concept, which has enabled the company to cut the energy consumption of

its data centres by 30%. Developed in cooperation with Prosodie, in December 2009 the concept won the Digital Green Growth prize awarded by major players including Medef, the French employer's federation, the Ministry of Ecology, Energy, Sustainable Development and the Sea, and Ademe.

For several years, Bouygues Immobilier has been promoting the use of video-conference technology for meetings between people in different places. The number of videoconference hours rose from 700 in 2007 to over 4,000 in 2009, significantly reducing the need for travel within France and in Europe.

INTERVIEW

Laurie Wigle,

General Manager, Eco-Technology Program Office, Intel

Bouygues Immobilier: Why has Intel joined the Positive Energy Consortium?

Laurie Wigle: We saw it as an opportunity to join a group of companies, each a leader in its field, in a project that looks at very broad issues. We found the comprehensive nature of the approach interesting, especially as regards the connection possibilities between a building's IT infrastructure and its energy management system. And this type of cooperation between companies is unique.

What do you expect from it?

Laurie Wigle: We believe that this cooperation will result in major innovations. We would like to be able to achieve outcomes that can be applied in other fields. It's not a question of working on one-offs but of long-term research.

What do you think you can bring to the consortium?

Laurie Wigle: Intel already offers cutting-edge energy management solutions. The consortium will give us the opportunity to apply them to buildings. For example, we have started to work on integrating different networks (energy, IT, lighting) in order to optimise their management.

¹<http://developpementdurable-bouyguesimmobilier.com/fr/eco-calcullette.html> ²Information and Communication Technologies

INTERVIEW

Nathalie Delattre,

Deputy Mayor of Bordeaux,
member of the Aquitaine region Economic and Social Council

Bouygues Immobilier: In what way is Ginko a flagship project for Bordeaux?

Nathalie Delattre: Over the next few months, Ginko will become Bordeaux's benchmark neighbourhood. The project to create an eco-neighbourhood with 6,000 inhabitants in the exceptional setting of Bordeaux Lake is a great asset in our urban strategy. As well as promoting soft mobility, not least thanks to the tramway running through it, the neighbourhood will encourage social diversity, intergenerational mixing and different types of function: homes, shops, businesses, local amenities, etc. 90% of housing units will have the BBC (low-energy) label and, for the first time in France, the heating network will run entirely on renewable energy sources.

Why did you decide to work with Bouygues Immobilier?

Nathalie Delattre: The quality of Bouygues Immobilier's proposals in terms of urban planning, architecture and financing convinced us that it was the right partner for us. By securing the services of the right planners and architects, Bouygues Immobilier was able to bring persuasive proposals to the table. These days, developers that want to genuinely support a community must demonstrate not only originality and innovation but also credible environmental and sustainable development commitments. It is an aspect that is all the more essential for Bordeaux in the context of our Agenda 21 project, which was given government approval in February.

Controlling greenhouse gas emissions from development projects

Bouygues Immobilier is determined to reduce its carbon footprint in every aspect of its operations. A carbon balance of about 20 pilot property developments has been carried out using the CarbonEco® software developed by the Bouygues group and validated by Ademe. The software is used to calculate greenhouse gas emissions from a development project over its entire lifecycle (construction, opera-

tion, end-of-life). Staff will be given carbon awareness training in 2010 and sales arguments will be prepared to make customers more aware of the environmental and economic benefits of low-carbon solutions.

Locking in responsible purchasing

The Bouygues group's responsible purchasing policy, implemented with the help of EcoVadis, was rolled out at Bouygues Immobilier in 2009, where a CSR¹ assessment of part of the panel of

suppliers was carried out. The processes of 20 suppliers were analysed, with a further 20 to follow in 2010. In addition, Bouygues Immobilier has committed itself to a new product-based approach, evaluating the health and safety impact of the materials used in its developments. The approach initially applies to finishing materials in direct contact with users, such as adhesives and flooring. Bouygues Immobilier is also continuing to systematically incorporate CSR¹ clauses in its contracts with suppliers and subcontractors.

Sponsoring solidarity initiatives for the community

Through its corporate foundation created in 2009, Bouygues Immobilier aims to help make the urban environment more human by placing architecture and urban planning at the service of the environment and the community. Endowed with a five-year budget of €1 million, the Foundation will focus on three main priorities: promoting architecture and planning to the general public, encouraging expert discussion of future urban life in a sustainable development perspective, and promoting solidarity in urban communities by helping young people in difficulty to integrate.

One of the first projects to benefit from the foundation's support was the *Habiter Écologiquement* (Living Ecologically) exhibition held at the Cité de l'Architecture et du Patrimoine from 13 May to 1 November 2009. As one of its solidarity initiatives, the foundation formed a partnership with Unis-Cité, an association that promotes community service among young people aged 18 to 25. As part of its "Mediaterre" project, Unis-Cité aims to give families from disadvantaged neighbourhoods six-month training in green behaviour, subsequently measuring the effect of such behaviour on their electricity and water bills.

Continuing to roll out the training plan

Bouygues Immobilier dispensed

22 hours of training per employee on average in 2009. The training budget represented 1.85% of its payroll. Having emphasised the training of sales staff in 2008, Bouygues Immobilier decided to focus more particularly on technical aspects in 2009 to give staff a better understanding of new Grenelle environmental regulations. Staff from technical departments and programme managers were able to attend courses at ENPC (École Nationale des Ponts et Chaussées), an elite engineering school.



Bouygues Immobilier employees received 22 hours of training on average in 2009

¹Corporate Social Responsibility



Making diversity a genuine opportunity for the company

An awareness-raising seminar and discussion for all human resources managers was organised in 2009. The aim was to reach a framework agreement spanning all aspects of diversity, modelled on existing agreements on the employment of older people. An in-house study of gender equality begun in late 2009 will provide the basis for framing a proactive gender equal-

ity policy in 2010. Women are already well-represented in the company, since 33.1% of managers and 20% of general management committee members are women.

Disability: strengthening partnerships with firms in the sheltered sector

In 2009, Bouygues Immobilier stepped up its cooperation with firms in the sheltered sector. All staff were informed of the policy and almost all entities

now have a disability correspondent. Services purchased from firms in the adapted and sheltered sector include mail shots, routing and the recycling of computer hardware. The aim for 2010 is to subcontract certain services for the company's development projects, such as cleaning, security and gardening.

Older employees: going beyond regulatory requirements

Going beyond new regulatory requirements, the agreement on the employment of older people concluded with the social partners in late 2009 places the policy implemented by Bouygues Immobilier for a number of years on a formal footing. The group has a hundred or so employees aged over 55 and undertakes to maintain those numbers for the next three years. Priority is given to two aspects: the well-being of older people in the workplace (stress prevention, listening, training, etc.) and the transmission of their know-how and expertise to newcomers through mentoring. 50% of employees aged over 45 attended at least one training course during the year and 15% of training hours in-house were dispensed by older people. Mid-career interviews have been introduced for older people and those who wish can ask for a skills assessment.

"BI&Me": encouraging the right work/life balance

Following an in-house survey in 2007 and a consultation exercise in 2008,

Bouygues Immobilier prepared an action plan in 2009 to ensure respect for its employees' work/life balance. Training in how to prevent stress and manage unhappiness in the workplace will be introduced for managers in 2010, and all staff will be given train-

ing in time and priority management. Rules on the conduct of meetings will also be introduced. The project, called "BI&Me", aims to change people's attitudes and behaviour so that everyone works in the best possible conditions from a psychological standpoint.

OUTLOOK FOR 2010

Due to the completion of major commercial property projects (office and retail space) and the lower level of reservations in 2008, Bouygues Immobilier expects sales to fall in 2010. In markets slowly emerging from a period of crisis, Bouygues Immobilier intends to strengthen its positions.

- > **Residential:** reinforce its position by taking advantage of government incentives and offering products which, in terms of price and type of housing, meet the requirements of owner-occupiers, especially first-time buyers.
- > **Commercial:** complete and deliver major projects in progress, ensure that future developments are backed by users or investors and prepare for the recovery by continuing the policy of innovation.
- > **Sustainable development:** continue the ambitious green property development policy:
 - by stepping up the launch of *BBC* (low-energy) residential developments;
 - by continuing to develop positive-energy office buildings and renovating existing buildings;
 - by becoming a recognised expert in the development of eco-neighbourhoods.
- > **Financial management:** maintain a solid financial structure.

SUSTAINABLE DEVELOPMENT: CHALLENGES AND KEY INDICATORS

| | KEY FIGURES | | ACTION IN 2009 | PROGRESS ^a | 2010 OBJECTIVES |
|--|--|---|--|---|--|
| | AIM | 2008 | | | |
| FINANCIAL AND BUSINESS CHALLENGES | Making green building attractive and affordable | 22% of sales covered by an environmental certification scheme (H&E or HQE [®]) 23,000 sq metres of positive-energy office space planned with building permits secured (Green Office [®] Meudon) | 86% of sales covered by an environmental certification scheme (H&E or HQE [®]) 58,000 sq metres of positive-energy office space (under construction and planned with planning permission secured) | <ul style="list-style-type: none"> > Creation of Rehagreen[®], a service package that enables institutional owners to enhance the value of their commercial property assets through green rehabilitation projects > Launch of Ginko in Bordeaux, Bouygues Immobilier's first eco-neighbourhood, which was awarded an energy efficiency and renewable energy prize by the Ministry of Ecology, Energy, Sustainable Development and the Sea > Start of work on a retail park in Orange that boasts the biggest photovoltaic power plant incorporated into a public building in Europe (12,000 panels producing 2.5 GWh/year) > Start of construction work on the first Green Office[®] positive-energy office building in Meudon, and launch of a new Green Office[®] project also in the Paris region | <ul style="list-style-type: none"> > Develop Rehagreen[®] > Formalise a sustainable neighbourhood offering > Smart Grid[®]: with a partner, study a positive-energy building energy management solution to optimise energy consumption and production > Promote Green Office[®] positive-energy office buildings |
| | | 3rd Observatoire de la Ville debate | 4th Observatoire de la Ville debate 20 practical proposals under the Grenelle Building Plan | <ul style="list-style-type: none"> > Continuation for the third year running of the work of the Observatoire de la Ville > Joint coordination, in the framework of the Grenelle Building Plan strategic committee (Pelletier commission), of a working group tasked with framing proposals to help property developers accelerate their transition to BBC^c (low-energy) buildings | <ul style="list-style-type: none"> > Continuation of the work of the Observatoire de la Ville > Launch a structured innovation policy at Bouygues Immobilier by creating a research and sustainable development committee |
| SOCIAL/HR CHALLENGES | Provide social housing to buy or rent | 2,138 housing units sold to registered social landlords 38 Maisons Elika homes reserved | 1,284 housing units sold to registered social landlords 137 Maisons Elika homes reserved 65 Maisons Elika homes delivered | <ul style="list-style-type: none"> > Delivery of the first Maisons Elika programmes | <ul style="list-style-type: none"> > Continue to develop programmes for registered social landlords > Extend Maisons Elika products to major conurbations > Anticipate new environmental requirements by incorporating low-energy objectives into new Maisons Elika programmes |
| | Motivate partners and suppliers behind a CSR^d policy | 270 suppliers given information about the CSR policy 7 suppliers evaluated by EcoVadis according to CSR criteria | 350 suppliers given information about the CSR policy 20 suppliers evaluated by EcoVadis according to CSR criteria | <ul style="list-style-type: none"> > Inclusion of a CSR clause in purchasing contracts > Introduction of lifecycle analysis for certain strategic products (policy launched with 31 suppliers in 2009) > Continuation of CSR assessments of main suppliers | <ul style="list-style-type: none"> > Continue the responsible purchasing policy in place since 2008: inclusion of a CSR clause in contracts, CSR assessment of suppliers by EcoVadis, lifecycle analysis of strategic products > Measure the health and safety impact of construction materials and household amenities in order to select materials according to those criteria |
| | Favour diversity within the company | 32.6% of managerial staff are women | 33.1% of managerial staff are women | <ul style="list-style-type: none"> > Conclusion of a company-wide agreement on the employment of older people (continuing employment, training, etc.) > Appointment of a disability correspondent in almost all entities and an increase in subcontracting with companies in the sheltered sector | <ul style="list-style-type: none"> > Implement the agreement on the employment of older people > Reach an agreement with social partners on methods for gender equality and disability policies > Increase the use of companies in the sheltered sector, in particular for cleaning, security, gardening, etc. |

^aCompared with 2009 objectives ^bInformation technologies designed to optimise power distribution ^cBBC – Bâtiment Basse Consommation ^dCorporate Social Responsibility

Measures introduced in 2009 Ongoing measures in 2009 Mature measures (continuous improvement)

SUSTAINABLE DEVELOPMENT: CHALLENGES AND KEY INDICATORS (CONTINUED)

| | AIM | KEY FIGURES | | ACTION IN 2009 | PROGRESS ^a | 2010 OBJECTIVES |
|--------------------------|--|--|--|--|-----------------------|--|
| | | 2008 | 2009 | | | |
| SOCIAL/HR CHALLENGES | Motivate, train and retain staff | 72% of employees received training during the year 29 hours of training on average per trainee | 71% of employees received training during the year 22 hours of training on average per trainee | <ul style="list-style-type: none"> > Preparation of a "BI&Me" action plan designed to favour employees' well-being at work | | <ul style="list-style-type: none"> > Roll out the "BI&Me" action plan: specific training in stress prevention, unhappiness at work and time and priority management > Implementation of a training plan with five priorities: customer support, sustainable development, managerial skills, "BI&Me", new tools and processes |
| | Carry out an active sponsorship policy in favour of architecture, sustainable development and solidarity for urban communities | €786,000 spent on solidarity and sponsorship | €499,000 spent on solidarity and sponsorship | <ul style="list-style-type: none"> > Creation of the Bouygues Immobilier corporate foundation > Continuation as a founder partner of the Cité de l'Architecture et du Patrimoine in Paris | | <ul style="list-style-type: none"> > Develop sponsorship to raise awareness of architecture in the general public > Develop solidarity initiatives under the aegis of the Bouygues Immobilier corporate foundation |
| ENVIRONMENTAL CHALLENGES | Design and build environment-friendly property development programmes | 18,599 housing units with H&E certification granted or pending 1% of building permit applications submitted during the year for BBC ^b (low-energy) buildings | 24,083 housing units with H&E certification granted or pending 14% of building permit applications submitted during the year for BBC (low-energy) buildings | <ul style="list-style-type: none"> > Continuation of systematic certification of all developments: H&E for residential properties, HQE[®] for office buildings > Introduction of a policy to anticipate new Grenelle environmental requirements: building permit applications submitted for over 1,500 BBC (low-energy) homes in 2009 (three years early) | | <ul style="list-style-type: none"> > Accelerate the development of BBC (low-energy) residential properties |
| | Reduce the environmental impact of business operations and reduce greenhouse gas emissions | 4 carbon balances of property development programmes with CarbonEco [®] software 3,264 hours of videoconferencing | 19 carbon balances of property development programmes with CarbonEco [®] software 4,323 hours of videoconferencing 30% energy saving on the data centre thanks to Green IT Factory [®] | <ul style="list-style-type: none"> > Launch of an in-house programme to train technical staff in carbon balance techniques > Introduction of an in-house Green IT policy to reduce the carbon footprint from the use of new information and communication technologies | | <ul style="list-style-type: none"> > Introduce an internal reporting system in order to carry out a complete carbon balance of Bouygues Immobilier's operations in 2011 (direct emissions and property development programmes) |
| | Support customers in the responsible use of their homes and offices | 100% of residential customers provided with information about how they can help protect the environment | 100% of residential customers provided with information about how they can help protect the environment 9 industrial firms as members of the Positive Energy Consortium 5 themes studied by the Consortium and published in a White Paper | <ul style="list-style-type: none"> > Development and provision online of an eco-calculator, a simulator that measures the energy and water savings achieved by H&E-certified buildings > Publication of the first results of the Positive Energy Consortium's work in the form of a White Paper | | <ul style="list-style-type: none"> > Prepare specifications for the development of tools that enable customers to manage the energy consumption of residential properties > Expand the Positive Energy Consortium and continue work by engaging in new areas of research |

^aCompared with 2009 objectives ^bBBC – Bâtiment Basse Consommation

Mature measures (continuous improvement) Ongoing measures in 2009 Measures introduced in 2009

DETAILED NON-FINANCIAL INDICATORS AT 31 DECEMBER

| FAMILY | INDICATOR | SCOPE | UNIT | 2007 | 2008 | 2009 | REPORTING FRAMEWORK |
|---------------------------------------|--|----------------------------------|-------------------------------|--------|--------|--------------|---------------------|
| Employee benefits | Total amount of employee profit-sharing and employer's contributions to collective retirement savings schemes (<i>Perco</i>) | France | € '000 | 9,185 | 5,350 | ^a | Internal |
| | Employee shareholders as a proportion of the total headcount | France | % | 68.3 | 51.3 | 57.4 | |
| Quality | ISO 9001 certified book sales | France Europe | % | 97.9 | 96.6 | 96.2 | GRI 3.2 |
| Diversity and non-discrimination | Women in managerial positions | France Europe | % | 33.4 | 32.6 | 33.1 | Internal |
| | Disabled employees hired over the year | France | Number (full-time equivalent) | 2 | 3 | 5.3 | |
| | Units benefiting from subcontracting agreements with the sheltered sector | France | Number (full-time equivalent) | 0.06 | 3.13 | 3.61 | |
| Training | Employees given training | France Europe | % | 73 | 72 | 71 | GRI LA 10 |
| | Training dispensed | France Europe | Hours | 31,407 | 33,531 | 18,659 | Internal |
| | Average number of hours per trainee | France Europe | Hours | 28 | 29 | 22 | |
| | Proportion of annual payroll spent on training | France Europe | % | 3.7 | 3.2 | 1.9 | |
| Career tracking | Employees given an annual assessment | France Europe | % | 69 | 77 | 87 | |
| Safety | Industrial accident frequency rate ^b | France | ^c | 3.98 | 2.74 | 5.65 | GRI LA 7 |
| | Industrial accident severity rate ^b | France | ^d | 0.125 | 0.088 | 0.190 | |
| Labour relations | Collective agreements negotiated | France | Number | 6 | 2 | 6 | Internal |
| | Participation in most recent works council elections | France | % | 76 | 76 | 76 | |
| Sponsorship and solidarity | Expenditure | France | € '000 | 724 | 786 | 499 | Internal |
| Environmental Management System (EMS) | Book sales covered by an environmental certification scheme (H&E, <i>HQE</i> [®]) | France Europe | % | 13.6 | 22.3 | 85.9 | GRI 3.2 |
| Energy | Direct electricity consumption | France (consumption billed only) | kWh/employee | 5,540 | 3,873 | 3,564 | GRI EN 3 |
| Water | Total water consumption per employee | Headquarters | Cu m/employee | 13 | 11.8 | 13.6 | GRI EN 8 |

■ Financial and business challenges ■ Social/HR challenges ■ Environmental challenges

^aNot available at publication date ^bIndicator subject to possible correction since it has to be validated after publication by the relevant authorities ^cFrequency rate: number of industrial accidents involving time off work x 1,000,000 / number of hours worked ^dSeverity rate: number of days off work x 1,000 / number of hours worked

Commentaries on trends

Hours of training dispensed during the year and proportion of annual payroll spent on training

The decline in 2009 was due to the fact that induction training and some training courses for senior executives were suspended.

Industrial accident frequency and severity rates

The increase was caused by accidents that occurred during seminars and falls down stairs (44% of the total).

Participation in most recent works council elections

There has been no observable trend over the last three years since the last works council elections took place in December 2006. The next elections will be held in December 2010.

Solidarity expenditure

The decline in 2009 was due to the refocusing of sponsorship initiatives on the missions of the Bouygues Immobilier corporate foundation created in 2009.

Book sales covered by an environmental certification scheme (H&E, *HQE*[®])

The significant increase in 2009 is due to the fact that

since 1 July 2007 all applications for permits to build residential properties submitted by the company in France have H&E certification and major office projects have *HQE*[®] certification.



THE WORLD'S LEADING ROADBUILDER

Holding up well on falling markets

€11,581m (-9%)
2009 sales

4.7% (-0.6 pts)
Operating margin

€387m (-21%)
Net profit attributable
to the Group

€6.3bn (+7.5%)
Order book

66,771
Employees

€11,500m (-1%)
2010 sales target

Colas operates in all segments of roadbuilding and transport infrastructure in 40 countries around the world. It also spans the full range of upstream industrial activities, from aggregates, asphalts and ready-mix concrete to emulsions, waterproofing membranes and road safety equipment.



Work on the M6-M60 motorway in Hungary

Present in all roadbuilding and transport infrastructure activities

Colas felt the effects of the global financial crisis in its business lines in 2009. Activity levels in infrastructure construction and maintenance markets were significantly lower in almost all the countries where the company has operations.

Consolidated sales amounted to €11.6 billion in 2009, lower than the record level achieved in 2008. There were many reasons for the decline, including a drop in private and public-sector investment, the postponement of stimulus plans and displacement effects, the completion of a number of exceptional major projects in late 2008 without any immediate replacements, unfavourable winter weather in the first half of the year, a fall in the price of works and the impact of lower bitumen prices on sales.

Except in Asia and Morocco, all Colas' 1,400 local profit centres in some 40 countries around the world experienced a decline in business volumes, often greater than expected. The contribution of external growth was marginal.

France

The group's roads business is highly diversified. Each year, Colas completes

HIGHLIGHTS

External growth

> Conclusion of preliminary agreements for the acquisition in June 2010 of Société de la Raffinerie de Dunkerque in order to secure bitumen sources.

Projects in progress

- > Tramways in Reims and Angers (France).
- > M6-M60 motorway (Hungary).

- > Port of Anchorage in Alaska (United States).
- > Highway 85 in Quebec (Canada).

Long-term projects – PPP – Concessions

- > Award of a fourth road management and maintenance contract (Area 12) in the UK.
- > PPP contracts: Reunion Island Tram-Train¹, D1 motorway¹ in Slovakia.

Sustainable development

- > Fuel-saving campaign.
- > Practical measures to implement the diversity policy (disability, older employees, integration, gender equality).

¹Financing currently being finalised



around 57,000 projects involving the construction and maintenance of transport infrastructure (motorways, national and local road networks, airports, seaports, railway hubs and reserved-lane public transport). They also include small-scale civil engineering and drainage works, often linked to road projects. Upstream, the group is an industrial producer of aggregates and roadbuilding materials such as asphalt mixes, binders, emulsions and ready-mix concrete. The group has five other complementary activities.

Road safety and signalling comprises the manufacture, installation and maintenance of safety equipment, road marking, lights and traffic/access management systems. The **pipes and mains** business includes the laying and maintenance of large- and small-diameter pipes for transporting fluids (oil, gas, water). **Waterproofing**

comprises the production and sale of waterproofing membranes in France and on international markets, the waterproofing of roadways and the waterproofing, cladding and roofing of buildings, plus a photovoltaic energy activity. The **railways** sector includes the design and engineering of complex, large-scale projects, the construction, renewal and maintenance of rail networks, including *LGV* high-speed lines, conventional track, tramways and subway lines (infrastructure, overhead lines, electrification, signals), specific works and a rail freight business.

Building comprises a construction business on Reunion Island and in the Paris region and a demolition and construction business in the Paris region and other French regions.

On **roadbuilding and civil engineering markets**, Colas subsidiaries are in competition with Eurovia (Vinci

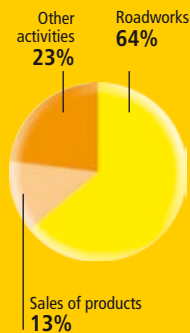
Sales € billion



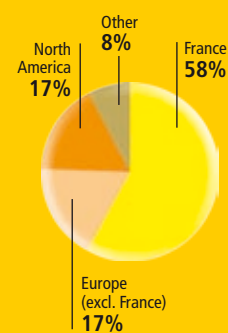
Net profit € million



Sales by segment



Sales by region



Cash flow € million



Net capital expenditure € million



Condensed balance sheet at 31 December

| ASSETS (€ million) | 2008 | 2009 |
|---|--------------|--------------|
| • Property, plant and equipment and intangible assets | 2,411 | 2,372 |
| • Goodwill | 469 | 467 |
| • Non-current financial assets and taxes | 649 | 663 |
| NON-CURRENT ASSETS | 3,529 | 3,502 |
| • Current assets | 4,030 | 3,641 |
| • Cash and equivalents | 425 | 536 |
| • Financial instruments ¹ | 11 | 9 |
| CURRENT ASSETS | 4,466 | 4,186 |
| TOTAL ASSETS | 7,995 | 7,688 |
| LIABILITIES AND SHAREHOLDERS' EQUITY (€ million) | 2008 | 2009 |
| • Shareholders' equity attributable to the Group | 2,140 | 2,276 |
| • Minority interests | 37 | 34 |
| SHAREHOLDERS' EQUITY | 2,177 | 2,310 |
| • Non-current debt | 186 | 212 |
| • Non-current provisions | 648 | 663 |
| • Other non-current liabilities | 79 | 82 |
| NON-CURRENT LIABILITIES | 913 | 957 |
| • Current debt | 53 | 45 |
| • Current liabilities | 4,649 | 4,205 |
| • Overdrafts and short-term bank borrowings | 183 | 153 |
| • Financial instruments ¹ | 20 | 18 |
| CURRENT LIABILITIES | 4,905 | 4,421 |
| TOTAL LIABILITIES | 7,995 | 7,688 |
| Net surplus cash | (6) | 117 |

¹Hedging of financial liabilities at fair value

Condensed income statement

| (€ million) | 2008 | 2009 |
|---|---------------|---------------|
| SALES | 12,789 | 11,581 |
| • Net depreciation and amortisation expense | (466) | (481) |
| • Net charges to provisions and impairment losses | (153) | (183) |
| • Other income and expenses | (11,488) | (10,376) |
| OPERATING PROFIT | 682 | 541 |
| • Income from net surplus cash | (22) | (34) |
| • Other financial income and expenses | 6 | 1 |
| • Income tax expense | (217) | (172) |
| • Share of profits and losses of associates | 46 | 55 |
| NET PROFIT FROM CONTINUING OPERATIONS | 495 | 391 |
| • Net profit from discontinued and held-for-sale operations | - | - |
| NET PROFIT | 495 | 391 |
| • Minority interests | (5) | (4) |
| CONSOLIDATED NET PROFIT (attributable to the Group) | 490 | 387 |



group), Eiffage TP (Eiffage group), NGE, large regional firms and 1,600 small and medium regional and local firms. Cement makers like Lafarge, Cemex and Ciments Français are competitors on the aggregates and ready-mix concrete markets.

Subsidiaries operating in complementary activities compete with the specialist units of French and international construction firms, plus a host of regional, national and foreign firms of all sizes.

Colas leads the field in roadbuilding and railways and is in second place for the production of aggregates and waterproofing.

International

Colas' international roads business is very similar to its activity in France and includes civil engineering work in some countries. The group's complementary activities are essentially pipes, mains, civil engineering and railways in Europe and building and civil engineering in the Indian Ocean. In Asia, Colas is expanding into the storage, transformation and trading of oil products, especially bitumen, mostly for roads.

Colas has prime positions in the roadbuilding sector in all the countries or regions where it operates. In each country, it is in competition with local firms or subsidiaries of large international firms.

The roads business is highly seasonal, both in France and elsewhere, although the seasonal influence is more marked in some countries than others.

Holding up well on falling markets in 2009

France

Consolidated sales in France fell by 8% on 2008 to €6.75 billion.

Mainland France

In a market that was estimated to have shrunk by 9%, Colas and its 16 regional **roads** subsidiaries reported €4.7 billion in sales, down 8.6% on 2008. After a sharp fall in the first half of the year due mainly to lower public-sector spending, a significant decline in private investment and poor winter weather, the expected upturn in the second half of the year as the full effect of the stimulus plan kicked in was weaker than anticipated, although a positive impact was observed in the last quarter.

Local government spending was dented by a displacement effect between planned investment and measures under the stimulus plan, the late start on projects and uncertainties about local authority funding. However, with some geographical disparities, the stimulus plan and the efforts of most local authorities helped to cushion the fall in the volume of business.

In all events, the volume of business cannot explain the sudden plunge in price levels. Falling bitumen prices also had an impact on sales. Steps have been taken to adapt to the situation and capital expenditure has been held

down to the strict minimum.

Safety and signalling subsidiaries reported similar levels of activity to those in 2008, with slightly lower sales.

Like-for-like, sales in the **pipes and mains** segment remained at the same level as in 2008. There was sustained demand in the energy sector.

Waterproofing subsidiaries reported the same level of sales as in 2008, after a steady five-year rise. The photovoltaic energy business is growing.

In the **railway** sector, business picked up in all segments, especially track replacement and maintenance and the construction of tramway lines.

French overseas departments

On Reunion Island, against a background of recession, sales fell sharply in comparison with 2008 due to the completion of the major *Route des Tamarins* road project and a drop in private investment. In August, the Tram'Tiss consortium, of which Colas is the lead firm through GTOI and Colas Rail, was designated as the preferred candidate to build the tram-train under a Public-Private Partnership (PPP) agreement concluded in December.

Activity in the Antilles was paralysed in the early part of the year by a wave of unrest that had far-reaching effects on the economy and investment. Although business held up well in Guiana, total sales in French overseas departments fell by 19%.



Construction of Highway 85 in Quebec, part of the Trans-Canada Highway

International markets and French overseas territories

Sales on international markets and in French overseas territories amounted to €4.8 billion, a fall of 11.6% on 2008 (10.9% like-for-like and at comparable exchange rates).

Europe

Sales in Europe (excluding France) amounted to €2 billion, 16.1% down on 2008 (-11.6% like-for-like and at constant exchange rates). Although business held up well in the UK, sales fell in Northern Europe, though not as much as in Central Europe, where Romania and Croatia were especially hard hit by the crisis.

In the **United Kingdom**, despite the crisis, Colas Ltd continued to perform

well, benefiting from four long-term contracts to manage and maintain the road and motorway networks in Areas 14, 10, 7 and 12. Colas Rail Ltd was awarded a new track replacement contract. Sales continued to grow in **Switzerland**, but roads activity fell in **Denmark, Ireland, Iceland** and **Belgium**, though rail business in Belgium remained firm. Traditional roadbuilding, hit by the crisis, fell sharply in the countries of **Central Europe** where Colas operates, like **Hungary** and **Slovakia**. In Hungary, some large-scale projects like the PPP project to build an 80-km section of the M6-M60 motorways continued according to schedule, helping to cushion the fall. In **Romania** and **Croatia**, extensive measures have been taken to adapt to plunging levels of activity

due to those countries' severe budget difficulties.

North America

Sales amounted to €1.9 billion, 9.4% lower than in 2008 (-12.7% like-for-like and at constant exchange rates).

In the **United States**, in a falling market nevertheless supported by the stimulus plan, subsidiaries performed well despite displacement effects in States in financial difficulty and the postponement of projects to 2010. The fall in sales was partly due to lower prices for oil products, especially bitumen. The federal multiyear transportation programme, called SAFETEA-LU, which expired in September, is likely to be provisionally renewed for an 18-month period. Margins were pre-

served despite lower volumes, due in particular to an ongoing policy of keeping operating costs down. Emulsion plants and a bitumen depot were acquired in Georgia.

In **Canada**, in a context of slowing demand, sales fell slightly in the western provinces, especially Alberta, where the oil industry was hit by lower oil prices. In Quebec, in contrast, sales were robust, stimulated by public-sector infrastructure spending. Acquisitions were made in Saskatchewan (a new sphere of operations), Quebec and British Columbia.

Rest of the world

In **Morocco**, all subsidiaries again reported a sharp rise in sales in 2009 as a result of the many large-scale infrastructure projects on which the country has embarked. In **West Africa** (Benin, Togo and Gabon), sales remained virtually unchanged. Activity was stable in the **Indian Ocean** with the exception of **Madagascar** where business, hard hit by political turbulence in the country, was limited to ongoing private-sector mining contracts. In **Asia**, where Colas operates in nine countries and focuses on the production, distribution and sale of bitumen products, all units reported a sharp increase in sales as a result of the economic recovery. Sales in **Australia** fell slightly.

Projects

In 2009, over 105,000 projects were completed in over 40 countries.

France

- Construction and maintenance of motorways (sections of the A36, A65, A75 and A714 motorways) and roads (Angoulême eastern bypass, RN2, RN88, RD1324).
- Refurbishment of the runway at Beauvais airport.
- Urban redevelopment projects at Chantilly, Châtelleraut, Rennes and Thonon-les-Bains.
- Continuation of the PPP tramway project in Reims.
- Start of work on the tramway in Angers.
- Supply and installation of 100 km of metal safety barriers on the A19.



Colas has a multiyear road management and maintenance contract for Area 12 in the UK

- Construction under an Engineering Procurement Construction (EPC) contract of the Bazainville interconnection station turnkey project for GRT Gaz.
- Installation of photovoltaic power plants at the Pôle Solère in Lyon.
- Track replacement works on the Bourg-en-Bresse to Bellegarde railway line.
- Construction of the Oyapock road in French Guiana.

International

- Maintenance and management of the road and motorway network in Areas 14, 10, 7 and 12 in the United Kingdom.
- Construction of the Geneva tramway as a member of a consortium.
- Construction as a PPP project of a 78-km section of the M6-M60 motorways and a 12-km section of the M31 motorway in Hungary.
- Construction of an 8-km section of the D1 motorway in Slovakia, the Pribor and Lovosice bypasses in the Czech Republic and the Suceava bypass in Romania.
- Completion of the redevelopment of the port terminal at Anchorage in Alaska (United States).
- Construction of Highway 85 on the TransCanada Highway in Quebec.
- Construction of the Rabat-Salé tramway in Morocco.

- Infrastructure and civil engineering work for the major Sherritt mining project in Madagascar.

Industrial activity

Total output of construction materials, especially aggregates, in 2009 amounted to 106 million tonnes, down 10% on 2008 from 685 quarries and gravel pits spanning the full range of the group's operations. Colas either directly owns or has rights to reserves totalling 2.6 billion tonnes, equivalent to roughly 24 years' production.

Research and development

Research has been a strategic priority for Colas for many years. With a portfolio of 142 patents for products used in France and around the world, the group continues to pioneer new roadbuilding techniques suited to the different needs of an ever-changing global market.

Colas spent €70 million on R&D in 2009, the same amount as in 2008, 60% of which in France (according to the OECD¹ definition, which includes organised research, technical laboratory activities, IT and engineering consultancy).

The aim of Colas' R&D policy is to anticipate and respond to the needs of public and private transport infrastructure clients, users and local residents in terms of quality, safety, environmental



The Colas Campus for Science and Techniques (CST), the leading private-sector road industry research centre

protection (especially energy efficiency, reduced greenhouse gas emissions and savings on materials) and cost. Colas also seeks to improve existing technologies, design new products and extend the range of services on offer.

Colas has an extensive international network of in-house technical staff, expanding continuously as new companies join the group. A driver of innovation, the network has close links

with operational divisions and teams in the field. At its heart, the Campus for Science and Techniques (CST) in Magny-les-Hameaux, to the west of Paris, is the road industry's biggest private research centre and spearheads the group's innovation policy.

Some 50 or so decentralised laboratories and about 100 engineering consultancies work in liaison with the Campus in France and in other

countries, contributing to the group's research effort and providing teams on the ground with technical support adapted to the local context.

In all, about 2,000 men and women work in the Colas technical network (45% in mainland France), including 1,000 people in the group's laboratories and over 900 in its engineering consultancies.

¹Organisation for Economic Co-Operation and Development



SUSTAINABLE DEVELOPMENT

Our approach

The leading player in the construction and maintenance of transport infrastructure and urban and leisure amenities, Colas aims to satisfy essential needs and aspirations. In doing so it must act responsibly, taking account of contemporary concerns and contradictions such as social cohesion and climate change. To provide a firm foundation for its action, Colas has drawn up a map of its interactions with stakeholders on the basis of the structural analysis shown in the table below.

Three main conclusions can be drawn:

- the people on the ground play a key role for Colas' image in society;
- environmental issues (especially materials production) are central to Colas' reputation in society;



- customers are a major local opinion-shaping force in Colas' dialogue with civil society.

By superimposing this stakeholder map on a risk analysis, Colas has identified three strategic challenges and five other major challenges.

Colas' branches, subsidiaries and divisions also carry out actions rooted in their local context. The variety of these actions bears witness to the mobilisation of staff (see the www.colas.com website for more detailed information).

Three strategic challenges

The three strategic challenges are of crucial importance for the development of Colas, which has real freedom of action and initiative in these areas.

Renewing and enhancing human resources

Colas has to deal with generational renewal and periods of strong growth. Its human capital and the enhancement of its human resources are vital to the company's success and continued existence. The key issues at stake are recruitment, diversity, loyalty and training.

Recruitment

Colas continued to recruit in 2009, hiring nearly 5,800 new employees (compared with 7,450 in 2008), including over 2,400 in France. The 3% decline in the total headcount was due to the completion of major projects on Reunion Island and in Madagascar and a lower level of recruitment linked to the 9% drop in sales. Colas greatly strengthened synergies in France and elsewhere in 2009, transferring staff between subsidiaries in order to cope with falling activity levels. In mainland France, this helped to preserve jobs; in overseas departments and other countries, 582 workers in Romania and on Reunion Island had to be laid off on account of the downturn.

Colas hosted nearly 2,500 interns in 2009 (3,500 in 2008), 430 of them

outside mainland France (660 in 2008). Over 600 young people on work/study contracts at all levels of qualification were trained and assessed in 2009 (870 in 2008) prior to recruitment.

Diversity

The appointment of a diversity officer in 2009 gave practical expression to the company's desire to move forward in order to enhance its collective intelligence. Diagnostic exercises were begun in 2009 to provide a foundation for three-year action plans.

Older employees

Colas concluded an agreement in October 2009 covering all subsidiaries in mainland France, defining five areas of action and tracking indicators.

Disability

A number of subsidiaries have introduced policies to encourage the employment of disabled employees. As it has done since 2006, Colas continued to support the sight-impaired athlete and four-time Paralympic medal-winner Assia El'Hannouni, recruiting her to a position in the Communications department. The film *Déterminations* was shown to over 37,000 elected officials in France and abroad.

People in difficulty

In France, Colas continued its partnership with EPIDe¹, a French Defence Ministry integration agency, and maintained integration contracts with local bodies.

Elsewhere, subsidiaries in a number of

ISSUES IN THE DIALOGUE WITH STAKEHOLDERS

| | Customers | Human Resources | Civil society | Environment and audit bodies | Suppliers | Shareholders |
|------------------------------|-----------|-----------------|---------------|------------------------------|-----------|--------------|
| Customers | ○ | ● | ● | ● | ● | ● |
| Human Resources | ● | ○ | ● | ● | ● | ● |
| Civil society | ● | ● | ○ | ● | ● | ● |
| Environment and audit bodies | ● | ● | ● | ○ | ● | ● |
| Suppliers | ● | ● | ● | ● | ○ | ● |
| Shareholders | ● | ● | ● | ● | ● | ○ |

Not significant ○ Low risk ● Medium risk ● Substantial impact ● Major impact ● Strategic challenge ●

¹Établissement Public d'Insertion de la Défense

countries (Alaska, Belgium, Canada, Djibouti, Romania, Slovakia) are stepping up measures to recruit people from high-unemployment areas and to offer opportunities to the long-term unemployed.

Gender equality

Women represented 8.2% of the workforce in France (8.4% in 2008) and 9.2% outside France (8.7% in 2008). A working group has been asked to come up with proposals for improvements. The number of women in traditionally male jobs is increasing very slowly.

Staff recognition

In France as elsewhere, employees are paid substantially more than the minimum wage¹. Outside France, benefits are gradually being harmonised within the same geographical area, amongst other things in order to encourage mobility.

Labour representation in France is based on 342 works councils and 30 group councils, while international subsidiaries elect their representatives to the Bouygues European Works Council. In 2009, new agreements were concluded with social partners in France, Canada, Madagascar, Romania and Slovakia.

Training and internal promotion

The training budget again represented 4% of the total payroll. Training plans cover all categories of staff, whatever their level, and all spheres of activity, with safety remaining a key focus.

¹See Colas detailed non-financial indicators on page 68

For internal promotion purposes, in France Colas awarded occupational qualification certificates to 70 employees in 2009 and continued to train site workers for supervisory positions. Membership of the Compagnons de la Route guild offers younger workers a guarantee of quality and know-how. Two new branches of the guild were created in 2009, in Canada and on Reunion Island.

Societal acceptance of production sites

Colas has a vertical integration strategy for the production of construction materials (aggregates, ready-mix concrete, asphalt mixes, bitumen, emulsions, binders, waterproofing membranes, etc.). It is becoming increasingly difficult to secure acceptance of production sites, especially among local residents. Action plans focus on two aspects in particular.

Exemplary behaviour

Each site must go beyond mere compliance with the regulations, implying a policy of seeking environmental certification such as ISO 14001. 57% of sales from Colas' industrial output in France and elsewhere were covered by a certification scheme in 2009, compared with 50% in 2008. Progress is measured and documented on the basis of worldwide checklists that cover over 60% of sites and make it possible to consolidate action plans in a system that forms an integral part of the operational internal control system (France and international markets).

Initiating regular dialogue with local residents

Dialogue with local residents is a means of listening to expectations, explaining the practical requirements of the work involved, moving towards better mutual understanding and heading off crisis situations. In 2009, 32% of sales from Colas' industrial output were covered by a local dialogue structure (23% in 2008), the aim being to exceed 50% in 2010.

The direct environmental impacts of Colas' works activities are relatively slight.

- **New construction works** account for less than 20% of sales. The environmental impact is assessed at the design stage and Colas implements and enhances its customers' environmental protection plans during the construction phase.
- Most of the company's **regular business** (the price tag for an average Colas project is still under €100,000) involves maintaining or redeveloping existing roads or rail track. In surroundings that are already man-made, environmental issues are mostly limited to the management of liquid products and waste, most of it inert.

In addition to initiatives designed to encourage peaceful coexistence between industrial sites and local residents, some techniques and methods for building or rehabilitating pipes and mains without digging trenches have been developed, along with the

Nanosoft® noise-reducing surfacing. Popular with users (surface noise is a pet hate), over 200,000 sq metres of the surfacing were laid in 2009.

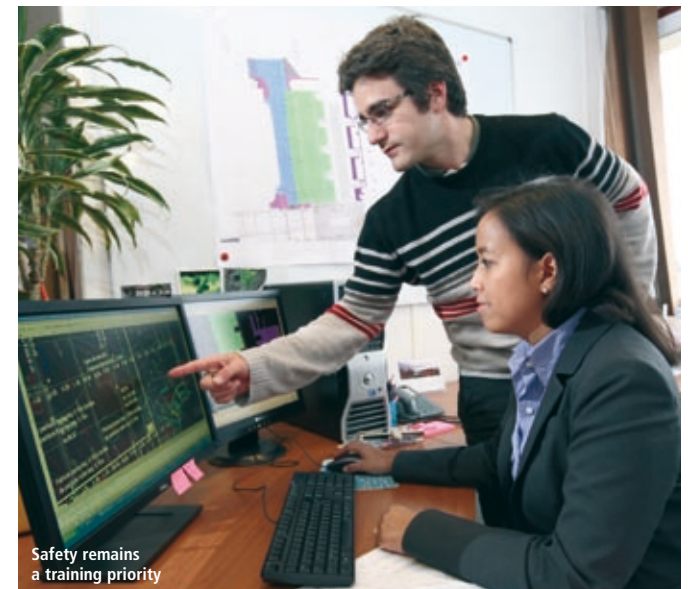
Business ethics

Compliance with business ethics is an inalienable principle at Colas: it is a key element of the internal control system, backed up by a sanctions policy. The absolute necessity of applying ethical principles is regularly reaffirmed in executive training and when the Bouygues group Code of Ethics is circulated. Fair and open competition offers the best conditions for Colas to promote its know-how and develop long-term partnerships with its customers. Transparency and the

circulation of information are also guarantees of effective cooperation and self-fulfilment at managerial level: loyalty and motivation are enhanced when individual and corporate values coincide.

Colas' Board of Directors created an Ethics Committee in 2009 to examine alerts and risk situations and sponsorship agreements worth more than €20,000.

Colas has also taken a number of practical ethics-related measures, often teaming up with independent partners. Such measures include a secure weighing system at French asphalt plants ensuring the traceability of deliveries with Association Qualité Pesage,



Safety remains a training priority



a quality association, and auctions of pre-owned civil engineering equipment under the supervision of Tracfin, the French money-laundering watchdog, to avoid illegal cash transactions.

Five other major challenges

Colas has less freedom of action with regard to these five additional challenges as for the three strategic challenges, even if some, like energy, may be deemed equally important.

Safety

Long a priority for Colas, the safety of its employees is the first expression of the company's respect for its human capital.

Preventing industrial accidents

In 2009, the accident frequency rate¹ showed an improvement of around 15% on the 2008 figure, both in France and on international markets.

Prevention measures include:

- **Risk assessment and awareness raising** with risk assessment software and tools, action plans, presentation of safety instructions, video analysis of behaviour, etc.
- **Structured motivation:** line managers have been mobilised, backed up by coordinators with a day-to-day accident prevention role on the ground. Units with safety certification (OHSAS 18001, MASE, ILO, etc.) accounted for 34% of sales in 2009 (mainland France and international).
- **First-aid training:** this benefits colleagues, family, friends and society in general while also raising awareness of safety issues. Some 19,210 employees had workplace first-aid certificates in 2009, representing 29% of the workforce (24% in 2008).

Road safety

Colas reasserted its commitment to road safety in 2009, renewing the

French and European road safety charters to which it had initially signed up in 1997 and 2005 respectively. The commitment is central to Colas' road-building activities.

A network of over 500 road safety officers pass on safe driving and accident avoidance advice and help with the work organisation. Handbooks on safe and fuel-efficient driving for plant operators and vehicle drivers were prepared in 2009.

The accident frequency rate¹ involving company vehicles in France improved from 0.088 in 2008 to 0.084 in 2009. The frequency rate has fallen by 62% in 12 years even while the plant and vehicle fleet increased by 93%. The road safety policy is gradually being extended to all the countries where Colas operates.

Health

Colas has a health protection policy designed to encourage healthy living, including measures like a "back clinic" at Colas Belgium and healthcare partnerships in the United States. Many subsidiaries have introduced anti-addiction training, and random on-site drug and alcohol testing is carried out in those countries that permit it. Exposure to chemicals is dealt with under another heading².

CSR in southern hemisphere countries

Infrastructure is not exportable. It is built locally, with local human resources. Infrastructure work is highly sensi-

tive to the cost of transporting bulk materials and subject to very short lead times (a few hours for laying concrete or applying asphalt mix). For Colas, the aim of an international presence is not to relocate operations to low-cost countries but to seek opportunities for growth and to balance country risks.

In Morocco and Madagascar, where the group has had extensive operations for over 50 years, and countries like South Africa, Benin and Djibouti, where its operations are more recent or on a smaller scale, Colas contributes to economic, social and cultural development, growth and environmental protection in addition to carrying out its regular projects.

- **In labour relations,** Colas implements a progressive human resources policy in terms of pay and benefits, training and promotion, etc.
- **In health,** initiatives focus not only on staff and their families but also on

local populations, including health visits, dispensaries, HIV/AIDS prevention, anti-malaria campaigns, etc.

- **In the environmental sphere,** priority is given to protecting biodiversity, combating deforestation and cutting waste. The International Road Federation awarded Colas Madagascar its top environment prize in 2009.

- **In relations with society,** Colas designs site installations so that they can subsequently be left to local authorities, participates in water distribution and installation of main services during its operations and mobilises its resources when disasters like fires or floods hit local populations.

- **Human rights policy** focuses on dignity and recognition of local staff in order to set an example to others, especially subcontractors, suppliers and local people. If staff are



¹Number of accidents with time off work x 1,000,000 / number of hours worked ²See Chemical Hazards on page 65

themselves respected, they naturally promote human rights in their professional relations with the rest of society.

Energy and greenhouse gases

The carbon constraint will affect the entire economic landscape. Aware of the need to adapt, Colas offers a range of lower-carbon products and technologies and is making a deter-

mined effort to improve its own energy efficiency.

Energy content of products and services

- **Écologiciel®** (Colas) was the first software package to calculate lower-carbon variants for roadbuilding projects, as was Spac's Éco-Cana for pipes and mains. In order to meet demand for a package that will enable all firms' eco-variants to com-

pete on a level playing field, Colas and the rest of the industry in France are developing a shared online eco-comparer that will become available in 2010. The scheme received official encouragement from the Ministry of Ecology, Energy, Sustainable Development and the Sea when a charter was signed with French road industry association, Ursif¹, in March. In late 2009, the French government changed its general procurement conditions to authorise eco-variants in maintenance and construction contracts. Outside France, Colas takes the same approach wherever possible. In 2009, Écologiciel® was used in the preparation of over 1,000 bids (up from 500 in 2008), proposing total savings of 175,000 tonnes of CO₂ (40,000 in 2008). However, the take-up rate was disappointing, since while waiting for the new tool to become available customers accepted variants representing savings of only 13,000 tonnes (15,000 in 2008).

- **Néophalte BT®, 3E®** asphalt mix², **Ecomat®**, etc. Industrial production of low-temperature mastic asphalt and asphalt mixes began in Belgium, Canada, France, Switzerland and the United States. The products offer energy savings of 10 to 30% and account for 2% of Colas' total worldwide output, representing savings of over 2,000 tonnes of CO₂. The initial objective of 10% of output should be achieved in the near future.

Energy saving campaign launched by Colas in 2009



**TOGETHER,
LET'S REDUCE
OUR ENERGY
CONSUMPTION**

In order to fight climate change, generate savings and reduce the number of accidents, the Colas Group is committed to reducing its fuel consumption by 20%
Let's save energy, together, we can do it!



TESTIMONIAL

Mike Cardinal,

member of the Big Stone clan of the Cree nation from northern Alberta (Canada), former member of Alberta's Legislative Assembly^a

Works Alberta^b had to do more to protect wildlife and the environment, engage in more consultation with tribes, contribute to economic development and job creation and ensure people's safety.

For that, they had to establish contacts with aboriginal groups, trappers, local, provincial and federal authorities and other firms. Reaching a consensus is always complicated but necessary.

The new partnerships set up by Works Alberta with the aboriginal people not only meant that aggregate deposits could be developed, they also benefited our people in the form of jobs and training. They joined the firm in large numbers.

So Works Alberta came to a better understanding of the aboriginal way of life and changed the way it does business. By accepting the challenge, Works Alberta proved that it is possible to live successfully with the aboriginal people and in doing so raised the bar for the entire industry.

^aMike Cardinal was also the first aboriginal minister in Alberta's history, holding five successive cabinet posts ^bColas' subsidiary in Alberta (Canada)

Energy consumption and efficiency

- **Végéroute** products use plant-based instead of oil-based components which cut application and manufacturing temperatures and even reduce the quantities required. The range includes Végéflux®, a fluxing agent, Végécol®, a binder, Ostréa®, a hot-application road marking product, Neogreen emulsion and Compomac V® asphalt mixes. With each usage the 'carbon sink' effect ensures a positive carbon balance, offering a 7,000-tonne reduction in CO₂ in 2009 in comparison with conventional products.
- Demand for **photovoltaic roofing** rose very rapidly in 2009, representing 10% of Smac's order intake and a total of 100,000 sq metres (13 million KW), ten times more than in 2008.

- **Measurement:** the first step in making Colas more energy-efficient is to measure its fossil fuel consumption (electricity accounts for only a small proportion of its energy footprint). While it is relatively simple to monitor the burner consumption of Colas' 700 asphalt plants, it is much more complicated to track the consumption of 70,000 vehicles and items of plant at over 3,000 sites. Colas has equipped 1,200 machines and vehicles with tracking devices and held discussions with equipment suppliers on real-time data transmission and recovery standards.
- **Workforce mobilisation:** at the end of 2009, Colas launched a national and international cam-

¹Union des Syndicats de l'Industrie Routière Française ²Environment-friendly, Energy-Efficient

campaign aimed at vehicle drivers and plant operators with the objective of reducing fuel consumption by 20% through calm driving techniques and by encouraging drivers not to leave engines idling. The campaign has a “three times better” theme: better for efficiency, better for safety, better for the environment.

- **Asphalt plants:** burner fuel consumption fell again in 2009, by 4.2% per tonne of asphalt mix in comparison with 2008 (giving a 10% reduction in two years), representing

a saving of 100,000 tonnes of CO₂ (40,000 in 2008). This was achieved through a combination of lower consumption and greener fuels (recycled fuel in North America, switch to natural gas in Europe).

- **Overall assessment:** Colas has started to calculate its carbon footprint, both within the group and in upstream operations. The result, which will be known in 2010, will provide a basis for comparing amounts of CO₂ not emitted with Colas’ overall footprint (230,000 tonnes of CO₂

in 2009) and for a more accurate segmentation of the carbon footprint so that new avenues for action can be explored.

Recycling

Recycling is a fundamental priority, since Colas is a major producer and user of construction materials. Civil engineering is the industry that consumes the most bulk materials, but since they also lend themselves to recycling, roadbuilding is also a major user of recycled materials.

Recycling platforms

Production of recycled materials fell by 15% in 2009, while output from Colas quarries and gravel pits fell by only 3.5%¹, the first time since the indicator has been tracked that recycling has fallen behind new materials production. In all, 8.7 million tonnes of materials (spoil, mastic asphalt from pavements, concrete demolition rubble, slag, clinker, etc.) were recycled in 2009 compared with 10.2 million tonnes in 2008, equivalent to 10.5% of Colas’ total production of aggregates or the output of 26 quarries².

Asphalt mixes

Colas’ production of asphalt mixes incorporated 9% of recycled asphalt mixes (8% in 2008), representing a saving of almost 3.6 million tonnes of aggregates and about 180,000 tonnes of bitumen, equivalent to the output of a medium-sized refinery and 70,000 tonnes of CO₂ not emitted. Figures vary considerably, from 21% in



Recycling road pavement in Ariège, southern France

Belgium and 20% in the United States to 5.2% in France, with a target of 10% in 2010.

In situ recycling

In situ recycling jumped in 2009 to over 7.5 million sq metres of road surface (5 million sq metres in 2008), mostly in North America, France, the UK, Hungary and West Africa, using a whole range of techniques (Valorcol®, Recycold®, etc.).

Chemical hazards

Colas aims to actively control the risk of chemical hazards. For example, over 50% of Aximum road painting products are covered by an environmental labelling scheme. Colas has set itself a number of priorities.

- **Solvents:** scrapping the use of solvents in laboratories, solvent-based degreasing fountains and toluene in road paints.

- **Pigments:** scrapping the use of heavy metal-based pigments in paints, research into a non-powder formulation.

- **Non-stick products:** scrapping the use of fuel oil for the application of asphalt mix and replacing it with plant-based alternatives.

- **Bitumen vapours:** international research published in 2009, especially the second part of an epidemiological study carried out by IARC³, points to the conclusion that there is no link between lung cancer and exposure to bitumen vapours. Colas was one of the first in France and in Europe to refer the matter to independent organisations, setting an example to the rest of the industry and its suppliers.

- **Resins:** launch of the Greencoat research project with several partners and support from the French national research agency, ANR⁴.

TESTIMONIAL

Assia El'Hannouni,

sight-impaired athlete and winner of four gold and silver medals at the Beijing Paralympic Games

“The support I have had from Colas since early 2006 is one of the best proofs of its commitment to diversity in general and to disability in particular.

It is also an illustration of human values that I share one hundred per cent: open-mindedness and confidence in others, whatever their differences, insistence on work well done, the acknowledgment of effort, encouragement to push your limits, exemplary behaviour. They are values I feel totally in tune with. As well as supporting me in my sporting career, this year Colas has given me another opportunity by offering me a job in the group's Communications department. Everything has been done to help me fit easily into working life despite my disability, just like any other employee. Like Colas, I am convinced that integrating disabled people and more generally increasing diversity in the company are doubly enriching. My experience with Colas is proof of that.”

¹Due to the extension of the scope of consolidation to minority interests in 2009; like-for-like, the fall would be 10% ²On the basis of the average output of a Colas quarry ³International Agency for Research on Cancer, a World Health Organisation agency

⁴Agence Nationale de la Recherche

- **Waste oil:** control over disposal or recycling in all countries, since oil waste is the main form of hazardous waste produced by Colas.

Dialogue with civil society

In addition to these strategic and major challenges, Colas is attentive to issues that have caught the attention of society at large and engages in debate on them.

The road-rail debate

Colas has a substantial share of the market for both road and rail works in many countries (France, UK, etc.), enabling it to relativise the debate between the two forms of transport. Since the real scope for any transfer between the two is rather limited, Colas' priority is to improve the situ-



ation in each one, applying a policy of technical and methodological innovation that favours balanced, multi-modal transport in the service of a regional development policy that seeks to reduce unnecessary journeys¹.

Lifecycle cost of public infrastructure

Colas defends an approach based on partnership that focuses on lifecycle cost and favours innovative forms of public procurement like PPP², PFI³, MAC⁴ and concessions, etc. Infrastructure that is designed and built for the long term and regularly maintained offers the best return on investment and reduces the consumption of resources. Contracts in various stages of completion and operation include the Reims tramway and A41 motorway in France, the M6 motorway in Hungary, urban road maintenance for the city of Portsmouth in the UK, public lighting in Libourne in France, the tram-train project in Reunion Island and the D1 motorway in Slovakia, four MAC maintenance contracts in the UK covering a third of the national road network and two similar contracts for the railways.

Responsible purchasing

Colas uses over 100,000 suppliers and subcontractors around the world, which can be divided into six categories: local subcontractors, local materials suppliers, global raw materials suppliers, national or international equipment suppliers, national or international service providers, and miscellaneous suppliers.

Work has been carried out to identify each category and the extent of freedom in relation to them, and to define responsible purchasing priorities such as safety, quality, controls of illegal labour, regulatory compliance, design and proper use of equipment, etc. Colas is trying out various methods for rating suppliers, though not all can be rated. At the same time, a risk assessment is being conducted to target certain categories of purchases.

As far as purchasing from southern hemisphere countries is concerned, the question of transferring production

is of negligible importance for Colas because of the nature of its business, though its presence in these countries is an issue⁵.

Participation in community life, support for projects

Initiatives in these areas are mainly local, managed by subsidiaries and their establishments. In mainland France, Colas sponsors about 100 cultural projects and 400 sports teams and is involved in a hundred or so humanitarian or educational projects, for a total of about €2 million, the same as

in 2008. Outside France, the company devoted €1.1 million in 2009 to 1,200 initiatives, including 470 educational and humanitarian actions, about 100 cultural initiatives and 350 sporting events and sponsorships.

The parent company spent €0.7 million on paralympic and cultural sponsorship. Colas is also a founder member of the ChemSUD Foundation, created in Montpellier in 2009 to support R&D in chemistry for sustainable development.

OUTLOOK FOR 2010

The order book at end-December 2009 amounted to €6.3 billion, 7.5% higher than at the end of 2008. Market trends remain uncertain.

- › In France, the roads activity could stabilise or perhaps fall slightly; local government spending decisions will be the decisive factor. Business is expected to grow in the rail and pipes and mains segments.
- › Activity in North America should hold up well, not least due to the postponement of the US stimulus plan to support infrastructure.
- › Activity in Europe outside France could continue to decline on account of the financial difficulties of the Central European countries in which Colas operates.
- › Business in Africa/Indian Ocean/Asia is likely to be more or less the same as in 2009. The start of work on major projects concluded but awaiting financing could have a positive effect.

A cautious initial sales target of €11.5 billion has been set for 2010, based on an unchanged strategy of preferring profitability to volume.

Sustainable development objectives (energy saving, reduction of CO₂ emissions, safety, diversity) will be continued.

The pragmatic strategy of adapting to the level of business in each country will continue in 2010 in the expectation that infrastructure markets will pick up again from 2011, since considerable needs remain worldwide.

¹See the www.colas.com website for a more thorough analysis ²Public-Private Partnership ³Private Finance Initiative ⁴Managing Agent Contractors ⁵See CSR in southern hemisphere countries on page 63



SUSTAINABLE DEVELOPMENT: CHALLENGES AND KEY INDICATORS

| | KEY FIGURES | | | | | |
|-----------------------------------|---|--|---|---|-----------------------|---|
| | AIM | 2008 | 2009 | ACTION IN 2009 | PROGRESS ^a | 2010 OBJECTIVES |
| FINANCIAL AND BUSINESS CHALLENGES | Promote and develop concessions and Public-Private Partnerships (PPP) to favour a lifecycle cost approach for the benefit of customers | 6 contracts underway or signed in the UK (roads), Hungary (motorways) and France (lighting, tramway, motorway) | 13 contracts in progress or concluded in the UK (roads, urban road networks, railways), Hungary and Slovakia (motorways) and France (motorway, tramway, tram-train, lighting) | > Creation of cross-cutting teams to work on these projects | | > Keep five to ten contracts of this type on the books |
| | In most countries, propose variants that reduce greenhouse gas emissions | Variants offering a reduction of 40,000 tonnes CO ₂ equivalent proposed to customers Variants offering a reduction of 15,000 tonnes CO ₂ equivalent accepted by customers | Variants offering a reduction of 175,000 tonnes CO ₂ equivalent proposed to customers Variants offering a reduction of 13,000 tonnes CO ₂ equivalent accepted by customers | > Rollout of Écologiciel [®] , a software modelling tool that uses lifecycle analysis to simulate energy consumption and greenhouse gas emissions | | > In France, participate in the development of Seve, a new common software tool for the road industry as a whole, and continue to roll out Éco-Cana (pipes and mains) > Internationally, roll out the bilingual version of Écologiciel [®] , with databases adapted to each country |
| SOCIAL/HR CHALLENGES | Promote local dialogue and the acceptance of materials production sites through consultation and dialogue with local communities and residents | 23% of sales from Colas' industrial output covered by a local dialogue structure (scope: global) | 32% of sales from Colas' industrial output covered by a local dialogue structure (scope: global) | > Action plans with a target for each subsidiary | | > Achieve the objective of 50% of sales from Colas' global industrial output covered by a local dialogue structure |
| | Give staff first-aid training: first-aid training benefits colleagues, friends and relatives and society as a whole, as well as helping to raise awareness of health and safety issues | 24% of the workforce worldwide had a first-aid qualification | 29% of the workforce worldwide had a first-aid qualification | > Staff training and indicator-based monitoring | | > Ensure that one third of the Colas workforce worldwide has a recent workplace first-aid certificate |
| ENVIRONMENTAL CHALLENGES | Recycle as much asphalt mix as possible during production in order to save aggregates and bitumen and reduce greenhouse gas emissions | 8% of recycled asphalt mix used in production, for a saving of 175,000 tonnes of bitumen and a 70,000-tonne reduction in greenhouse gas emissions (CO ₂ equivalent) | 9% of recycled asphalt pavement used in production, for a saving of 180,000 tonnes of bitumen and a 70,000-tonne reduction in greenhouse gas emissions (CO ₂ equivalent) | > Upgrading asphalt plants when needed, organisation of the recovery of planed materials ^b , indicator-based tracking, training of technical and sales staff, promotion to customers > Action plans with a target for each subsidiary | | > Achieve an average recycling rate of 10% in global production of asphalt mixes |
| | Promote 3E[®] asphalt mixes to save energy and reduce greenhouse gas emissions | 10 to 30% saving on fossil fuels in production (asphalt or mixing plant) | 2% of 3E [®] asphalt mixes in Colas' global production | > Upgrading asphalt plants when needed, training of technical and sales staff, promotion to customers | | > Achieve the objective of 10% of 3E [®] asphalt mixes in Colas' production in France |

^aCompared with 2009 objectives ^bExisting asphalt pavement recovered by planing ^cEnvironment-friendly, Energy-Efficient

Measures launched in 2009 Ongoing measures in 2009 Mature measures (continuous improvement)



DETAILED NON-FINANCIAL INDICATORS AT 31 DECEMBER

| FAMILY | INDICATOR | SCOPE | UNIT | 2007 | 2008 | 2009 | REPORTING FRAMEWORK | | |
|-----------|--|---|------------------------------------|--------|--------|--------|---------------------|-------|----------|
| Quality | Sales covered by a quality certification scheme | Global (excl. US and Canada) ^a | % | 85 | 88 | 92 | GRI PR 5 | | |
| | Lifecycle cost | Global | Number | 4 | 6 | 13 | Internal | | |
| | Eco-variants | France | % | - | 8 | 30 | | | |
| | Success rate of variants with Écologiciel [®] | | | - | 37 | 7 | | | |
| Workforce | Average workforce | France | Number | 37,160 | 39,522 | 38,896 | GRI LA 1 | | |
| | | International | | 29,564 | 34,072 | 32,422 | | | |
| | | Global | | 66,724 | 73,594 | 71,318 | | | |
| | Women | Site workers | France | % | 0.50 | 0.52 | | 0.56 | |
| | | | International | | 5.88 | 4.86 | | 4.35 | |
| | | Managerial staff | France | | 18.40 | 19.70 | | 18.85 | |
| | | | International | | 21.85 | 23.33 | | 24.63 | |
| | | Total | France | | 7.50 | 8.36 | | 8.21 | |
| | | | International | | 9.39 | 8.65 | | 9.16 | |
| | Recruitment | Site workers | Global | Number | 5,300 | 4,826 | | 3,645 | Internal |
| | | Managerial staff | | | 2,800 | 2,617 | | 2,125 | |
| | | Total | | | 8,100 | 7,443 | | 5,770 | |
| Interns | | 2,600 | | | 3,500 | 2,495 | | | |
| Pay | Total workforce in France | France | Number | 37,160 | 39,522 | 38,896 | GRI EC 5 | | |
| | Average pay, Colas plant operator | | Multiple of statutory minimum wage | 1.49 | 1.49 | 1.48 | | | |
| | Average pay, Colas site manager | | 2.09 | 2.05 | 2.04 | | | | |
| | Total workforce in United States | United States | Number | 4,973 | 4,885 | 4,518 | | | |
| | Average pay, Colas plant operator | | Multiple of statutory minimum wage | 3.76 | 3.41 | 3.48 | | | |
| | Average pay, Colas site manager | | 4.62 | 4.23 | 3.99 | | | | |
| | Total workforce in Madagascar | Madagascar | Number | 4,327 | 6,080 | 4,817 | | | |
| | Average pay, Colas plant operator | | Multiple of statutory minimum wage | 5.64 | 4.60 | 4.94 | | | |
| | Average pay, Colas site manager | | 8.37 | 7.38 | 9.74 | | | | |
| | Total workforce in Morocco | Morocco | Number | 1,932 | 2,056 | 2,223 | | | |
| | Average pay, Colas plant operator | | Multiple of statutory minimum wage | 2.91 | 2.84 | 2.40 | | | |
| | Average pay, Colas site manager | | 6.91 | 6.03 | 6.28 | | | | |

■ Financial and business challenges ■ Social/HR challenges ■ Environmental challenges

^aExcluded on account of dissimilar reporting frameworks, certification rules and legal doctrine ^bPublic-Private Partnership

| FAMILY | INDICATOR | SCOPE | UNIT | 2007 | 2008 | 2009 | REPORTING FRAMEWORK |
|----------------|--|---------------|--------------------------------------|--------------|---------|-----------------|------------------------|
| Training | Training dispensed | France | Number | 24,600 | 26,400 | 29,500 | GRI LA 10 |
| | | International | | - | 24,700 | 64,300 | |
| | | France | Hours | 451,000 | 475,000 | 530,000 | |
| | | International | | - | 450,000 | 454,100 | |
| | Site workers | France | % | 53 | 50 | 51 | |
| | Clerical/technical/supervisory | | | 27 | 28 | 27 | |
| | Managerial | | | 20 | 22 | 22 | |
| Safety | 34 | | | 36 | 32 | | |
| Safety | Occupational safety index | France | - | 7.27 | 5.58 | 4.06 | GRI LA 7 |
| | | International | - | 1.84 | 1.47 | 1.14 | |
| | Road accidents (number of accidents involving a third party per vehicle) | France | % | 0.094 | 0.088 | 0.084 | Internal |
| | Employees with up-to-date occupational first-aid training | Global | % | 21 | 24 | 29 | Internal |
| Societal | Sales from materials production sites covered by a local dialogue structure | Global | % | 17 | 23 | 32 | GRI SO 1 |
| Certification | Sales from materials production sites covered by an environmental certification scheme | Global | % | 42 | 50 | 57 | Internal |
| Recycling | Quantity of raw materials recycled in Colas plants in relation to output from Colas quarries and gravel pits | Global | % | 12 | 12 | 10 ^a | GRI EN 2 & EN 27 |
| | Proportion of planed materials in production of asphalt mix | | | 9 | 8 | 9 | |
| | Pavement recycled <i>in situ</i> | | | Million sq m | 5.9 | 4.9 | |
| Greenhouse gas | Écologiciel [®] : savings proposed to customers | Global | Tonnes of CO ₂ equivalent | - | 40,000 | 175,000 | GRI EN 5, EN 6 & EN 18 |
| | Écologiciel [®] : savings accepted by customers | | | - | 15,000 | 13,000 | |
| | Emissions avoided by recycling asphalt mix | | | 70,000 | 70,000 | 70,000 | |
| | Emissions avoided in asphalt plant burners | | | - | 40,000 | 100,000 | |
| | Emissions avoided by the use of Végécol [®] | | | 11,000 | 10,000 | 7,000 | |
| Energy | Production of 3E ^{®b} asphalt mix | Global | Tonnes | - | 210,000 | 750,000 | Internal |

■ Financial and business challenges
 ■ Social/HR challenges
 ■ Environmental challenges

^aThe fall is mainly due to an extension of the scope to aggregate production plants not wholly owned by Colas ^bEnvironment-friendly, Energy-Efficient



NO. 1 PRIVATELY-OWNED TELEVISION GROUP IN FRANCE

A year of successful adaptation, paving the way for the future

€2,365m (-9%)

2009 sales

4.3% (-2.5 pts)

Operating margin

€115m (-30%)

Net profit attributable to the Group

3,910

Employees

€2,410m (+2%)

2010 sales target



The *Enfoirés* celebrity charity fundraiser on 6 March 2009 attracted 12.3 million viewers

A year of adaptation

TF1, like all European media operators, was hit by the recession in 2009, as well as having to cope with a changing audiovisual media landscape in France. Marked by strict cost controls in all areas, the year was also rich in initiatives that enabled the TF1 group to adapt while continuing to pursue its medium-term objectives.

Sales

The TF1 group's sales fell back 9% in 2009 to €2,365 million.

Net advertising revenue from the TF1 core channel fell 13% to €1,429 million as a result of economic turbulence and greater competition from digital terrestrial television (DTT) channels.

Revenue from diversification activities dropped 1% to €936 million, also due to adverse economic conditions which caused a decline in advertising revenues, especially for pay theme channels, e-TF1 and Eurosport.

Excluding advertising, revenue from diversification activities remained stable at €760 million, sustained by growing subscription revenue from pay theme channels, especially Eurosport International.

The TF1 group generates 85% of its sales in France, 11% in the European Union excluding France and 4% in other countries.

HIGHLIGHTS

- > Promulgation on 5 March of the law on audiovisual communication and the new public television service.
- > **Record** audience for TF1 with 12.3 million viewers¹ for the *Enfoirés* celebrity charity fundraiser on 6 March.
- > **Launch** of the new www.TF1.fr website in April and launch of www.TF1News.fr in November.
- > 11 June 2009, **agreement** concerning TF1's acquisition of 100% of NT1 and the Groupe AB's 40% stake in TMC.
- > **Partnerships** in May with Sony Pictures Home Entertainment (video) and in July with UGC (cinema).
- > **Launch** of the Disability campaign in September.
- > **Sale** on 28 December 2009 of the 9.9% stake in Canal+ France for €744 million.

The **TF1** group's mission is to inform and entertain.

While continuing to strengthen its position in its core television business with free and pay channels, it has diversified into the internet, audiovisual rights, production, licences and games.

¹Source: Médiamétrie Médiamat (2009)

Optimisation plan

In 2009, the group looked more in depth into optimising its programme schedule. This involved renegotiating unit programme costs, limiting commitments and making better use of existing programmes.

Over 2009 as a whole, programming costs for the TF1 channel amounted to €927 million, representing a total saving of €105 million, of which the optimisation plan accounted for €35 million.

Cuts in other costs amounted to €39 million and were achieved in particular by renegotiating contracts with suppliers and discontinuing certain activities.

The TF1 group thus generated recurrent savings of €74 million in relation to 2008, exceeding its initial target of €60 million.

Results

Operating profit in 2009 amounted to €101 million compared with €177 million a year earlier.

The operating margin fell to 4% from 7% a year earlier. The cost of net debt remained stable at €22 million.

Other income and expenses amounted to €36 million at 31 December 2009 compared with €41 million in 2008. The main component of this item was a revaluation of the fair value of the TF1 group's option to sell the 9.9% stake

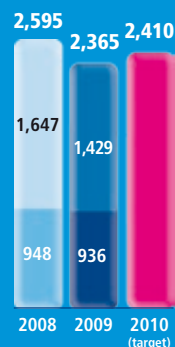


Up to 8.1 million viewers watched the series Joséphine Ange Gardien in 2009

Sales

€ million

- TF1 core channel advertising revenue
- Other activities



Net profit

€ million



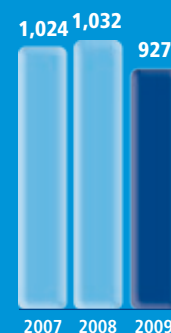
Operating profit

€ million

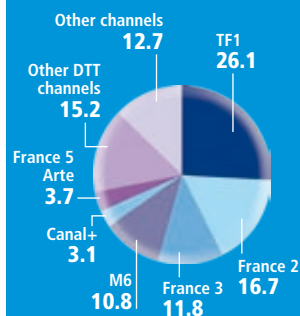


Cost of TF1 programme schedules

(€ million)

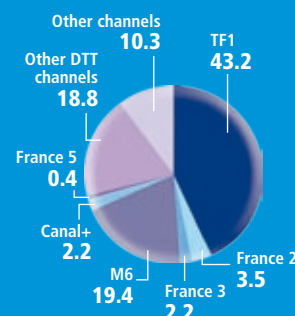


2009 audience share¹ Individuals aged 4 and over (as %)



¹Source: Médiamétrie Médiamat

Share of advertising market 2009² as %



²Source: TNS Media Intelligence

Condensed balance sheet at 31 December

| ASSETS (€ million) | 2008 | 2009 |
|---|--------------|--------------|
| • Property, plant and equipment and intangible assets | 346 | 329 |
| • Goodwill | 506 | 507 |
| • Non-current financial assets and taxes | 1,017 | 307 |
| NON-CURRENT ASSETS | 1,869 | 1,143 |
| • Current assets | 1,837 | 1,960 |
| • Cash and equivalents | 12 | 571 |
| • Financial instruments ¹ | 7 | 9 |
| CURRENT ASSETS | 1,856 | 2,540 |
| • Assets held for sale | 15 | - |
| TOTAL ASSETS | 3,740 | 3,683 |
| LIABILITIES AND SHAREHOLDERS' EQUITY (€ million) | 2008 | 2009 |
| • Shareholders' equity attributable to the Group | 1,377 | 1,397 |
| • Minority interests | - | - |
| SHAREHOLDERS' EQUITY | 1,377 | 1,397 |
| • Non-current debt | 696 | 1 |
| • Non-current provisions | 57 | 44 |
| • Other non-current liabilities | 3 | 1 |
| NON-CURRENT LIABILITIES | 756 | 46 |
| • Current debt | 4 | 501 |
| • Current liabilities | 1,564 | 1,734 |
| • Overdrafts and short-term bank borrowings | 19 | 4 |
| • Financial instruments ¹ | 5 | 1 |
| CURRENT LIABILITIES | 1,592 | 2,240 |
| Liabilities held for sale | 15 | - |
| TOTAL LIABILITIES | 3,740 | 3,683 |
| Net surplus cash | (705) | 73 |

¹Hedging of financial liabilities at fair value

Condensed income statement

| (€ million) | 2008 | 2009 |
|---|--------------|--------------|
| SALES | 2,595 | 2,365 |
| • Net depreciation and amortisation expense | (95) | (100) |
| • Net charges to provisions and impairment losses | (53) | (14) |
| • Other income and expenses | (2,270) | (2,150) |
| OPERATING PROFIT | 177 | 101 |
| • Cost of net debt | (23) | (22) |
| • Other financial income and expenses | 41 | 36 |
| • Income tax expense | (41) | (15) |
| • Share of profits and losses of associates | 10 | 15 |
| NET PROFIT FROM CONTINUING OPERATIONS | 164 | 115 |
| • Net profit from discontinued and held-for-sale operations | - | - |
| NET PROFIT | 164 | 115 |
| • Minority interests | - | - |
| CONSOLIDATED NET PROFIT (attributable to the Group) | 164 | 115 |



Arthur and the Minimoys

in Canal+ France which it owned until 28 December 2009.

The TF1 group's net profit fell by €49 million to €115 million.

Financial structure

Shareholders' equity at 31 December 2009 amounted to €1,397 million for a balance sheet total of €3,683 million.

On 28 December 2009, TF1 sold its 9.9% stake in Canal+ France to Vivendi for €744 million.

Rigorous cash management throughout the year and asset disposals enabled the TF1 group to post a net cash surplus of €73 million at 31 December 2009, compared with net debt of €705 million at end-December 2008.

¹e-commerce and distance selling federation

Broadcasting – France

Sales from French channels fell by 10% in 2009 to €1,893 million.

Operating profit fell by €77 million to €88 million, giving an operating margin of 5%.

TF1 channel

(Source: Médiamétrie Médiamat)

Structural changes to the television business occurred in 2009 with the ending of advertising on public service channels after 8.00pm, regulatory changes and the spread of digital terrestrial television (DTT). At end-December 2009, 88% of French households received 18 channels or more.

TF1 confirmed its leading position in 2009 with an audience share of 26.1% for the category "individuals aged four years and over" and of 29.8% for the category "women under 50".

Faithful to its mission as a family-oriented, general-interest channel, TF1 obtained 96 of the top 100 TV audience ratings in 2009.

TF1 continued to cover leading events in 2009, attracting 12.3 million viewers for the *Enfoirés* celebrity charity fundraiser, a record for the year, and 11.7 million for the Football World Cup qualifying match between France and Ireland.

Advertising

The French advertising market for all forms of television (legacy channels, DTT channels, cable and satellite channels) grew by 5.8% in 2009 to €7 billion gross (source: TNS Media Intelligence).

The TF1 channel recorded a 1.7% increase in gross advertising revenue over the year and a market share of 43.2%. Net sales fell by 13% year-on-year to €1,429 million, a number of factors having hit advertising sales in 2009. They included:

- economic turbulence resulting in very low visibility, which meant that TF1 had to take exceptional measures to retain its biggest customers;
- greater competition from new entrants, especially in the DTT segment, resulting in a lower advertising spend on legacy channels;

- regulatory changes, especially an increase in capacity which for most of the year resulted in excess daytime advertising space in relation to demand;

- structural price adjustments in order to reposition advertising sales on the market in response to natural changes in audience behaviour in a new competitive context.

Téléshopping

The traditional distance selling market contracted by 3.4% in 2009 (source: Fevad¹) against a background of eco-

nomie recession, lower household consumption and a switch from traditional distance selling to e-commerce.

The Téléshopping group's contribution to consolidated sales in 2009 fell by 18% to €104 million. The channel was hit by the slowdown in consumption, resulting in a fall in programme, catalogue and internet sales.

The Téléshopping group reported an operating profit of €4 million in 2009, compared with €5 million in 2008. This includes a €2 million profit on the sale of the www.surinvitation.com website in February 2009.

MyTF1 extends the universe of programmes on TF1

myTF1 REVOIR VIDEOCLUB SERIES EMISSIONS INFO SPORT JOUER

KOH LANTA
17 aventuriers perdus dans le Pacifique
À la fin il n'en restera qu'un...
Le vendredi à 20h45

LA ROUE DE LA FORTUNE

REVOIR
la dernière émission en intégralité

LE MEILLEUR
de Koh Lanta

Ce soir sur TF1

20:50
LES TOQUES

22:30
DOCTEUR HOUSE

LES CANDIDATS

VIDEO CLUB
les épisodes à partir d'1€99 KOH-LANTA avec TFI VISION

Quitter Retour Déplacer OK Accéder

French theme channels

French theme channels generated sales of €194 million in 2009, an increase of 3% driven by subscription revenues and enhanced services such as high-definition and catch-up TV. Advertising revenue from theme channels amounted to €79 million; TMC, like other DTT channels in 2009, was a beneficiary of a shift in some advertising expenditure away from mainstream channels.

Operating profit for theme channels in 2009 rose sharply to €15 million, €12 million more than in 2008, due in particular to the effects of the reorganisation of the News division around LCI, rigorous cost controls at Discovery division channels Ushuaïa TV, Histoire and Odyssee and a good performance by TMC.

TMC took a 2.6% audience share¹ for the category "individuals aged four years and over" in 2009, compared with 2.1% a year earlier. TMC remained the leading DTT channel in 2009 and the seventh most watched channel in France.

Eurosport France celebrated its 20th anniversary in 2009. With an audience share of 1.2%² of viewers with access to the channel, it is recognised as the benchmark multimedia sporting platform. It had 7.5 million paying subscribers at 31 December 2009, a year-on-year increase of 3%.

Groupe AB

Groupe AB contributed €15 million to TF1's net profit in 2009. On 10 June 2009, TF1 concluded an agreement with Claude Berda and Groupe AB for the acquisition of 100%

of NT1 and 40% of TMC held by Groupe AB. On 26 January 2010, the competition authorities authorised TF1 to take over the channels subject to undertakings as to future conduct. On 23 March 2010, the CSA (French broadcasting authority) issued a decision authorising the transaction, with additional commitments designed to guarantee pluralism and variety in programming (see page 102). The investment, which amounts to around €200 million, will be financed from the TF1 group's cash flow.

TV-related activities

TF1 Entreprises

TF1 Entreprises houses various activities linked to the TF1 channel, such as games, music, licences, performing arts and publishing.

TF1 Games

The French games market (excluding jigsaw puzzles) held up well in 2009 despite the recession, growing by 2% over the year (source: NPD). In this buoyant environment, TF1 Games-Dujardin increased their market share by 1.9 points to 7% on aggregate at end-December 2009.

TF1 Licences

Managing over 50 brands of very different types, TF1 Licences is one of France's leading brand licensing agencies. The business achieved a number



Law and Order on TMC

of notable successes in 2009 despite a difficult environment for promotional licences due to the slowdown of the advertising market.

TF1 Musique

The music market continued to contract. Store sales fell by 3.4% and digital sales by 1.9% (source: Snep³) in a market that dropped 3.2% by value.

In these difficult circumstances, TF1 Musique achieved some notable successes thanks to partnerships with well-known artists. Music partnerships around live events like *Cleopatra*, *last queen of Egypt* and *Mozart Rock Opera* enabled TF1 Musique to withstand a difficult year.

TF1 Édition

The publishing business of TF1 Entreprises performed well with "coffee-table" books like *Musée Invisible* and *Ushuaïa*.

Over the year as a whole, TF1 Entreprises reported a 9% rise in sales to €39 million and an operating loss of €2 million, compared with €0.4 million one year earlier, attributable to substantial spending on advertising that should bear fruit in 2010.

Production

The Production division of TF1 Entreprises generated sales of €22 million in 2009, €9 million down on the



1000 Bornes, the flagship game of TF1 Games-Dujardin

¹Source: Médiamétrie Médiamat ²Source: Médiamétrie - MédiaCabSat, Wave 17. TV audience measurement among subscribers receiving channels via analogue or digital cable or satellite. ³Syndicat National de l'Édition Phonographique



Mozart Rock Opera, a musical partnership with TF1 Entreprises

previous year, and an operating profit of €2 million, down €1 million.

TF1 Films Production

Cinema attendance in France was estimated at 200.8 million entries in 2009 (source: CNC¹), 5.7% more than in 2008. The share of French films was estimated at 37%, compared with 45% in 2008, the record hit film *Bienvenue chez les Ch'tis* (Welcome to the Sticks) being largely responsible for the performance of French films in 2008.

A number of the 20 films released by the TF1 group subsidiary, TF1 Films Production, in 2009 were box office successes. Seven of these releases, including *LOL* and *Le Code a Changé* (Change of Plans), were among the 18 French films to take more than 1 million entries at the box office.

The sales figure of TF1 Films Production was affected by an unfavourable comparative linked to the successes of 2008, especially *Bienvenue chez les Ch'tis*.

TF1 Production

Since 1 January 2009, Alma, Glem, Quai Sud, Tap, TPP and Yagan have been housed within a single legal entity, TF1 Production. As well as bringing staff together and encouraging the development of synergies, the merger has also pooled administrative functions.

The decline in TF1 Production's sales was mainly due to a fall in Drama activity, the non-renewal of tours in 2009 and fewer short films dependent on the advertising market. Efforts to control production costs and the automation of certain processes helped to boost operating profitability.

e-TF1

A number of developments took place at e-TF1, the group's new media subsidiary, in 2009. The innovations helped TF1 to keep its place as France's leading TV media group on the web and the eighth biggest internet group (after Google, Facebook and others) with 17 million unique visitors on average a month at 31 December 2009². A total of 1.5 billion videos were watched in the year as a whole.

In 2009, TF1 innovated in interactive television with the launch of *MyTF1*, a portal accessible from Bouygues Telecom's Bbox router. TF1 and Samsung Electronics France announced a partnership which from March 2010 should integrate new interactive services based on TF1 brands, distributed on television sets connected to the internet.

As a result, e-TF1's sales rose by 21% to €73 million in 2009. This increase was mainly due to steady growth in interactivity despite a relative decline in the internet advertising market. The division reported an operating loss of €3 million compared with €4 million in 2008. Higher operating costs were mainly due to variable interactivity costs and capital expenditure linked to the projects launched by e-TF1 in 2009.

Audiovisual rights

The Audiovisual rights division reported a 13% drop in sales over the year to €151 million, €23 million down on the previous year. The operating loss

of €23 million was €12 million more than in 2008.

TF1's audiovisual rights strategy in 2009 involved strengthening the group's position on the cinema and video markets through partnerships with UGC Images and Sony Pictures Home Entertainment. Another long-term aim of the partnerships is to improve the profitability of these activities.

Catalogue

The catalogue business was reorganised in 2009 following the partnership with UGC Images. TF1 International and UGC Images have concluded a joint investment agreement covering film production, cooperation in film distribution in cinemas and international rights marketing. The catalogue business generated sales of €58 million in 2009,

¹Centre National du Cinéma et de l'Image Animée ²Source: NNR Panel (benchmark tool for measuring the internet audience in France)

5% more than in 2008, despite unfavourable seasonal differences in film release schedules (12 films in 2009, compared with 25 in 2008). The catalogue business reported a €9 million loss in 2009, improving €4 million on 2008.

TF1 Vidéo

TF1 Vidéo operated in a stable market that showed contrasting trends.

- In volume terms, the market grew by 9.7%.

- Growth by value amounted to 0.5% over the year, sustained by the success of the new Blu-Ray disc, a segment which increased 110% by value. The DVD market fell by 4% and the pressure on sales margins increased further in 2009 (source: CNC-GFK-SEVN¹).

Media release schedules helped to support the new market, since a film can be released on DVD or Blu-Ray only four months after its cinema release.

The video on demand (VOD) market

increased from €53 million in 2008 to €90 million in 2009.

TF1 Vidéo reported a 22% drop in sales to €93 million due to fierce price pressures and an operating loss of €13 million in 2009, compared with operating profit of €2 million in 2008.

Broadcasting – International

Eurosport International

Eurosport International reported a 2% increase in sales to €319 million, growth in subscription revenue offsetting a decline in advertising revenue.

Operating profit at 31 December 2009 rose by 48% to €39 million due to a favourable comparative (there were fewer major sporting events in 2009), tight control of overheads and optimisation of schedules and versions in different languages.

Eurosport reached 118.1 million households at end-2009, including 7.1 million in France. Present in 59 countries and shown on all pay broadcasting media in Europe, it is available in 20 different languages.

The Eurosport group had 77.1 million paying subscribers at 31 December 2009, up 5% over one year, of which almost two thirds are new customers in Central and Eastern Europe. The Eurosport group passed a new milestone in its expansion in 2009 with the conclusion of new broadcasting partnerships with two Australian platforms.

SPS

SPS is involved in online gaming and betting under the EurosportBET.com brand. SPS launched its first commercial operating platform in the United Kingdom on 1 June 2009, having obtained a licence. Sales at 31 December 2009, after seven months of operation, were not yet significant. The TF1 group's share of SPS's expenses amounted to €3 million in 2009.

TF1 acquired Serendipity's 50% stake in SPS in early 2010.

Research and development

Most R&D spending corresponds to activities relating to the market launch of a new product, service or programme. TF1 also carries out some in-house development work for reasons of efficiency.

R&D spending in 2009 amounted to approximately €21 million, including creation and innovation costs for light entertainment, drama and films.

In 2009, TF1 continued to develop its Process News & Sports 2 software (PNS2), which will modernise the production of TV news bulletins and sports magazines.

Technological innovations in 2008 concerned interactive services for internet/TV/telephone boxes, including the launch of *MyTF1*, new web video advertising formats, smartphone apps, content protection, anti-piracy measures and cinema digitisation.

In late 2009, the TF1 group announced a three-year partnership with Samsung with the aim of launching new interactive multimedia applications for television sets connected to the internet, using Samsung's technological know-how and TF1's content skills. The new televisions will incorporate new interactive services linked to TF1's flagship brands and content.

The automated distribution of programmes by ADSL or mobile phone, as catch-up TV or video on demand, was another key R&D project.

TF1 continued to invest in the development of a very high-quality broadcasting system for the Discovery division which will offer automated management of screen formats (16/9, 4/3) and catch-up TV.

TF1 is also continuing to work on HD DTT (high-definition digital terrestrial television), personal mobile TV and preparations for the end of analogue broadcasting in 2011.



Emotion on Eurosport during the Beijing Olympic Games

¹Digital video industry body



TF1 SUSTAINABLE DEVELOPMENT



Challenges

As a leading media operator, TF1 has to address a dual challenge: the company has a duty both to its audience, through the content it produces and broadcasts, and to its employees and stakeholders. The sustainable development policy implemented since 2006 has several key themes:

- responsible content and schedules, and a key role to play in raising public awareness of major issues;
- an ambitious social framework, involving employees in CSR policy;
- reducing the environmental footprint of activities.

Organisation

Each entity draws up its own road map in order to place sustainable development at the heart of its business. The policy is overseen by a deputy CEO

of the TF1 group, with a full-time coordinator for sustainable development initiatives and reporting. All those involved, including communications departments and business unit coordinators, meet once a quarter to review the road maps. The agenda for board meetings now includes an item on CSR actions.

Recognising non-financial performance

Non-financial indicators

Several non-financial rating agencies have recognised the ethical and responsible nature of the TF1 group's action. TF1 is included in four sustainable development indices:

- DJSI Stoxx[®],
- Aspi Eurozone,
- FTSE4Good Europe Index,
- Ethibel Europe.

TF1, silver medal for diversity in television news (Media Tenor survey¹)

Media Tenor measures the diversity of the news in 23 TV evening news bulletins in 11 countries. TF1 was runner-up in the general ranking of the 2009 survey and came top in four categories: the environment, reporting on companies, education and the place of women. It is the first time a French media operator has featured at the head of the rankings.

Diversity rewarded

The first "Enterprise and Diversity" awards ceremony took place at the French National Assembly on 9 December 2009. TF1 was awarded the special jury prize for the actions of its corporate foundation; the prize was presented to Nonce Paolini, TF1's Chairman and CEO, by Bernard Accoyer, president of the National Assembly.

The operation, organised by Nora Barsali, a communication and diversity consultant, and Claude Suquet, founder and former chair of the polling institute CSA, "aims to promote practical action by firms in all areas of diversity". The operation is supported by ACSE, the national agency for social cohesion and equal opportunity. The prize was the TF1 corporate foundation's second distinction after the diversity trophy awarded by Maghreb Ressources Humaines (MRH) in February.

| STAKEHOLDERS | PLAYER(S) IN TF1 | EXAMPLES OF TYPES OF DIALOGUE |
|---|---|--|
| Regulators: CSA ^a and ARPP ^b | > Compliance department, corporate secretary, external communications, Broadcasting and TF1 Publicité divisions | > Participation in task forces, drafting of reviews, proposals |
| General public | > Viewer and internet feedback centre, news moderator, editorial department | > Personalised answers (e-mail, telephone, letter) > High school debates with editorial staff |
| Advertisers | > TF1 Publicité sales department, calling on in-house CSR ^c expertise | > Joint participation in workshops, publication of general conditions of sale, www.tf1pub.fr website |
| Employees and trade unions | > Management, HR and Labour relations managers | > Dialogue, negotiation of agreements with employee representatives, internal communications, annual appraisal |
| Producers | > Programme units and compliance department | > Compliance department in attendance at all shoots, Ecoprod communication campaign |
| Charities, associations and NGOs | > Broadcasting division, Solidarity Committee, Labour relations department (including disability task force) | > Free airtime donated through SNPTV (French TV advertising association), donations in kind, long-term contracts and partnerships |
| Suppliers and service providers | > Group purchasing department | > Questionnaires on CSR ^c policy, inclusion of sustainable development criteria in all specifications |
| Shareholders and financial community, non-financial rating agencies | > Financial communication, sustainable development coordination unit | > AGM, annual report, road shows for institutional investors, meetings and conference calls with analysts, regular telephone contacts, website |

^aFrench broadcasting authority

^bFrench advertising regulator

^cCorporate Social Responsibility

¹Media Tenor is an independent German research institute that analyses media content and its influence on social change. The survey in question was carried out between July 2008 and July 2009.



Content-related challenges

As a family channel, TF1 plays a role in strengthening the social fabric. It has a duty to provide programmes for all, to reflect the diversity of the audience, to act and promote action for solidarity, and to help raise viewers' awareness of social and environmental issues.

Responsible content and scheduling

Ethics

TF1 has made ethical commitments to the community that are set out in its agreement with the CSA, the French broadcasting authority. TF1 has set up an internal control system to ensure that it fulfils these commitments, including a compliance unit staffed by lawyers and attached directly to the Broadcasting division. The agreement can be consulted on the CSA website www.csa.fr.

Accessibility of programmes to the disabled

In all, 85% of programmes were subtitled in 2009 compared with 70% in 2008. TF1 has also taken account of the 1 million French people with

impaired vision by developing audio description, a technique that enables blind or sight-impaired people to experience a film through an appropriate voice description of the action and setting.

Diversity committee

A Diversity committee was created in 2009, its membership drawn from the Broadcasting division and human resources and the corporate foundation. Its tasks include preparing an in-house communication campaign, an awareness-raising programme for journalists and staff in programme units and short programmes on diversity issues.

The aim of the initiative is to obtain the Diversity label² in 2010 in recognition of the quality and credibility of the measures taken.

Raising public awareness

Visibility for charities

TF1 Publicité and the TF1 channel offer charities both direct help and greater visibility for their work on air. The value of airtime, donations made during

game shows, free advertising slots for campaigns and direct gifts to charities amounted to €18.5 million in 2009.

The ECO₂ Climat indicator and raising public awareness of environmental issues

In December 2009, on the occasion of the Copenhagen summit on climate change, the News division introduced ECO₂ Climat, an indicator of French carbon consumption. Featured in the evening news bulletin once a month, it is intended to encourage French people to reduce their greenhouse gas emissions. The indicator is the first of its type in Europe and increases the quality and coherence of TF1's information on sustainable development.

Ushuaia Nature, the channel's flagship environment programme presented by environment campaigner Nicolas Hulot, is shown four times a year on TF1.

Ushuaia TV and sustainable development

Ushuaia TV, shown in high definition since 2008, is the only French TV channel devoted entirely to sustainable development. Its magazines, including the new in-house production *Bougez Vert*, feature local, corporate and associative initiatives in favour of the environment (website: www.ushuaia.fr).

In autumn 2009, TF1 was the official partner of *Planète Mode d'Emploi*, a sustainable development fair for the general public that attracted over 38,000 visitors to the Parc des Expositions in Paris.

Social challenges

TF1 is committed to maintaining a high-quality working environment by promoting the well-being, safety and professional fulfilment of its employees. It encourages their involvement in good causes.

Integration of disabled workers

Each year, TF1 increases its efforts to accommodate and integrate disabled employees and to use more services provided by the sheltered sector. Following the conclusion of an agreement in 2008 relating to the integration and continued employment of disabled people, in 2009 the Disability task force organised an internal and external awareness-raising campaign. The agreement called for the group to have recruited 30 disabled employees

by 2010: in fact, it has already recruited 34. The TF1 group purchased goods and services worth €417,000 from the sheltered sector in 2009.

Action in the community

The corporate foundation has continued its initiatives to encourage young people into employment, recruiting the second intake for its training and integration scheme in 2009, taking the total number of young people in the scheme to 17 (website: www.fondationtf1.fr).

Once a month, Nonce Paolini, Chairman and CEO of the TF1 group, and journalists like Laurence Ferrari and Harry Roselmack or other personalities from the channel, accompanied by members of the senior management team, visit a French city to meet representatives from the local community and local

TESTIMONIAL

Jean-Philippe Desmartin,
senior analyst, head of SRI¹ research, Oddo Securities

▼ The media are now aware of their impact on the social eco-system and are making rapid progress in the sphere of corporate social responsibility. TF1 was one of the first to take a structured and continuous approach. Our dialogue with the TF1 group combines financial communication with corporate social responsibility in an effective way. The exchanges between one of Europe's leading media operators and its stakeholders must help to improve reporting in the sector, which still does not have enough indicators. ▼

¹Socially Responsible Investment

¹Conseil Supérieur de l'Audiotvisuel ²The Diversity label is awarded by the French standardisation body Afnor. Website: www.afnor.org

TESTIMONIAL

Dominique Candellier,

head of Communication and Sustainable Development,
UDA (French Union of Advertisers)

¶ So far 40 advertisers have signed up to the UDA's responsible communication charter. They are naturally attentive to what is going on in the media, and each year we ask media operators to present their sustainable development policies and practices. At TF1, we have noted the commitment shown in the Ecoprod initiative, a first in the sector. We also appreciate the choice of a partnership approach and will continue to encourage such initiatives and exchanges. ¶

schools. The aim of the initiative is to promote and strengthen dialogue between the channel and its audience. Ten cities were visited in 2009 and some 600 people were invited to each event.

Well-being in the workplace

TF1 has a proactive family policy, including bonuses for employees who get married or have a child, the reservation of nursery places, a home childcare allowance and reduced and flexible working hours for pregnant women from the sixth month of pregnancy. TF1 also does what it can to create a pleasant working environment, for example providing a gym for staff and services like a public transport ticket dispenser, a travel agency and a hairdresser.

The "stress observatory" set up by the occupational health service continues

¹Corporate Social Responsibility

its work of detecting workplace stress and providing advice and counselling.

Environmental challenges

The TF1 group takes practical steps to limit the direct environmental footprint of its activities and to raise awareness among employees and suppliers of the need to behave differently.

The first energy-efficient studios

For their new studios, Eurosport and LCI have chosen all-LED lighting, cutting final on-set power consumption to under 7 kW, ten times less than a conventional studio. As the lights stay cold, virtually no air-conditioning is required. The new equipment marks a first in the broadcasting industry.

After the carbon balance: the Ecoprod awareness-raising campaign

In April 2009, TF1 and five partners officially launched the Ecoprod campaign to raise awareness among producers of the environmental impact of their activities.

A dedicated website was set up, containing best practice guides. A carbon balance calculator adapted to the audiovisual sector will be available in 2010.

These services will be presented to industry operators at awareness-raising sessions. For further information, see www.ecoprod.com.

Responsible purchasing

The action plan implemented by the purchasing department includes greater use of operators in the sheltered sector, the inclusion of social and environmental criteria in specifications, rollout of the Bouygues group Supplier CSR¹ charter and assessment of suppliers according to their sustainable development commitments.

The approach also applies to the promotion of diversity: the purchasing department will assess the size, location and recruitment record of the firms it buys from and diversify its sources accordingly.



OUTLOOK FOR 2010

In 2010, the TF1 group will continue to adapt its business model and develop new activities:

- > by integrating TMC and NT1 once the acquisition has been completed;
- > by increasing the group's presence in new media, paying particular attention to relations with viewers;
- > by continuing its partnership policy, especially with Française des Jeux, UGC, Sony and Samsung.

The TF1 group intends to maintain its leading position in news and entertainment in order to make the most of all forms of contact with its audience.

In the sustainable development sphere, carbon balance assessments will be extended to the whole of the TF1 group and commitments to diversity will be increased.

TF1 DETAILED NON-FINANCIAL INDICATORS AT 31 DECEMBER

| FAMILY | INDICATOR | SCOPE | UNIT | 2007 | 2008 | 2009 | REPORTING FRAMEWORK | |
|-----------------------------|--|-----------|--|-----------------------|---------------------|--------------------------|--|---------------------|
| Compliance | Ethics | France | Number | na ^a | 1 caution | 1 reprimand | Internal | |
| | • news | | Number | na ^a | 0 | 0 | | |
| | • programmes | | Surreptitious advertising | Number | na ^a | 0 | 1 warning | Internal |
| | • news | | | Number | na ^a | 0 | 0 | |
| | • programmes | | Child protection | Number | na ^a | 0 | 0 | Internal |
| | • news | | | Number | na ^a | 1 warning | 0 | |
| | • programmes | | Remarks on guidance labels | Number | n/a ^b | n/a ^b | n/a ^b | Internal |
| | • news | | | Number | 1 | 0 | 1 warning | |
| | • programmes | | Compliance with production and broadcasting quotas | % | 100 | 100 | 100 | Internal |
| Viewer feedback | Calls, e-mails and letters from viewers | France | Number | 150,000 | 147,000 | 300,000 | GRI PR 5 | |
| Society | Value of donations to charity | France | €m | 20 | 16.50 | 18.50 | GRI EC 1 - GRI SO 1 | |
| | Charities and associations given airtime | | Number | 70 | 75 | 80 | GRI SO 1 | |
| | News items relating to climate change | | | 500 | 450 | 600 | | |
| Diversity | Young people from disadvantaged neighbourhoods on schemes run by the TF1 corporate foundation | TF1 group | Number | n/a ^b | 8 | 9 (ie, 17 altogether) | Internal | |
| | Young people from disadvantaged neighbourhoods completing an internship | | | n/a ^b | 20 | 56 | | |
| Gender equality | Staff on permanent contracts | TF1 group | % | 47.45 (F) - 52.55 (M) | 47.6 (F) - 52.4 (M) | 47.2 (F) - 52.8 (M) | GRI LA 13 - NRE 111 | |
| | New hires | | | | 49 (F) - 51 (M) | 44.8 (F) - 55.2 (M) | GRI LA 13 | |
| | Promotion | | | | 45.2 (F) - 54.8 (M) | 49.8 (F) - 50.2 (M) | GRI LA 10 | |
| | Training dispensed | | | | 48.1 (F) - 51.9 (M) | 47.25 (F) - 52.75 (M) | GRI LA 13 | |
| | Female managerial staff | | | | 47.02 | 47.70 | 47.40 | GRI LA 13 - NRE 316 |
| | Female senior executives | | | | 27.2 | 27.57 | 28.90 | GRI LA 13 - NRE 135 |
| Disabled people | Disabled people hired on permanent or temporary contracts | TF1 group | Number | 3 | 9 | 16 | GRI LA 13 - NRE 113 | |
| | Sales generated with the sheltered sector | | € | 174,787 | 221,794 | 417,000 | NRE 135 | |
| Reduction of job insecurity | Full-time equivalent/casual employees | TF1 group | % | 9.97 | 9.76 | 7.30 | NRE 113 | |
| Labour relations | Meetings with social partners | TF1 group | Number | 422 | 397 | 334 | GRI HR 5 - GRI LA 3 GRI LA 4 - NRE 310 NRE 320 | |
| | Employees in permanent positions (works committee representative, employee representative, board of directors) | | | 126 | 126 | 121 | NRE 318 | |
| | Collective bargaining agreements in the year | | | 8 | 25 | 27 | NRE 321 | |

■ Financial and business challenges ■ Social/HR challenges ■ Environmental challenges

^aNot available ^bNot applicable

| | AIM | KEY FIGURES | | ACTION IN 2009 | PROGRESS ^a | 2010 OBJECTIVES |
|-----------------------------------|--|---|---|--|-----------------------|--|
| | | 2008 | 2009 | | | |
| FINANCIAL AND BUSINESS CHALLENGES | Guarantee compliance with the CSA ^b Charter and ARPP ^c recommendations Reflect the diversity of the public , raise viewers' awareness on social and environmental issues Get closer to the audience | €16.5m of advertising sales ^d offered to charities and associations | €18.5m of advertising sales ^d offered to charities and associations | > Showing of prime-time charity fundraising events, free airtime for charities and associations | | > Continue to screen charity fundraisers and raise public awareness on sustainable development issues (eg, inclusion of the ECO ₂ Climat indicator in the TV evening news bulletin once a month) > Continue public meetings > Second edition of the <i>Planète Mode d'Emploi</i> sustainable development fair |
| | | 100% compliance with programming and broadcasting quota obligations 70% of programmes subtitled Over 450 items about the environment in news bulletins 147,000 calls, e-mails and letters from viewers treated within 48 hours | 100% compliance with programming and broadcasting quota obligations 85% of programmes subtitled Over 600 items about the environment in news bulletins 300,000 calls, e-mails and letters from viewers treated within 48 hours | > Preparation and screening of the ECO ₂ Climat indicator in the TV evening news bulletin presented by Laurence Ferrari > First <i>Planète Mode d'Emploi</i> sustainable development fair for the general public > Development of interactivity on the TF1 News website > Public meetings around France with senior members of the News division > Establishment of a Diversity committee | | |
| SOCIAL/HR CHALLENGES | Favour equal opportunity (gender equality, diversity, disability) Maintain a high-quality working environment Support staff throughout their career Encourage employee involvement in good causes | 49 disabled employees in the TF1 group €222,000 in sales with the sheltered sector 289 requests for training granted under the <i>DIF</i> (individual right to training) scheme 500 parcels donated to 13 charities and associations at Christmas 2008 | 34 disabled employees hired in 2009, 17 on permanent contracts or temporary contracts €417,000 in sales with the sheltered sector 9 young people from disadvantaged neighbourhoods on the scheme run by the TF1 corporate foundation, making 17 in all since 2008. 56 interns taken in 2009. | > Conclusion of an agreement on the employment of older workers > Recruitment of the second intake for the corporate foundation training and integration scheme for young people > Employee mentoring of high-school students in disadvantaged neighbourhoods > Internal and external disability awareness campaign > Organisation of in-house events to support charities and associations (www.jeveuxaider.com) | | > Continue to fulfil the commitments given in the agreements on older and disabled workers > Obtain the Diversity label > Recruit the third intake for the TF1 corporate foundation training and integration scheme |
| | | 4% less water consumption than in 2007 After the carbon balance for broadcasting activities in 2007, preparation of a groupwide carbon plan to reduce CO ₂ emissions by 20% by 2020 | 16% less water consumption than in 2008 45 suppliers assessed on their CSR ^e performance by EcoVadis, an outside consultant | > Continuation of all actions to reduce energy, water and paper consumption > Official launch of the Ecoprod awareness-raising campaign ^f > Launch of the campaign to have suppliers' CSR ^e policies assessed by EcoVadis, an outside consultant | | |
| ENVIRONMENTAL CHALLENGES | Limit the TF1 group's direct environmental footprint Raise awareness among staff and suppliers of the need to behave differently | 4% less water consumption than in 2007 After the carbon balance for broadcasting activities in 2007, preparation of a groupwide carbon plan to reduce CO ₂ emissions by 20% by 2020 | 16% less water consumption than in 2008 45 suppliers assessed on their CSR ^e performance by EcoVadis, an outside consultant | > Continuation of all actions to reduce energy, water and paper consumption > Official launch of the Ecoprod awareness-raising campaign ^f > Launch of the campaign to have suppliers' CSR ^e policies assessed by EcoVadis, an outside consultant | | > In the framework of Ecoprod, develop a carbon calculator specially adapted for audiovisual production > Update and extend the TF1 group's carbon balance > Introduce a corporate travel plan |

^aCompared with 2009 objectives ^bFrench broadcasting authority ^cFrench advertising regulator ^dValue of advertising slots, cost of trailers, special programmes and donations made during game shows and programmes. Advertising slots donated to campaigns. Donations in kind handled by the Communication department ^eCorporate Social Responsibility ^fCampaign to raise awareness among producers of the impact of audiovisual activities, launched with five partners. See the website www.ecoprod.com

Measures launched in 2009
 Ongoing measures in 2009
 Mature measures (continuous improvement)

| FAMILY | INDICATOR | SCOPE | UNIT | 2007 | 2008 | 2009 | REPORTING FRAMEWORK |
|-------------------------|--|-----------|---------------------------|-------------------|------------------|----------------|---------------------|
| Health and safety | Industrial accidents with time off work | TF1 group | Number | 28 | 58 | 53 | GRI LA 7 - NRE 322 |
| | Frequency rate ^a | | b | 4.81 ^d | 5.58 | 3.64 | |
| | Severity rate ^a | | c | 0.17 ^d | 0.28 | 0.09 | |
| | Absenteeism rate | | % | 4.10 | 4.10 | 3.96 | NRE 221 |
| | Employees with health and safety training | | Number | 366 | 373 | 372 | GRI LA 8 - NRE 322 |
| Life quality | Employees having benefited from the 1% housing loan scheme during the year | TF1 group | Number | - | 25 | 18 | Internal |
| Family policy | Part-time employees | TF1 group | Number | 234 | 232 | 225 | |
| Employee benefits | Membership of the company savings scheme | TF1 group | % | 90 | 83 | 81 | |
| | Membership of the collective retirement savings scheme (Perco) | | % | 12.60 | 11.90 | 12.60 | |
| | Average net amount of contributions per employee | | € | 2,251 | 2,036 | 944 | |
| Integration | Interns under agreements with schools | TF1 group | Number | | 784 | 487 | NRE 326 |
| Training | Employees given training | TF1 group | Number | 2,565 | 2,335 | 2,777 | GRI LA 10 - NRE 326 |
| | | | % | 68 | 63 | 76,3 | |
| | Proportion of payroll spent on training | | % | 3.14 | 3.25 | 3.78 | |
| | Total hours of training under the training plan | | Number | 48,984 | 55,459 | 62,483 | |
| | Hours of training per employee per year | | Number | 13 hrs | 14 hrs 45 mins | 17 hrs 10 mins | Internal |
| | DIF (individual right to training) requests granted | Number | 364 | 289 | 1,039 | Internal | |
| Action in the community | Employees mentoring high-school students from disadvantaged neighbourhoods | TF1 group | Number | | | 60 | Internal |
| Consumption | Electricity consumption in MWh | TF1 group | % change on previous year | -3.48 | (29,791) +3.24% | (31,733) +6.5% | GRI EN 3- NRE 1 |
| | Water consumption in cu metres | | % change on previous year | -3.82 | (61,658) -4.34% | (32,462) -16% | GRI EN 8 - NRE 1 |
| | Paper consumption | | Tonnes per year | 97 | 114 | 87 | GRI EN 1 - NRE 1 |
| Waste, raw materials | Waste collected | TF1 group | Tonnes | 1,600 | 1,216 | 1,280 | GRI EN 11 - NRE 1 |
| Suppliers | Suppliers assessed by an outside consultant | TF1 group | Number | n/a ^e | n/a ^e | 45 | Internal |

■ Financial and business challenges ■ Social/HR challenges ■ Environmental challenges

^aIndicator subject to possible correction since it has to be validated after publication by the relevant authorities ^bNumber of industrial accidents involving time off work x 1,000,000 / number of hours worked ^cNumber of days off work x 1,000 / number of hours worked ^dTF1 SA only ^eNot applicable

Compliance indicators

- The figures take account of the comments made by the CSA (French broadcasting authority) at end-January 2010 for programmes in 2009. The comments may still be undergoing processing or awaiting a response from TF1. The final figures will be known when the CSA publishes its official report on TF1 in late 2010.
- The figures should be seen in relation to the number of items shown in TV news bulletins (14,000) and the number of programme hours (7,525).

TELECOMMUNICATIONS OPERATOR

Excellent performance in both mobile and fixed-line businesses

€5,368m (+5%)
2009 sales

13.6% (-2.5 pts)
Operating margin

€471m (-12%)
Net profit attributable to the Group

9,018
Employees

€5,370m (=)
2010 sales target



A 4% rise in sales from network

Bouygues Telecom achieved an excellent sales performance throughout 2009, signing up 758,000 new mobile phone customers and 300,000 fixed-line customers, capturing 22% of net growth in the mobile phone market and 22% of net growth in the fixed-line market in the third quarter.

This success enabled Bouygues Telecom to pass the milestone of 10 million mobile phone customers (10,352,000), including over a million business customers. 76.6% of customers at the end of 2009 had call plans.

Average revenue per user (ARPU, calculated for a 12-month rolling period on the Arcep¹ base excluding machine-to-machine SIM cards) fell by only 2% to €487 per year in 2009, despite the recession and a 29% cut in voice call termination rates on 1 July 2009.

Sales from network rose by 4% to €4,863 million and total sales rose by 5% to €5,368 million.

Consolidated EBITDA amounted to €1,344 million, representing 27.6% of sales from network, down 2.3 points on 2008. The fall was due to higher sales-related expenditure linked to the sharp rise in net additions, costs generated by development of the fixed-line business, a €0.005 fall in the voice call termination rate differential and new taxes (UMTS licence fees and the audiovisual tax).

¹French electronic communications and postal service regulator

HIGHLIGHTS

- > **January:** launch of Eco Amplitude, the first eco-responsible offering on the French market for business customers.
- > **April:** marketing of the iPhone 3G call plan.
- > **May:** launch of ideo All-in-One, the first quadruple play package on the market (fixed and mobile phone, TV, internet).
- > **July:** cut in call termination rates between French mobile phone operators.
- > **October:** award of the 2009 Corporate Social Responsibility prize by AFRC, the French customer relations association.
- > **November:** launch of Neo.3, the third-generation unlimited call plan.
- > **December:** HQE[®] High Environmental Quality certification of the Bourges customer relations centre; inauguration of the HQE[®] Technical Centre in Meudon (Paris region).

In 2009, while continuing to expand on the mobile phone market, **Bouygues Telecom** made a successful entry into the fixed-line business. **Top of the mobile phone customer relations league table for the third year running, Bouygues Telecom passed the 10-million customer mark.**

Operating profit fell by 11% as a result of lower EBITDA and a rise in depreciation and amortisation expenses to €604 million following high levels of capital expenditure in previous years.

Net profit amounted to €471 million.

Capital expenditure in 2009 amounted to €683 million, €189 million down from the previous year's peak caused by extension of the mobile network and the acquisition of a fixed-line DSL network.

Free cash flow rose by 57% to €401 million due to lower capital expenditure and the continuing high level of EBITDA.

Bouygues Telecom ended the year with net debt of €295 million.

19.2% of net market growth.

Internet SIM cards (mainly USB modems) accounted for 3.5% of the total market in mainland France at end-2009 and 32.2% of net market growth.

MVNOs captured a larger share of the net increase in the SIM base than in 2008 (20% compared with 8% in 2008) and accounted for 5.7% of the SIM base.

Over the year as a whole, Bouygues Telecom accounted for 21% of net growth in contract customers. The proportion of contract customers in the customer mix increased by a further 1.4 points to 76.6%.

Bouygues Telecom's businesses

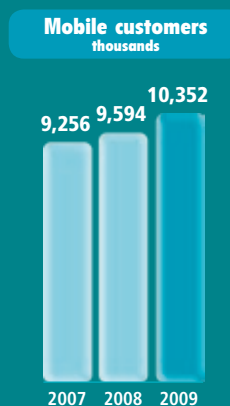
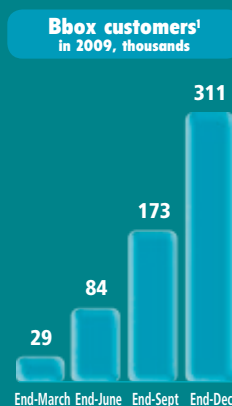
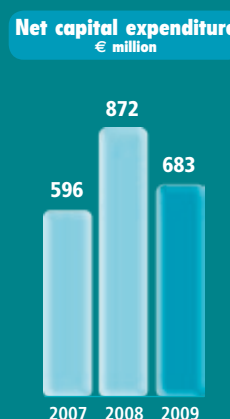
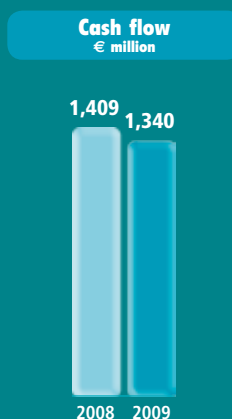
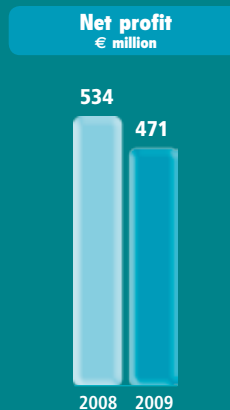
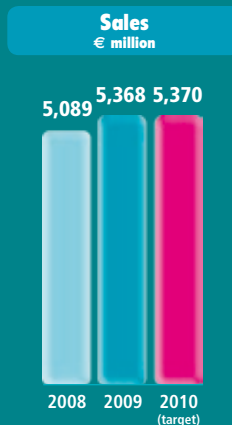
The mobile phone market

The French mobile phone market grew by 6% in terms of the number of SIM cards, boosted by a further 8.6% rise in the number of contract customers. All three operators lost prepaid customers to Mobile Virtual Network Operators (MVNOs).

Machine-to-machine (M-to-M) SIM cards represent a growing proportion of the contract SIM segment. They accounted for 2.6% of the total market in mainland France at end-2009 and



Passing the 10-million-customer milestone



¹Number of Bbox routers activated (in operation)

Condensed balance sheet at 31 December

| ASSETS (€ million) | 2008 | 2009 |
|---|--------------|--------------|
| • Property, plant and equipment and intangible assets | 3,376 | 3,478 |
| • Goodwill | 8 | 8 |
| • Non-current financial assets and taxes | 27 | 27 |
| NON-CURRENT ASSETS | 3,411 | 3,513 |
| • Current assets | 1,256 | 1,292 |
| • Cash and equivalents | 14 | 15 |
| • Financial instruments ¹ | - | - |
| CURRENT ASSETS | 1,270 | 1,307 |
| TOTAL ASSETS | 4,681 | 4,820 |
| LIABILITIES AND SHAREHOLDERS' EQUITY (€ million) | 2008 | 2009 |
| • Shareholders' equity attributable to the Group | 2,396 | 2,371 |
| • Minority interests | - | - |
| SHAREHOLDERS' EQUITY | 2,396 | 2,371 |
| • Non-current debt | 105 | 294 |
| • Non-current provisions | 139 | 166 |
| • Other non-current liabilities | - | - |
| NON-CURRENT LIABILITIES | 244 | 460 |
| • Current debt | 7 | 15 |
| • Current liabilities | 2,025 | 1,973 |
| • Overdrafts and short-term bank borrowings | 9 | - |
| • Financial instruments ¹ | - | 1 |
| CURRENT LIABILITIES | 2,041 | 1,989 |
| TOTAL LIABILITIES | 4,681 | 4,820 |
| Net debt | 107 | 295 |

¹Hedging of financial liabilities at fair value

Condensed income statement

| (€ million) | 2008 | 2009 |
|---|--------------|--------------|
| SALES | 5,089 | 5,368 |
| • Net depreciation and amortisation expense | (585) | (604) |
| • Net charges to provisions and impairment losses | (24) | (24) |
| • Other income and expenses | (3,663) | (4,010) |
| OPERATING PROFIT | 817 | 730 |
| • Income from net surplus cash | (3) | (10) |
| • Other financial income and expenses | (1) | (3) |
| • Income tax expense | (279) | (246) |
| • Share of profits and losses of associates | - | - |
| NET PROFIT FROM CONTINUING OPERATIONS | 534 | 471 |
| • Net profit from discontinued and held-for-sale operations | - | - |
| NET PROFIT | 534 | 471 |
| • Minority interests | - | - |
| CONSOLIDATED NET PROFIT (attributable to the Group) | 534 | 471 |



The 3G+ network covered 80% of the French population by the end of 2009

The fixed-line market

As Arcep figures at end-2009 are not available until mid-March 2010, data for the fixed-line market are given for a 12-month rolling period from September 2008 to September 2009.

Over the twelve-month period, the French ADSL market grew by 10% to 18 million customers.

Bouygues Telecom accounted for 22% of net market growth in the fixed-line segment in the third quarter of 2009 and had a total of 311,000 Bbox routers activated at year-end, demonstrating its capacity to offer a high-quality fixed-line service.

Products and Services

The Bbox

Bouygues Telecom is continuing to roll out its fixed-line strategy, with the following three new phases:

- 2 March 2009, launch of a new Bbox package including free calls to mobiles at certain times. The company also conducted its first Bbox media campaign;
- 25 May 2009, launch of *ideo*, the first quadruple play package on the market, offering fixed and mobile phone, internet and TV from €44.90 a month;
- summer 2010, scheduled launch of a package offering very high speed internet and high-definition television. Bouygues Telecom will have access to 3.3 million domestic

connections offering bandwidth of up to 100 Mbits/second.

Since it was launched in October 2008, the Bbox package has been enhanced with the integration of MyTF1 and Canal Play. The number of available channels is constantly increasing and stood at 100 channels at end-December 2009.

Consumer mobile phone services

Bouygues Telecom has enhanced its services to meet customers' changing needs:

- 20 April, launch of the first Universal Mobile capped call plan with 24/7 unlimited SMS and internet surfing;
- 25 May, overhaul of the range of Classic call plans costing less than €35 a month;
- 22 June, launch of new prepaid cards with 24/7 unlimited SMS;
- 16 November, enhancement of the Neo call plan range with Neo.3, offering unlimited calls not just in the evening but all night until 8.00am plus 24/7 unlimited SMS and MMS.

Business products and services

The range of products and services for business customers was considerably enhanced:

- for professionals, with a specially adapted Bbox package and the launch of Neo Pro 24/24, a comprehensive, 24/7 unlimited call plan;

- for companies, with the Neo Entreprises 24/7 unlimited call plan.

MVNOs

MVNO agreements, especially with KPN, and the M-to-M segment are continuing to expand rapidly.

Handsets

Bouygues Telecom continued to enhance its range of handsets:

- it was able to start marketing the iPhone on 29 April after a Paris Appeal Court judgment confirmed the lifting of exclusive marketing arrangements for iPhones. 441,000 iPhones had been sold by end-December 2009;
- in April, Bouygues Telecom also introduced its first handset using the Android operating system.

Network

Bouygues Telecom stepped up the rollout of its 3G+ network and covered 80% of the French population at end-December 2009, the obligation in its licence being to cover 75% of the population by the end of 2010.

With the new network, Bouygues Telecom is helping to expand the market for mobile internet access, guaranteeing comfort and ease of use for business users and consumers alike.

Bouygues Telecom's 3G+ network covers all major cities in France and most towns with more than 5,000 inhabitants.



Bouygues Telecom's fixed-line network comprises Digital Subscriber Line Access Multiplexers (DSLAM) integrated in 622 subscriber connection nodes and a comprehensive information system for consumers. Bouygues Telecom also has access to a further 1,250 subscriber connection nodes unbundled by SFR, giving it coverage of over 60% of the population.

Customer relations

For the third year running, the TNS Sofres-BearingPoint survey put Bouygues Telecom at the top of the mobile phone customer relations league table.



In July, Bouygues Telecom obtained *NF Service* certification for all its consumer customer relations activities (capped and uncapped call plans, pre-paid cards, professional call plans and Bbox). Bouygues Telecom is the only operator to have *NF Service* certification for both mobile and fixed-line services.

Subsidiaries and affiliates

Réseau Clubs Bouygues Telecom (RCBT)

There were 608 stores in the Clubs Bouygues Telecom network at end-2009, 244 of them in shopping centres.

Alongside the network of stores oper-

ated by partners, RCBT continued to expand its branch network, created in 2005, increasing the number of branches from 197 at end-2008 to 244 at end-2009.

RCBT reported a 15.7% increase in sales in 2009 to €489.4 million.

Extenso Telecom

A wholesale distributor of telecommunications products and services, Extenso Telecom coordinates and supplies a network of 3,000 sales outlets.

In 2009, Extenso Telecom continued to develop Phonéo, an umbrella brand for 165 independent distributors.

Extenso Telecom reported sales of €238 million in 2009.



Bouygues Telecom Initiatives

Bouygues Telecom Initiatives is a subsidiary created in December 2008 to support innovative new firms in the electronic communication services sector.

Five co-development agreements have been concluded, with Mobigard (lower energy consumption), Ville Fluide (car pooling), Twinlinx (contactless applications), Invities (services interconnection) and Recommerce Solutions (handset recycling).

The company also took stakes in three ventures in 2009: Eeple (online community website development and management), ActivGroup (optimisation of IP flows) and Mobigard (see above).

Azeide

On 31 December 2009, Bouygues Telecom concluded a preliminary agreement for the acquisition of a 27% minority stake in Azeide Group, which provides business phone services in south western France.

Regulatory environment

Licences

Fourth UMTS licence

In a decision issued on 17 December 2009, Arcep¹ awarded the fourth UMTS licence to Free Mobile under the procedure launched by the government on 1 August 2009 for the allocation of

a 5 MHz carrier in the 2.1 GHz UMTS band.

Renewal of Bouygues Telecom's GSM licence

On 25 November 2009, Arcep informed Bouygues Telecom that its authorisation to use 900 MHz and 1800 MHz frequencies would be renewed for 15 years from 9 December 2009. The authorisation means that 99% of the population will have 2G coverage by the end of 2010 (blind spots included) and enables the holder to reuse 900 and 1800 MHz frequencies for its 3G network. Now that a fourth UMTS licence has been allocated, Bouygues Telecom will have to hand back some of its 900 MHz frequencies.

Legislation

Digital divide

The principal measure contained in Act 2009-1572 of 17 December 2009 on fighting the digital divide is the establishment of master plans funded by a regional digital development fund. As well as confirming Arcep's powers to encourage the rollout of optical fibre, the Act also allows customers of Internet Service Providers (ISPs) to access their e-mail free of charge for six months after terminating their contract.

Illegal downloading

Act 2009-669 of 28 October 2009 on the protection of literary and artistic



property on the internet creates a High Authority for the circulation of works and the protection of rights on the internet (Hadopi), tasked with combating the illegal downloading of cultural works. Penalties for repeated online piracy are now a matter for the criminal courts, which may order internet service providers to suspend the internet access of the persons concerned.

Reform of the local business tax

The 2010 Finance Act of 30 December 2009 abolished the local business tax for all firms from 1 January 2010. Among the measures to make up the revenue shortfall, the government has introduced a tax on radio masts and local loop distribution frames. Mobile operators will have to pay up to €1,530 per mast per year. Fixed-line operators will have to pay €12 per line in operation.

¹French electronic communications and postal service regulator



Maintaining the network

Audiovisual

Act 2009-257 of 5 March 2009 on audiovisual communication and the new public television service provides for the abolition of advertising on public service TV channels. Among other measures to make up the revenue shortfall, the law introduces a 0.9% tax on the sales of electronic communications operators.

Regulation

Voice call termination rates

In July 2009, the *Conseil d'État* upheld the principles of the Arcep¹ decision in late 2008 concerning the level of voice call termination rates. In particular, the asymmetry between Bouygues Telecom and its competitors and the level of termination rates between 1 July 2009 and 30 June 2010 (€0.06 per minute for Bouygues Telecom, €0.045 per minute for Orange and SFR) were maintained.

In early 2010, Arcep set voice call termination rates from 1 July to 31 December 2010 at €0.034 per minute for Bouygues Telecom and €0.03 per minute for Orange and SFR.

SMS termination rates

Negotiations between the mobile operators on SMS termination rates resulted in an agreement that introduced new charges from 1 February 2010: €0.0217 for Bouygues Telecom.

International roaming

The European Commission adopted

a new regulation on roaming in May 2009. The Eurotariff, which came into effect on 1 July 2009, set a ceiling of €0.11 excl. VAT per SMS for the consumer. Wholesale charges between European operators may not exceed €0.26 per minute for voice and €1 per megabyte of data (then €0.22 and €0.80 respectively from 1 July 2010 and €0.18 and €0.5 from 1 July 2011).

Value added services

In 2009, the government and Arcep continued to introduce measures to increase price transparency for value added services. Call time to freephone and local-rate premium numbers is now excluded from mobile phone call plans and a message announcing the price is transmitted at the start of every call to a premium number for which the premium charge is more than €0.15 per minute. This movement is likely to continue in 2010, the aim being to include revenue from mobile phone communications in call plans.

Local loop access for ADSL services

Although it was possible to obtain a small reduction in unbundling charges in 2009 (€9 per line per month instead of €9.30), the charge continues to be higher than the real cost incurred by France Télécom. The Arcep review in early 2010 of the financial and operational terms for access to France Télécom's duct infrastructure should result in a better evaluation of the real cost of the infrastructure, which

represents 38% of the current cost of the local loop.

3G coverage

To make it easier to extend 3G coverage, the mobile operators, in accordance with the Arcep decision of 9 April 2009, are currently working on a plan for active 3G network sharing which will apply at least to blind spot base stations. A framework agreement between the operators was concluded in February 2010 and a pilot scheme will begin in 2010, with rollout taking place by the end of 2013.

Optical fibre

At the end of December 2009, Arcep adopted a decision and a recommendation concerning the terms for deploying and accessing very high speed optical fibre electronic communications lines in very high-density areas. Arcep, which has overseen various experimental schemes, has opted for multiple fibre-to-the-home solutions in cities in order to encourage competition and ensure consumer choice.

Revision of the regulatory framework for electronic communications

The final version of the telecommunications package was adopted at European level at the end of December 2009. The new regulations will have to be transposed into the domestic law of the 27 EU Member States by June 2011.

¹French electronic communications and postal service regulator

The SIM card can generate pop-up windows to indicate itineraries



Innovation

Innovation at Bouygues Telecom places the customer at the centre of its concerns, though it also incorporates a fundamental technological dimension in order to ensure the best possible preparation for the services of tomorrow.

Innovation is an inherent part of Bouygues Telecom's genetic make-up and guides the actions of employees throughout the company.

More than ever, innovative firms in the telecoms and internet sector share their skills and know-how with their suppliers and partners.

Bouygues Telecom takes part in the work of the Mov'eo (transport) and

Secure Electronic Transactions (contactless applications) competitiveness clusters.

In contactless applications, Bouygues Telecom has played an active role in the creation and research of AFSCM, the French mobile contactless applications association, under auspices of which an experimental payment scheme involving public transport and retailers will take place in Nice in 2010.

As a result of carrying out research and development in various spheres (mobile and fixed-line networks and services, IP and mobile television, contactless applications, machine-to-machine devices, etc.), Bouygues Telecom is able to contribute to the

work of standards bodies in its areas of activity.

Innovation at Bouygues Telecom is a company-wide affair, involving all functions and skills. Coordinated by the Innovation department, initiatives take the form of giving all units access to resources (suggestion box platform), methods (brainstorming sessions) and events (Innovation Forum, open days, etc.).

The aim is to optimise the creative abilities of all staff by highlighting innovation, encouraging the pooling of ideas and helping everyone to solve problems.

The Innovation Forum, one of the highlights of the year, showcases initiatives for innovative projects in the various departments that take part (network, IT, machine-to-machine devices, marketing). Prizes are awarded for innovation in technology, services and processes.

Projects intended to improve service quality include:

- an internet sensor: placed on the customer's internet circuit, it very accurately measures the quality of the TV signal and hence enables Bouygues Telecom to identify and repair malfunctions as quickly as possible when its network is the cause;
- a UMTS HSPA simulator: this device generates service requests similar to those of customers and estimates the quality of each service. It plays an essential part in determining the theoretical benefits of different

network developments, and hence in deciding the best strategy for Bouygues Telecom.

Innovation projects may also be useful to customers. The SIM card, seen as a new means of interactive and instantaneous exchange, can play out different customer itineraries on all handsets, whether recent or not, by generating pop-up windows.

Green technological innovations are also possible, such as devices that locally optimise the 3G network, improving data communication quality indoors where coverage is poor and speeds are low. Amplification is green and passive, since the device requires neither a micro-repeater nor a power supply.



Organisation

Bouygues Telecom's sustainable development policy is coordinated by the Innovation Architecture Services department in synergy with support and operational units. A steering committee made up of senior executives meets quarterly to define guidelines and track indicators relating to the sustainable development challenges facing the company. An executive committee, comprising representatives from the firm's main lines of business, meets monthly and is responsible for operational coherence and quarterly reporting. Two-person teams from General Services and Human Resources coordinate action on the company's 11 main sites.



| STAKEHOLDERS | PLAYER(S) IN BOUYGUES TELECOM | EXAMPLES OF TYPES OF DIALOGUE |
|---|---|---|
| Customers, consumer organisations (UFC-Que Choisir ^a , Adeic ^b , Familles de France, Familles Rurales, CLCV ^c , etc.), mediation body (AMCE ^d) | > Customer Service, Customer Relations, Consumer Affairs, Research, Legal Affairs departments | > Customer Service > Customer satisfaction surveys, studies, round tables > Meetings with consumer organisations |
| Employees and trade unions | > Management, Human Resources and Labour Relations managers | > Employee perception surveys > Annual assessments > Dialogue and negotiation of agreements with employee representatives > Intranet site including an environment and sustainable development section, sustainable development forum > Events, in-house magazine |
| Regulators and consultative bodies (Arcep ^e , ANFR ^f , CNC ^g , etc.), central government (ministries, DGCCRF ^h , EU ⁱ , etc.), European institutions | > Frequencies and Protection, Economic Affairs and Regulation, Consumer Affairs, Legal Affairs, Sustainable Development departments | > Responses to public consultations, questionnaires > Meetings, participation in working groups > Drafting of reviews, proposals |
| Industry organisations and associations, both French (FFT ^j , Afom ^k , Afutt ^l , Afors Telecom ^m , etc.) and international (GSMA ⁿ , Ecta ^o) | > Frequencies and Protection, Economic Affairs and Regulation, Consumer Affairs, Legal Affairs, Sustainable Development departments | > Discussions and working meetings with operators on non-competitive issues of mutual interest > Sectoral responses to public consultations |
| Local residents associations, national associations, associations with a special interest in radio masts | > Frequencies and Protection, Network External Relations departments | > Input to environmental forums, round tables, public meetings > Website devoted to the issue of radiofrequencies and health |
| Suppliers and service providers | > Purchasing department | > Executive committees > Third-party evaluations and audits > Supplier mirror surveys |
| Mayors and elected officials, prefects, land and building owners | > Network External Relations, Asset Management departments | > Public meetings > Consultation meetings > Annual gatherings of French mayors > Local residents meetings, exhibitions |

^aUnion Fédérale des Consommateurs - Que Choisir ^bAssociation de Défense, d'Éducation et d'Information du Consommateur ^cConfédération de la Consommation, du Logement et du Cadre de Vie ^dAssociation de la Médiation des Communications Électroniques ^eFrench electronic communications and postal service regulator ^fAgence Nationale des Fréquences ^gConseil National de la Consommation ^hDirection Générale de la Consommation, de la Concurrence et de la Répression des Fraudes ⁱEuropean Union ^jFédération Française des Télécoms ^kFrench mobile phone operators association ^lAssociation Française des Utilisateurs de Télécommunications ^mAssociation Française des Opérateurs de Réseaux et de Services de Télécommunication ⁿGSM Association ^oEuropean Competitive Telecommunications Association

Commitment to the environment

Reducing the environmental footprint of our activities

Blending base station sites into the environment

In 2009, Bouygues Telecom continued to integrate all its new base station sites into the environment according to the 12 principles defined by Afom, the French association of mobile phone operators. 70% of base stations had been integrated by the end of 2009.

Sustainable building operation

The Bourges customer relations centre, which already has HQE[®] Construction certification, was one of the first buildings to obtain HQE[®] Operation certification, awarded by Certivéa in late 2009. High Environmental Quality certification rewards the company's commitment to the environment throughout the building's lifecycle, from construction (choice of environment-friendly materials) to operation (energy saving, user comfort, health and safety).

Two other buildings that already have HQE[®] Construction certification are also applying for HQE[®] Operation certification in 2010.

Electricity consumption

Following action taken in 2008, including the implementation of tracking software, sophisticated temperature control of buildings and optimised

lighting, electricity consumption in office buildings fell by 4% in 2009, enabling Bouygues Telecom to reduce its direct greenhouse gas emissions by 91 tonnes of CO₂ equivalent.

Paper consumption

Five years after detailed invoices were made available on the internet, by September 2009 two million customers had used the system. 40% of uncapped call plan customers have opted for e-billing, which is not only faster (two days instead of seven for a printed invoice) but also offers a detailed statement of account free of charge.

In-house paper consumption fell by 28%, particularly as a result of the digitisation of many documents as part of the HQE® Operation certification initiative.



Helping to reduce the environmental footprint of customers and other sectors

Controlling the environmental footprint of products

In 2009, Bouygues Telecom Entreprises confirmed its intention of introducing eco-responsible products and services and eco-design handsets for businesses. The Eco Amplitude package, the first of its kind on the French market, includes a universal solar charger, and a carbon offsetting contribution is paid to ÉcoAct, an authorised organisation, for each handset sold. The contribution has helped to fund programmes to reduce CO₂ emissions in developing countries.

Working together with suppliers helps to cut the electricity consumption of modems and decoders. For example, the latest generation of decoders will use eight times less electricity on standby.

Collecting and recycling handsets

Bouygues Telecom set up a system for collecting obsolete mobile phone employee locations in 2003, gradually extending it to all its distribution channels and employee locations. Since 2008, used handsets have been reconditioned by Ateliers du Bocage, an offshoot of the Emmaus charity, which provides jobs for people who otherwise have difficulty finding employment. The recycled handsets are then sold in Emmaus charity shops, enabling the

least well-off to have a mobile phone. Handsets that cannot be reconditioned are passed on to Éco-systèmes, an officially authorised organisation that collects and processes waste electrical and electronic equipment.

In 2010, Bouygues Telecom will propose a new service open to all to encourage the recycling of used mobile phones. The service will be promoted on the internet and in sales outlets.

Investing in innovative companies

In 2009, Bouygues Telecom Initiatives, which supports innovative new firms through an incubator and/or an investment fund, helped to finance three start-ups heavily involved in sustainable development.

- Ville Fluide is developing an automated car pooling system with the aim of reducing commutes by car;
- Mobigard makes a system that controls energy expenditure in the home;
- Recommerce Solutions has designed a system for recycling mobile phone handsets, used by Bouygues Telecom.

Commitment to society and employees

Health and safety

One highlight of 2009 was the publication in September of a report and opinion from Afsset, the French envi-

TESTIMONIAL

Pierre-Étienne Roinat,
Chairman of Recommerce Solutions

Over ten million used mobile phone handsets are tucked away in our drawers. Users often don't know how to get rid of them and have little encouragement to do so. To solve this dual problem, Recommerce Solutions has teamed up with Bouygues Telecom, the first French operator to launch a handset collection site on the web, open to all. Easy and free, the method also includes the payment of a sum of money either to a charity or to the user. It is also in a good cause, since after collection the handsets are recycled at Ateliers du Bocage by people who are being helped back into work. Bouygues Telecom is a sincere and motivated partner, willing to shake up a recycling market that was short on bold and innovative ideas. And thanks to the co-development agreement we have concluded with the incubator unit, we can benefit from valuable support and responsive partners.

ronmental and occupational health and safety agency. Both documents concluded that there were no adverse health effects linked to radio waves, whatever their source (mobile phone, radio or TV transmitter, radio mast, WiFi box, etc.). Based on two years' research which involved sifting through over 3,500 studies, the report stated that there is no scientific reason to change the regulatory limits. This was confirmed by OPECST, the Parliamentary Office for the Evaluation of Scientific and Technological Choices. Under the precautionary principle, however, Bouygues Telecom is playing an active part in the work carried out by

the government, which involves reducing the power of masts in 16 municipalities, informing the public, elected officials and healthcare professionals, applying new consultation procedures for the installation of masts, funding research, overhauling the system for measuring exposure and conducting experiments. Initial results from this research are expected in 2010. At the same time, the company is continuing to provide information and ensure transparency both on its www.sante.bouyguetelecom.fr website and by widely circulating a leaflet on mobile phones and health (3.3 million copies were distributed in 2009).

In-house, automatic defibrillators have been installed at each site. Members of the emergency services have shown staff how to use the equipment, vital in the event of cardio-respiratory arrest.

Over 2,000 staff training actions were undertaken in 2009, in areas such as first aid, operations in high places, fire prevention and road safety, backed up by information days.

Supporting customers in their mobile phone use

Coverage of blind spots

Under the blind spots programme designed to reduce the digital divide, Bouygues Telecom had covered 2,876 municipalities by the end of 2009. During rollout, new locations without mobile phone coverage were identified. Thanks to savings generated by network optimisation, the company agreed to cover an additional 364 municipalities over and above its initial commitment, bringing the final programme up to over 3,300 for 2011.

Coverage of arterial roads continued and, by the end of 2009, Bouygues Telecom had already covered 20% of the 1,000 km scheduled for the end of 2010.

Protecting children from harmful content

Bouygues Telecom stepped up its communication to customers on parental control. Parental controls had been activated on over 115,000 mobile phones by the end of 2009, compared with 100,000 in 2008.

¹Fund to promote the employment of disabled people

Bouygues Telecom is also working on a more sophisticated child protection resource adapted to smartphones.

Giving disabled people access to mobile telephony

The number of Bouygues Telecom stores accessible to disabled people increased by 20% in 2008 to 304. For sight-impaired customers, Bouygues Telecom added Mobile Magnifier character enlargement software to its range and provided over 300 copies of Mobile Speak talking screen-reader software. A service for the hearing-impaired will be introduced in early 2010.

Protecting consumers

Continuing its policy of providing information about and reducing call plan overruns, Bouygues Telecom developed capped mobile multimedia consumption and continued to help customers to identify the mobile phone package best suited to their usage. It was also the first operator in France to offer iPhone users a consumption tracking service, which enables them to see their consumption of all the services included in their plan (voice, data, SMSs) and is one of the top 50 Apple Store free apps in France.

Favouring equal opportunity

Diversity in the workforce

According to an in-house employee perception survey in 2009, 86% of Bouygues Telecom staff said that the company respected diversity in the workforce. People of 40 different nationalities work for the company, even though it operates only in France.

A new milestone was passed in 2009 with the introduction of anonymous CVs, on a trial basis but for all positions vacant. From now on, when candidates upload their CV, their identity and contact details are masked, ensuring that the selection process is based on objective criteria of skills, experience and qualifications.

Integrating disabled workers

The results of the first government-approved agreement for the period 2007-2009 were extremely positive: targets were easily exceeded, 178 disabled workers were employed and work worth nearly €1 million was subcontracted to the sheltered and adapted sectors. A number of workstations were adapted, using Tadeo Box for the hearing-impaired and Zoom Text for the sight-impaired, and assistance with transport was provided over the three-year period.

Some 280 employees were given training to raise their awareness of disability in working life. Partnerships were formed with associations including Arpejeh¹ and Tremplin to encourage

young people into training and make them more aware of the benefits of further education.

A new three-year agreement for 2010-2012 was concluded with the social partners so that these actions can be continued.

Skills development and career enhancement

Each year, Bouygues Telecom employees define their training needs with their line managers, whether to keep up with technological change in the business or to support a geographical or career move.

In all, 300 training modules are on offer, including job-specific training and cross-cutting skills like communication, personal efficiency, office IT, languages, etc. Modules for managers include management fundamentals and Bouygues group culture and values. 90% of employees received training in 2009, the cost of which represented 4.98% of the total payroll.

Responsible purchasing

A member of Pas@Pas, an association that promotes procurement from the sheltered sector, Bouygues Telecom alongside other large firms helped to develop a website acting as a procurement platform between corporate purchasing managers and the adapted sector. The website, which posts purchasers' calls for tender, is intended to help operators in the protected sector raise their profile.

TESTIMONIAL

Alexis Bouzinac,

project manager, Customer Service Development, hearing-impaired

“I joined Bouygues Telecom in August 2009 with a qualification from a top business school and five years' experience. I found a very open company, keen to move forward the idea of integrating people with disabilities. The fact that the average age is relatively low is doubtless a helping factor. My colleagues and discussion partners soon got used to the fact that I was hearing-impaired. I believe, especially with the Disability task force, that much is being done to get people to see disability as normal. I like the pace of life at Bouygues Telecom, its energy. Of course, like anyone who is hearing-impaired, it is not easy for me to follow in meetings where there are a lot of people, but technical solutions exist. Most importantly, I feel that I am judged on my skills alone. If the business world is to integrate disabled employees, there is work to be done upstream on training them. That is essential.”

Under tender procedures for new establishments, CSR¹ assessments of 50 new suppliers were carried out using EcoVadis. The initiative was crowned by the Sustainable Purchasing Trophy 2009 awarded by CDAF, a French purchasing association, and a silver award from the trade magazine *Décision Achats*.

As part of its policy towards the sheltered sector, in 2009 Bouygues Telecom concluded a contract with ATF, a company that specialises in the recycling or destruction of waste office equipment and computer hardware. The initiative complements the work carried out since 2004 with Esope, a sheltered workshop that processes waste from base stations.

Supporting good citizenship initiatives

In 2009, the Bouygues Telecom corporate foundation continued its work in its three selected areas:

- medical and social, with the Petits Princes association that makes the dreams of seriously ill children come true (12 dreams fulfilled in 2009);
- environmental, with the Nicolas Hulot Foundation to raise awareness of biodiversity and Surfrider Foundation Europe to clean up beaches and rivers (130 employees took part);
- cultural, with the second Bouygues Telecom Foundation – Métro New Talent prize for a first novel published by Calmann-Lévy.

The Foundation, true to its policy of sponsoring initiatives promoted by employees, provided a focus for 500 volunteers in 2009, involved either in one of its major projects or in the 18 local associations it supported during the year, whether they are members or not.

Management system

Quality-based management

Bouygues Telecom has had *NF Service* certification for the call plan operations of its customer service centres since 2006. In June 2009, certification was extended to all its consumer activities (uncapped call plan, capped call plan, prepaid cards, professional call plans and Bbox). Bouygues Telecom is currently the only operator to have *NF Service* certification for both its mobile phone service and its fixed-line services (internet, TV, telephone).

Other distinctions have rewarded the company's performance:

- first place in the TNS Sofres-BearingPoint customer relations league table (mobile phone sector) for the third year running for the quality of Clubs Bouygues Telecom stores, its customer advisers and its website (internet survey of 4,000 respondents in March and April 2009);
- 2009 CSR prize awarded by AFRC, the French customer relations association, for the commitment to staff

(training, equal opportunity, career development, etc.) and sustainable development policy of a company, organisation or authority with a customer relations centre.

Dialogue with stakeholders (see table on p. 88)

Communication with customers

For the second year running, the Bbox Bouygues Telecom caravan on the 2009 Tour de France promoted sustainable development, distributing caps made of organically farmed cotton and goodies shipped by sea. CO₂ emissions from the caravan (team vehicles, overnight stays of riders and staff, guest transport, etc.) were 52% lower than in 2008. In addition, to offset its CO₂ emissions during the Tour de France, Bouygues Telecom supported a run-of-river hydropower plant scheme.

Dialogue with consumer bodies

Bouygues Telecom continued its partnership with consumer bodies, especially within the Conseil National de la Consommation (CNC) – French national consumer council – on the subject of mobile internet pricing. It also took part in working groups to prepare a consumer forum held on 26 October 2009, which led to recognition of the system of industry mediation developed by electronic communications firms. Since 2003, mediation has given consumers an additional option for resolving disputes quickly and without cost.

Dialogue with staff

In 2009, three years after the previous perception survey, staff were asked to give their opinions on 11 main themes, including career development, pay and benefits, ethics and values, etc. Results were better in almost all areas and confirmed strong loyalty to the company. In the survey, 95% of employees said they are proud to work for the firm and the same proportion thought that Bouygues Telecom was a socially responsible company.

In contrast, responses to the question on simplicity of processes and working methods showed a four-point deterioration, a result probably linked to the development of new fixed-line/ISP activities.

For the third year running, Bouygues Telecom was awarded the "Best Workplaces" label by the Great Place to Work[®] Institute, which assesses

satisfaction levels on the basis of a questionnaire sent to a random sample of employees. The company scored particularly well on "fair treatment whatever a person's disability" (97%) and "proud to belong" (89%). 88% of respondents said that "Overall, it's a good place to work".

Dialogue with employee representatives

In all, 252 meetings with employee and union representatives took place in 2009. The constructive and ongoing dialogue between management and employees was given practical expression in agreements in areas like the employment of older people, disability and jobs and skills planning that help the company in its development.

Some 79.2% of employees took part in workplace elections at Bouygues Telecom in 2009.

OUTLOOK FOR 2010






Bouygues Telecom will continue to be the challenger on the market in 2010, launching attractive new products and services at competitive prices and proposing a Very High Speed fixed-line service.

Bouygues Telecom will have to adapt to regulatory requirements, including cuts in voice and SMS termination rates. Despite these cuts, sales should remain stable at €5,370 million as a result of strong organic growth.

Bouygues Telecom aims to reduce its environmental footprint and that of its customers by implementing a 3R policy (reduce, reuse, recycle) with suppliers and encouraging customers to return old mobile handsets for recycling.



¹Corporate Social Responsibility

SUSTAINABLE DEVELOPMENT: CHALLENGES AND KEY INDICATORS



| | KEY FIGURES | | ACTION IN 2009 | PROGRESS ^a | 2010 OBJECTIVES |
|-----------------------------------|---|---|---|---|--|
| | AIM | 2008 | | | |
| FINANCIAL AND BUSINESS CHALLENGES | Purchase responsibly | €795,000 of sales with the sheltered and adapted sector | €996,000 of sales with the sheltered and adapted sector Sustainable Purchasing Trophy awarded by French purchasing association CDAF, silver award from trade magazine <i>Décision Achats</i> | <ul style="list-style-type: none"> > Rollout of EcoVadis assessments of 50 new suppliers as part of calls for tender for new administrative sites (total base = 150) > Conclusion of a contract with ATF (adapted sector) for the processing of waste electrical and electronic equipment (IT and office hardware) |  <ul style="list-style-type: none"> > Conduct EcoVadis assessments of another 100 suppliers > Launch the online protected sector procurement platform under the auspices of the Pas@Pas association |
| | Support customers in their mobile phone and Bbox use | 201,000 customers given consumption analysis and optimisation advice ^b 100,000 parental controls activated | 750,000 customers given consumption analysis and optimisation advice ^b 115,000 parental controls activated | <ul style="list-style-type: none"> > Raise awareness and convey messages to customers about eco-responsible behaviour, products and services > Participation in government research on radiofrequencies and health > Publication on the website of five factsheets about radiofrequencies and health prepared by Afom^c > Introduction of parental controls for SMSs |  <ul style="list-style-type: none"> > Step up awareness-raising and messages to customers about eco-responsible behaviour (hands-free kit, low-SAR^f handsets, energy saving, handset recycling) > Continue participation in government research and consultation on radiofrequencies and health |
| | Deliver high-quality service to all customers, whatever their products, services or chosen contact channel | No. 1 in the TNS Sofres-BearingPoint mobile phone customer relations league table | No. 1 in the TNS Sofres-BearingPoint mobile phone customer relations league table for the third year running 1st operator to be awarded NF Service certification for customer service centres by Afnor for all consumer activities (mobile and fixed-line services) 100% of customer relations activities covered by Afnor NF Service certification | <ul style="list-style-type: none"> > Ensure the same service quality for Bbox and mobile phone customers > Guarantee customers the same service quality whatever the contact channel (call centre, internet, stores) |  <ul style="list-style-type: none"> > Maintain the service quality appreciated by customers for both mobile phone and Bbox services > Develop and promote customer autonomy, in particular via the internet |
| SOCIAL/HR CHALLENGES | Monitor employee health and safety | Workplace accident frequency and severity rates: 2.21 ^c and 0.062 ^d 2,000 health and safety training actions | Workplace accident frequency and severity ⁱ rates: 2.60 ^c and 0.069 ^d Over 2,000 health and safety training actions | <ul style="list-style-type: none"> > Continue to develop initiatives to promote well-being at work and raise employee awareness of first aid measures in connection with the installation of defibrillators at all sites |  <ul style="list-style-type: none"> > Negotiate an agreement on stress > Raise awareness of workstation ergonomics at the new Technical Centre and Mozart sites |
| | Develop employees' skills and favour equal opportunity | 150 disabled employees ^g 90% of employees given training ^g 33% of managerial staff are women ^g | 2009 CSR prize awarded by AFRC (French customer relations association) 280 employees given training to raise their awareness of disability in working life 178 ^h disabled employees 90% of employees given training ^h 33% of managerial staff are women ^h | <ul style="list-style-type: none"> > Ensure disabled access to all company premises > Participation in over 15 nationwide disability forums > Internal campaigns to raise awareness of the integration of disabled people (film, training, etc.) > Conclusion of a new disability agreement with the social partners for 2010-2012 > Introduction of anonymous CVs placed online in the Careers section of the website > Conduct of a 2009 employee perception survey |  <ul style="list-style-type: none"> > Step up action to keep disabled employees in work > Obtain official approval of the agreement on the integration of disabled workers > Train managers in the promotion of diversity through e-learning > Train employees aged over 55 in mentoring skills > Expand later career development interviews > Help employees to find new positions within the company through training |

^aCompared with 2009 objectives ^bService launched in 2007 at customer service, in February 2009 in Clubs Bouygues Telecom stores and in May 2009 on the internet ^cNumber of industrial accidents involving time off work x 1,000,000 / number of hours worked ^dNumber of days off work x 1,000 / number of hours worked ^eFrench mobile phone operators association ^fSpecific Absorption Rate, a measurement of the level of radiofrequencies emitted by a mobile phone handset ^gBouygues Telecom SA ^hBouygues SA and its subsidiaries ⁱThis indicator is subject to change upon approval by the relevant authorities after publication

SOCIAL/HR CHALLENGES

| AIM | KEY FIGURES | | ACTION IN 2009 | PROGRESS ^a | 2010 OBJECTIVES |
|---|--|--|--|---|---|
| | 2008 | 2009 | | | |
| Give as many people as possible access to Bouygues Telecom services | 2,792 municipalities covered in the blind-spot coverage programme 254 Clubs Bouygues Telecom stores with disabled access out of a total of 341 ^b 350 talking screen-readers provided to sight-impaired users | 2,876 municipalities covered in the blind-spot coverage programme at end-2009 200 km of arterial roads covered by Bouygues Telecom 304 Clubs Bouygues Telecom stores with disabled access out of a total of 388 326 talking screen-readers provided to sight-impaired users | <ul style="list-style-type: none"> > Completion of the initial blind-spot coverage programme and extension to a further 364 municipalities > Continuation of the coverage of arterial roads > Continuation of work to make Clubs Bouygues Telecom stores more easily accessible to people with reduced mobility > Enhancement of the range of handsets for disabled users |  | <ul style="list-style-type: none"> > Continue to extend the coverage of blind spots and finalise the programme to cover arterial roads (target: over 3,300 municipalities) > Introduce active sharing between mobile operators of access to the 3G radio network from blind spot base stations > Organise the second "Rencontres du Handicap" event > Establish a service centre for putting hearing-impaired customers in contact with customer advisers |
| Support good citizenship initiatives | €1,000,000 spent on sponsorship 420 volunteer employees for Bouygues Telecom Foundation initiatives | €1,000,000 spent on sponsorship (including €130,000 for local associations) 508 volunteer employees for Bouygues Telecom Foundation initiatives | <ul style="list-style-type: none"> > Support for the Nicolas Hulot Foundation biodiversity programme > Organisation of eight operations to clean up beaches, lakes and rivers, with 150 employees volunteering > Publication of the novel that won the second New Talent prize for a first novel > Fulfilment of 12 seriously ill children's dreams for the Petits Princes association > Funding of 18 local associations sponsored by employees |  | <ul style="list-style-type: none"> > Keep employees and customers informed about the Nicolas Hulot Foundation's "Evolution Chapter 2" programme > Encourage customers to take part in operations to clean up beaches and rivers and to support good causes > Continue all initiatives carried out in 2009 |

ENVIRONMENTAL CHALLENGES

| | | | | | |
|--|---|--|--|---|--|
| Reduce the environmental footprint of the activity | 100% of base station sites evaluated according to the 12 integration rules defined by France's three mobile phone operators 6% reduction in office energy consumption 73% of sites integrated into the environment | 100% of base station sites evaluated according to the 12 integration rules defined by France's three mobile phone operators <i>HQE</i> [®] Operation certification of the Bourges customer relations centre 4% reduction in office energy consumption 70% of sites integrated into the environment 41% of purchasing orders placed electronically | <ul style="list-style-type: none"> > Launch of the "Integration into the landscape and sustainable development" competition for network staff > Training of operational staff in lifecycle analysis and development of the first applications with suppliers > Introduction of CO₂ tracking indicators > Optimisation of occupation of data centre equipment rooms in order to make air-conditioning more efficient > Work on the <i>HQE</i>[®] Data Centre framework reference and on bringing sites into compliance with the <i>HQE</i>[®] Operation framework reference > Delivery of a first green data centre at Montigny-le-Bretonneux > Continuation of work on electronic purchasing orders and communication media > Optimisation of communication media formats to reduce paper consumption (POS guide) |  | <ul style="list-style-type: none"> > Introduce criteria on CO₂ emissions into all equipment tender specifications > Roll out a 3R policy (reduce, reuse, recycle) in-house and with suppliers > Launch an energy saving plan > Encourage car pooling > Reduce the number of servers and applications and the surface area of data centres > Optimise the power consumption of data centres (pooling of rooms and site infrastructure equipment) > Sign up to the UDA (advertisers' association) responsible communication charter |
| Help to reduce customers' environmental impact | 23% of consumers with call plans on e-billing 184,000 used handsets collected 962 tonnes of CO ₂ equivalent emitted on the 2008 Tour de France (cycling team) | 40% of consumers with call plans on e-billing 13,400 used handsets collected 459 tonnes of CO ₂ equivalent emitted on the 2009 Tour de France (cycling team) | <ul style="list-style-type: none"> > Launch of eco-responsible packages and marketing of eco-design handsets for business customers > Collection and recycling of handsets, combining social action with an environmental objective > Eco-design of the 2009 Tour de France caravan with offsetting contributions for residual CO₂ emissions > Continuation of support for innovative companies and promotion of eco-responsible initiatives in the framework of Bouygues Telecom Initiatives (see page 89) > Development of telephone applications for long-term machine-to-machine devices, to reduce environmental footprints in the building and transport sectors |  | <ul style="list-style-type: none"> > Launch a new internet and Club store service to take back used handsets and encourage recycling > Launch a subscription renewal package without a new handset > Introduce green product labelling > Introduce a pilot car pooling scheme at the Meudon Technical Centre |

 Measures introduced in 2009  Ongoing measures in 2009  Mature measures (continuous improvement)

^aCompared with 2009 objectives ^bAgents and branches

DETAILED NON-FINANCIAL INDICATORS AT 31 DECEMBER

| FAMILY | INDICATOR | SCOPE | UNIT | 2007 | 2008 | 2009 | REPORTING FRAMEWORK |
|-------------------|---|--|--------|---|---|--|---------------------|
| Health | Mobile phone and health leaflets distributed | France | Number | n/a ^f | 2,587,648 (from April 2008) | 4,960,005 | GRI PR1 |
| | Radiofrequencies and health: | | | 429 | 215 | 120 | |
| | • answers to letters • answers to e-mails | | | 286 | 324 | 63 | |
| | Electromagnetic field measurements requested by stakeholders | | | 429 | 437 | 900 | |
| Employee benefits | Average gross amount of employee profit-sharing | France | € | 1,264 (received in 2007 in respect of 2006) | 2,843 (received in 2008 in respect of 2007) | 2,624 (received in 2009 in respect of 2009) | Internal |
| | Membership of company savings scheme | Bouygues Telecom SA (excl. subsidiaries) | % | 67 | 66 | 63.2 ^a | |
| Women | Women in managerial positions | France | % | 33 | 33 | 33 | GRI LA 13 |
| Disabled people | Disabled employees | France | Number | 121 | 150 | 178 | GRI LA 13 |
| | Disabled people hired | | | 26 | 43 | 31 | |
| | Sales with the sheltered and adapted sector | France | € '000 | 618 | 795 | 996 | |
| Absenteeism | Hours off work/working hours (excl. maternity leave) | France | % | 3.6 | 3.6 | 3.9 | GRI LA 7 |
| Accidents | Frequency rate | France | b | 1.66 | 2.21 ^d | 2.60 ^e | GRI LA 7 |
| | Severity rate (o/w number of deaths, subcontractors included) | | c | 0.040 | 0.062 ^d | 0.069 ^e | |
| | Workplace accidents | | Number | 39 o/w 20 with time off | 41 o/w 28 with time off | 55 o/w 41 ^a with time off | |
| | Accidents on the way to and from work | | Number | 59 o/w 34 with time off | 58 o/w 40 with time off | 101 o/w 62 ^a with time off | |
| Training | Hours dispensed | France | Number | 184,481 | 247,529 | 278,783 | GRI LA 10 |
| | Employees given training | | % | 92 | 90 | 90 | |
| Solidarity | Expenditure | France | € | 950,000 | 1,000,000 | 1,000,000 | Internal |

■ Financial and business challenges ■ Social/HR challenges ■ Environmental challenges

^aScope: Bouygues Telecom SA and its French subsidiaries ^bNumber of industrial accidents involving time off work x 1,000,000 / number of hours worked ^cNumber of days off work x 1,000 / number of hours worked ^dBased on decisions communicated by social security organisations as at 25 February 2009 ^eBased on decisions communicated by social security organisations as at 2 February 2010 ^fNot applicable

| FAMILY | INDICATOR | SCOPE | UNIT | 2007 | 2008 | 2009 | REPORTING FRAMEWORK |
|--------------------|---|--------|------------------|--|--|--|---------------------|
| Health | Action plan | France | n/a ^a | <ul style="list-style-type: none"> > Involvement in prevention programmes (healthy living, smoking, etc.), as part of national initiatives > Prevention plan against the risk of a flu pandemic | <ul style="list-style-type: none"> > Involvement in healthy eating awareness programmes > Involvement in programmes of regional events relating to relaxation, wellness, addiction prevention and healthy living | <ul style="list-style-type: none"> > Involvement in awareness programmes for first aid (eg, how to use a defibrillator) and occupational risks (eg, road safety, fire, etc.) and flu vaccination campaigns > Involvement in programmes of regional events relating to relaxation, wellness, addiction prevention and healthy living | LA 8 |
| Customer relations | Awards received in recognition of social, ethical and environmental achievements | France | n/a ^a | <ul style="list-style-type: none"> > Top of the 2007 TNS Sofres-BearingPoint customer relations league table (mobile phone sector) > Second in <i>JDN Management's</i> ranking of the top ten most pleasant high-tech companies to work in | <ul style="list-style-type: none"> > Top of the 2008 TNS Sofres-BearingPoint customer relations league table (mobile phone sector) > Top in the Score - BVA and AAC customer relations survey (telephone and ISP sector) > Renewal of customer service centre quality certification awarded by Afnor Certification in 2006 | <ul style="list-style-type: none"> > Top of the 2009 TNS Sofres-BearingPoint customer relations league table (mobile phone sector) > Extension of <i>NF Service</i> certification for customer service centres awarded by Afnor Certification to all consumer activities (mobile and fixed-line services). First operator to obtain such certification > Sustainable Purchasing Trophy awarded by French purchasing organisation CDAF, silver award from the trade magazine <i>Décision Achats</i> > Second place in the ranking of best companies to work in organised by the Great Place to Work[®] Institute > 2009 CSR prize awarded by AFRC, the French customer relations association | Internal |
| Base stations | Base stations for which integration into the environment has been assessed | France | Aggregate number | 10,797 | 13,399 (100% of the installed base) 73% are "integrated" | 13,975 (100% of the installed base) 100% are "integrated" | GRI EN 14 |
| Recycling | Recycled handsets: | France | Number | 118,345 | 173,640 | 9,218 | GRI EN 15 |
| | <ul style="list-style-type: none"> • collected in stores • business customers • internet • employees • through after-sales | | | 1,860 | 4,021 | 3,628 | |
| Recycling | Recycled network equipment: | France | Tonnes | 13 | 1 | 3 | GRI EN 11 |
| | <ul style="list-style-type: none"> • batteries • excl. batteries | | | 1,817 | 659 | 538 | |
| Consumption | Electricity consumption per occupied workstation in offices | France | MWh | 3.87 | 3.51 | 3.38 | GRI EN 3 |
| | Paper consumption per occupied workstation | | Number of reams | 5.77 | 5.89 | 3.91 | GRI EN 1 |

^aNot applicable

Commentaries on trends

Afom mobile phone and health leaflets

The variation in the number of leaflets distributed depends on the number of new customers (the leaflet is included in the SIM box), the number of handset renewals (the leaflet is included in the handset box) and demand for supplies of the leaflet from stores.

Membership of the company savings scheme

The fall in 2009 is due to a change of scope.

Recycled handsets

Removal of the financial incentive in 2009 caused a fall in the number of handsets collected in stores.

Electricity consumption per occupied workstation

HQE[®] Operation certification was implemented in 2009 and lighting and air-conditioning were optimised.

Paper consumption per occupied workstation

Paper consumption fell in 2009 because employees were encouraged to print on both sides of the paper.



BOUYGUES SA

€69m (-14%)
2009 sales

€27m (ns)
Operating loss

€1,017m (+15%)
Net profit

182
Employees

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



Internal control

In 2009, Bouygues SA in liaison with its business lines continued a major project to analyse and optimise internal control throughout the Bouygues group, drawing on the recommendations and the reference framework issued by the AMF. 2009 was the first year in which the internal control assessment was rolled out in the Group's businesses. Each business area has also drawn up its first risk map using the methods recommended by the Group. A fuller account of the project, begun in 2007, is given in the Chairman's report on internal control (see *Legal and financial information* section).

Management

Bouygues SA pays particular attention to Group management, taking steps to encourage exchanges between support structures and businesses, motivate staff and develop team spirit within the Group. The main actions in this sphere in 2009 are described under *Sustainable development, research and innovation, human resources* in *The Group* section of this document.

Services rendered to subsidiaries

As well as being responsible for the overall management of the Group, Bouygues SA provides a range of general and expert services to Group

businesses in areas such as finance, communications, sustainable development, sponsorship, new technologies, insurance, legal affairs, human resources, etc. For that purpose, Bouygues SA concludes annual agreements with its businesses under which it invoices them for services rendered.

Acquisition of Alstom shares – Cooperation with Alstom

Taking advantage of market opportunities, Bouygues acquired shares in Alstom in order to maintain its stake at around 30%. Bouygues' interest in Alstom stood at 29.80% at 31 December 2009.

In 2006, Bouygues acquired a 50% stake in Alstom Hydro, an Alstom subsidiary that supplies hydro power equipment, for €150 million.

The agreements concluded at the time gave Bouygues the option, in November 2009, of exchanging its shares in Alstom Hydro Holding for shares in Alstom or payment in cash.

On 25 November 2009, Bouygues notified its decision to exercise the option in exchange for 4,400,000 Alstom shares. The new shares were issued on 12 March 2010, taking Bouygues' stake in Alstom to approximately 30.8%.

Employee savings

It is Bouygues' belief that Group employees should be closely associated with the success of their companies, in which they play a key role. That is why it implements a proactive employee share ownership policy.

In this context, in June 2009 Bouygues' Board of Directors decided to undertake a new capital increase reserved for employees. The leveraged scheme, called *Bouygues Partage 2*, ended on 30 November 2009. A great success, it attracted over 55,000 employees, 72.5% of those eligible. Detailed information about the scheme may be found in the Board of Directors' and Auditors' supplementary reports in the *Combined Annual General Meeting* section of this document.

Group employees were the second-largest shareholder group at 31 December 2009, holding 18.3% of the capital and 23.2% of the voting rights through a number of mutual funds. With over 60,000 employee shareholders, Bouygues is the CAC 40 company with the highest level of employee share ownership.

Two employee shareholder representatives have had seats on Bouygues' Board of Directors since 1995.

Financial flows

In 2009, Bouygues SA received dividends totalling €1,149 million from its

subsidiaries as follows:

| | |
|-------------------------|-------|
| • Bouygues Construction | €207m |
| • Bouygues Immobilier | €74m |
| • Colas | €276m |
| • TF1 | €43m |
| • Bouygues Telecom | €446m |
| • Alstom | €96m |
| • Other | €7m |

In 2009, Bouygues SA invoiced its main subsidiaries the following amounts under service agreements:

| | |
|-------------------------|--------|
| • Bouygues Construction | €13m |
| • Bouygues Immobilier | €3.5m |
| • Colas | €16.2m |
| • TF1 | €3.3m |
| • Bouygues Telecom | €7.4m |

There are no significant flows of funds between Group subsidiaries. Cash management is centralised within financial subsidiaries wholly owned by Bouygues SA. This arrangement ensures optimum management of financial expenses, since the surplus cash generated by certain companies can be used in addition to or in place of confirmed lines of credit granted by credit institutions to other subsidiaries.

When investing surplus cash, Bouygues has always avoided speculative instruments like securitisation vehicles, hedge funds, etc.

Research and development, human resources

See *Sustainable development, research and innovation, human resources* in *The Group* section of this document.

Other activities

Finagestion

When Bouygues sold Saur in 2004, Finagestion was the holding company that took over Saur's water and power interests in Ivory Coast and Senegal.

In 2009, Bouygues sold 35.7% then 4% of the capital of Finagestion to ECP FII Finagestion SARL, a subsidiary of Emerging Capital Partners (ECP) and a shareholder of Finagestion since July 2008, and 9.5% to employees of Finagestion subsidiaries CIE and Sodeci. Bouygues owned 21.5% of Finagestion at 31 December 2009 compared with 70.7% at 1 January 2009.

Finagestion, which contributed €280 million to Bouygues' consolidated sales in 2008, is now consolidated by the equity method.

Serendipity Investment

Alongside Artémis, Bouygues has had a 50% stake in Serendipity Investment, an investment fund, since 2008. Serendipity Investment's portfolio at 31 December 2009 comprised the fol-

lowing equity interests:

- 30.6% of F4 (online video games);
- 35% of Légende (film production);
- 25.6% of Michel & Augustin (agri-food);
- 50% of Geny Infos (horse-racing

information);

- 50% of SPS (online games and betting);
- 11.1% of Wonderbox (gift packs).

The stake in SPS was sold to TF1 in early 2010.



TWO HIGH-GROWTH BUSINESSES

Good operational performance in a difficult economic environment

Figures for the first half of FY2009/10¹

€9,683m (+8%)

Sales

8.6% (+0.8 pts)

Operating margin

€562m (+7%)

Net profit attributable to the Group

€7,134m (-54%)

Orders received

79,500 approx.

Employees

¹First half ended 30 September 2009



Bouygues as an Alstom shareholder

In June 2006, Bouygues acquired the French government's stake in Alstom, representing 21.03% of the capital, at a cost of €2 billion. Since then Bouygues has gradually increased its stake in Alstom, which stood at 29.80%¹ at 31 December 2009 and was raised to 30.8% on 12 March 2010. The three-year commitment to keep the Alstom shares bought from the government expired in June 2009. The interest in Alstom is consolidated by the equity method.

Non-exclusive cooperation between Bouygues and Alstom

On 26 April 2006, Alstom and Bouygues concluded a non-exclusive commercial and operational cooperation agreement. By sharing best practice in project management and pooling their commercial resources, the two groups plan to jointly develop integrated projects worldwide as they arise, drawing on Bouygues' expertise in civil engineering as well as Alstom's know-how in systems, equipment and services for power generation and rail transport. However, the cooperation agreement does not contain any exclusivity clause. The two groups will continue to work with the partners that are best suited to each project in the interest of their clients.

¹Excluding Alstom Hydro

HIGHLIGHTS

Major contracts in 2009

- > **February:** 20 X'Trapolis suburban trains for the city of Melbourne; boilers for a coal-fired power plant in the Netherlands.
- > **April:** construction of the biggest combined-cycle power plant in the UK: 60 double-decker trainsets for RATP's RER Line A.
- > **October:** SNCF awards

Alstom the contract for new-generation single-deck *TER* regional trains; hydroelectric plant in Switzerland.

- > **November:** innovative boiler and steam turbine unit at Mannheim in Germany.
- > **December:** construction of a high efficiency steam power plant in Slovenia.

Major contracts in 2010

- > **January:** conclusion by Alstom and Schneider Electric of the agreement to acquire Areva T&D.

Operating in over 70 countries, **Alstom's 79,500 employees** apply their skills and expertise in two high-growth businesses, **Power and Transport**. **Bouygues owned 29.80% of Alstom at 31 December 2009**. The two groups are developing their industrial synergies while allowing themselves to work independently on each project.

Alstom Hydro Holding

As part of the process of establishing cooperation between the two groups, in April 2006 Bouygues also invested €150 million in a 50% stake in Alstom Hydro Holding, an Alstom subsidiary that supplies hydropower equipment.

The agreements gave Bouygues the option, in November 2009, of exchanging its shares in Alstom Hydro Holding for shares in Alstom or payment in cash.

On 25 November 2009, Bouygues notified its decision to exchange its 50% interest in Alstom Hydro Holding for 4,400,000 Alstom shares. The new shares were issued on 12 March 2010

after all the necessary approvals had been obtained. On completion of the transaction, Bouygues' stake in Alstom amounted to approximately 30.8%.

Overview of Alstom

Alstom is an international group. In FY2008/09, the group generated 52% of its sales in Europe, 13% in Asia-Pacific, 22% in North and South America and 13% in Africa and the Middle East. Its financial year ends on 31 March. In FY2008/09, it reported an 11% rise in sales to €18.7 billion.

Alstom has approximately 215,000 shareholders.

Power generation

Alstom develops and markets a wide range of systems, equipment and services for the power generation sector and industrial markets.

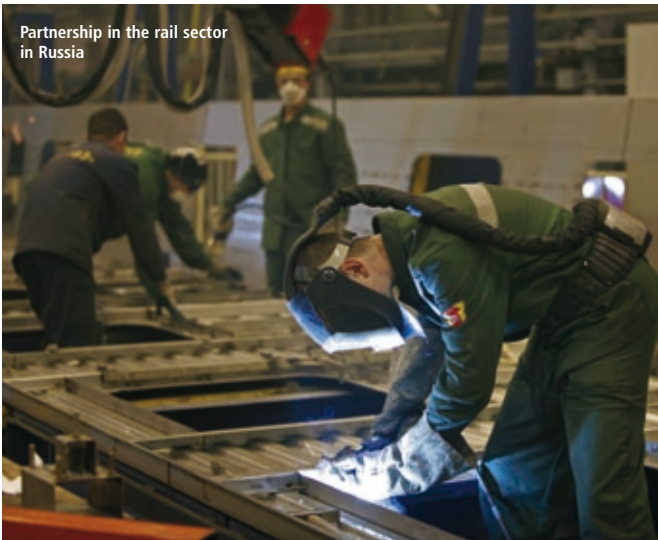
Alstom is the world's leading provider of turnkey power plants, power generation services and air quality control systems. Covering all energy sources (coal, gas, oil, nuclear, hydro, wind), it offers the most advanced solutions available for coal- and gas-fired plants.

A leader in clean power (technologies to reduce CO₂, NO_x, sulphur and dust emissions), Alstom supplies, integrates and maintains all components necessary to deliver clean power solutions, from turbines and boilers to air quality control and energy recovery systems. It is also developing CO₂ capture processes that are expected to be market-ready in the medium term.

Alstom is a leading supplier of conventional islands for nuclear power plants and a key player in renewable energy, with solid positions in the hydro and, more recently, wind power segments.

In addition, Alstom has extensive experience in retrofitting, upgrading, refurbishing and modernising existing power plant equipment. It has supplied major equipment for 25% of the world's operating power plants.

In March 2009, Alstom announced that it was merging all its power generation activities hitherto managed as two sectors, Power Systems (turnkey



plants, new equipment and retrofit) and Power Services (after-sales, from service to renovation and spare parts), to form a single entity, Alstom Power. The creation of a single Power sector is intended to improve the Group's commercial performance and optimise its engineering and production resources.

Rail transport

Alstom is one of the world's leading providers of rail transport equipment and services. Alstom covers the entire rail transport market, from very high speed to light urban transport, including metro and tramway systems, suburban and regional trains and locomotives. In addition to rolling stock, Alstom also supplies infrastructure, signalling equipment, maintenance and

turnkey rail systems. It is the world's leading maker of high-speed and very high-speed trains and the second largest provider of urban light railway systems: Alstom makes a quarter of the world's subway cars and a third of its tramways.

Alstom's business activity in 2009

In the financial year ended 31 March 2009, orders taken by Alstom increased by 5% to €24.6 billion, bringing the order book to €45.7 billion (up 16%), representing 29 months' sales.

In the first nine months of FY2009/10, Alstom booked orders worth €11.4 billion. Sales, at €14.4 billion, were 6% higher than in the same period of



Barra Grande hydropower plant in Brazil

the previous financial year. The order book at 31 December 2009 stood at €44 billion, representing approximately 27 months' sales.

Power generation

The Power Sector took orders worth €7.4 billion in the first nine months of FY2009/10, 48% down on the exceptional level recorded in the first nine months of FY2008/09, which included a number of very large-scale projects.

Sales rose by 7% to €10.1 billion, driven by the high level of orders taken in previous periods.

A number of major contracts were concluded in 2009:

- Retrofit of the Koeberg power station in South Africa (€125 million).
- Boilers for a coal-based power plant in the Netherlands (€590 million).
- Modernisation of the Belchatów power plant in Poland (€160 million).
- Construction of the UK's largest combined cycle power plant (€1 billion).
- Cutting-edge technology for the Nant de Drance hydropower station in Switzerland (€125 million).
- Boiler for a coal-fired power plant in India (€150 million).
- Equipment for a new hydropower station in Switzerland (€180 million).
- Innovative steam turbine and boiler technology for a power plant at Mannheim in Germany (€450 million).
- Instrumentation and control system for the world's largest coal-fired power plant in South Africa (€100 million).
- Construction of a high-efficiency steam power plant in Slovenia (€900 million).
- 52 Citadis trams for the Brest and Dijon conurbations (€110 million).
- Track works and 16 Citadis trams for Brasilia in Brazil (€140 million).
- 100 new-generation TER regional trains for SNCF (€900 million).

Rail transport

Orders worth €4 billion were taken in the first nine months of FY2009/10, 47% lower than the exceptional level recorded in the first nine months of FY2008/09.

Sales in the first nine months of FY2009/10 amounted to €4.3 billion, up 5% year-on-year. Deliveries in the third quarter were 7% higher than in the third quarter of FY2008/09.

A number of major projects were concluded.

- An additional 20 X'Trapolis suburban trains for the city of Melbourne in Australia (€190 million).
- Track works for the Singapore metro's Downtown Line (€120 million).
- 60 double-decker trainsets for the Paris RER Line A (€620 million).
- 83 regional trains for the urban transport network at Stuttgart in Germany (€110 million).
- 48 Metropolis cars and modernisation of the signalling system of the Brasilia metro system in Brazil (€100 million).

Acquisitions - Partnerships - Investments

On 31 March 2009, Alstom and Transmashholding (TMH), Russia's leading maker of rolling stock, concluded a strategic partnership agreement covering technological, industrial and financial matters. Under the terms of the agreement, announced in a letter of intent in October 2008, Alstom Transport will help to modernise TMH's plant and equipment and develop a new generation of rolling stock for the Russian market. Alstom will also acquire 25% plus one share of the capital of TMH's parent company.

On 27 May 2009, Alstom and E.ON Benelux concluded an agreement to provide a steam turbine for a power plant at Rotterdam in the Netherlands. The new unit, which will be able to co-fire biomass, has also been designed for subsequent retrofitting with carbon capture technology.

On 6 October 2009, Alstom concluded two cooperation agreements concerning the production of turnout motors and the supply of a tramway system for Astana, the capital of Kazakhstan.

Alstom will supply Brasilia with Latin America's first modern tramway



On 15 October 2009, Alstom and TransAlta, Canada's leading power generator, announced the creation of a partnership to construct a large-scale carbon dioxide (CO₂) capture demonstration facility at a coal-fired power plant. With over €500 million in funding provided by the Canadian and Alberta governments, the project marks a major step towards the capture of greenhouse gas emissions.

On 21 December 2009, Alstom concluded a preliminary agreement with the government of the state of Bahia (Brazil) concerning the installation of an industrial wind turbine assembly facility. It will be Alstom's first wind turbine assembly plant in Brazil.

Areva T&D

On 30 November 2009, Areva

announced its decision to enter into exclusive negotiations with Alstom and Schneider Electric for the disposal of the activities of its power transmission and distribution subsidiary, Areva T&D. On 20 January 2010, Alstom and Schneider Electric concluded an agreement with Areva concerning the acquisition of Areva T&D. The transaction needs to be authorised by the relevant regulators.

FY2008/09 results

Alstom met its targets in FY2008/09. The operating margin improved from 7.7% to 8.2%, giving an operating profit of €1,536 million, up 19%. Progressive completion of an expanding order book generated record sales of €18.7 billion, an 11% increase on the previous year.

Net profit attributable to the group amounted to €1,109 million, compared with €852 million in FY2007/08.

First-half FY2009/10 results

Alstom's order intake in the first half of FY2009/10 continued to be hit by the global recession. In contrast, the group achieved a sound operating performance, confirming its capacity to control overall project execution.

Half-year sales amounted to €9.7 billion, 8% higher than in first-half FY2008/09, and the operating margin rose from 7.8% to 8.6%. Net profit attributable to the group rose 7% to €562 million. Alstom generated free cash flow of €77 million, affected by the drop in orders.

The Alstom share

The Alstom share price stood at €49.06 at the close on 31 December 2009.

OUTLOOK

Alstom remains in robust financial health. The group has confirmed that it expects its overall operating margin in FY2009/10 to be around 9%, with an operating margin of 10-11% in the Power sector and of 7-8% in the Transport sector.

HIGHLIGHTS SINCE 1 JANUARY 2010

Future neighbourhood in Issy-les-Moulineaux
combining sustainable development and new technologies



Bouygues Construction

The two biggest contracts by value booked by Bouygues Construction since the start of 2010 are a Public-Private Partnership (PPP) contract with the French roads administration for 63 road works and maintenance centres around France (€149 million for construction and €176 million for operation and maintenance) and the Barwa Financial District project in Qatar, one of the biggest business districts in the Persian Gulf (orders worth €474 million have been booked to date).

Bouygues Construction has also signed two PPPs that have not yet been booked, for a training and research unit for the University of Versailles – Saint-Quentin-en-Yvelines and for Vincennes Zoo.

Bouygues Immobilier

On 26 January 2010, Bouygues Immobilier concluded the acquisition of Urbiparc, a commercial property specialist. Based in Grenoble, Urbiparc has developed major business park projects all over France as well as turnkey projects for leading industrial groups. The acquisition strengthens Bouygues Immobilier's position on the business parks segment.

With other property firms, Bouygues

Immobilier is developing a new neighbourhood combining sustainable development with new technologies at Issy-les-Moulineaux, near Paris. The company will build 819 housing units, including 490 for first-time buyers, for €235 million.

TF1

On 11 June 2009, the TF1 group and Groupe AB concluded an agreement under which TF1 would buy 100% of NT1 and 40% of TMC held by Groupe AB. The French competition authority approved the transaction on 26 January 2010 provided that the TF1 group complied with certain undertakings as to its future conduct.

The undertakings are published on the competition authority's website¹.

The undertakings relating to broadcasting rights acquisition markets and audience issues are intended to make it easier for competing channels to acquire rights and limit the possibilities for programme repeats to two free-to-air channels at most.

TF1 has undertaken not to promote the programmes shown on the acquired channels in any way on TF1.

The undertakings relating to advertising are intended to maintain a separation between offers of advertising airtime on TF1 on the one hand and on TMC and NT1 on the other hand. In particular, TF1 undertakes not to seek any type of coupling, subordination, advantage

or compensation between advertising airtime on TF1 and advertising airtime on TMC and NT1. TF1 also undertakes to ensure that advertising airtime on TMC and NT1 is marketed independently by a company other than the one that markets advertising on TF1.

The undertakings are given for a five-year period and may be reviewed at TF1's request or on a decision of the competition authority, if there is any substantive change to the legal or material circumstances on which the authorisation decision was based.

On 23 March 2010, the CSA (French broadcasting authority) gave its consent to the transaction, TF1 having given undertakings guaranteeing pluralism and diversity in its programme schedules (see CSA press release of 25 March 2010). The undertakings relate to the showing of new programmes, compliance with quotas for French and European programmes at peak times, better circulation of rights and the accessibility of programmes to the hearing-impaired.

These undertakings do not affect the economic rationale of the transaction.

Having received the CSA's consent, TF1 can finalise the acquisitions, which should take place during the next few weeks.

In late January 2010, TF1 and Endemol France renewed until 2012 their partnership relating to flow programming (game shows, reality TV, entertainment and major events), documentaries

¹<http://www.autoritedelaconurrence.fr/pdf/engag/10DCC11engagementsversionpublication.pdf>



Alstom metro trainsets in Amsterdam

and drama, under which TF1 acquires exclusive free-to-air and pay-to-view new media rights to the broadcast programmes from Endemol France and can thus exploit the content on the internet, mobile phones and emerging digital media. The new agreement secures TF1's access to the world's leading catalogue of formats.

On 15 February 2010, TF1, France Télévisions and the Canal+ group concluded an agreement for the exploitation of broadcasting rights to the 2010 Football World Cup. Under the terms of the agreement the TF1 group, exclusive holder of the rights, will sub-license live broadcast rights to 37 of the 64 matches in the competition to France Télévisions and the Canal+ group.

TF1 has signed a three-year partnership with Française des Jeux under which it can offer secure and responsible online gaming. The agreement also

provides for sponsorship of short programmes shown on TF1 in connection with current sporting events and the Football World Cup. At the same time, Eurosport has acquired 100% of SPS, a company which has begun to develop online gaming and betting, with a first platform in the United Kingdom.

Bouygues Telecom

In Decision 2009-16, Arcep, the French electronic communications regulator, published the terms for deploying optical fibre networks in high-density areas (148 municipalities in France).

Current regulations encourage competition through infrastructure, a system which favours operators that already have a substantial base of fixed-line customers. Bouygues Telecom is pressing for a more effective and more competitive rollout process. Without

waiting for the outcome, it has reached an agreement with Numericable under which it will be able to launch a very high-speed service in the second half of 2010.

Alstom

Since the start of the year, Alstom has won substantial orders in the Rail transport sector, including an order worth €65 million from German rail operator HLB for 23 Coradia Lint regional trains, an order worth €200 million from the city of Amsterdam (Netherlands) for 23 metro trainsets plus an option for additional trainsets, an order worth

€50 million for an automatic train control system for Santiago metro (Chile) and an order worth €90 million from Austrian rail operator ÖBB to equip 449 trainsets with its ERTMS-based train control solution.

In the Power sector, Alstom has won a €90-million contract in South Africa for the control system for the Kusile power plant.

On 1 March 2010, Alstom announced its intention of acquiring a 25% stake in Transmashholding (TMH), Russia's leading train builder, under certain conditions and within a maximum of six months.

Bouygues

On 12 February 2010, Bouygues launched an eight-year €500-million bond issue with the aim of taking advantage of low interest rates to partly prefinance the redemption of a bond issue maturing in February 2011. The market warmly welcomed the transaction.

Bouygues will pay a 4% coupon, the lowest interest rate on Bouygues' seven current bonds in issue.



PPP project for the University of Versailles - Saint-Quentin-en-Yvelines