



COMBINED ANNUAL GENERAL MEETING OF 26 APRIL 2018

Q&A

PARIS

05/06/2018

QUESTIONS & ANSWERS

I. ANSWERS TO WRITTEN QUESTIONS SUBMITTED BEFORE THE AGM

1. Written question from Phitrust Active Investors France

The portfolio management company Phitrust Active Investors France, holder of 1,962 shares, put the following written question to the Chairman on 22 March 2018:

- **As a responsible investor/shareholder, we believe it is essential that the Group should contribute to the commitments given under the Paris Agreement signed after the COP21 in 2015 by undertaking to set greenhouse gas emission reduction targets that are ambitious, meaningful, consistent with its activities and at the very least aligned with the 2-degree pathway recognised as crucial by the international community.**

Your company is not currently a participant in the Science Based Targets initiative, which scientifically tests the extent to which a company's scenario for reducing greenhouse gas emissions in accordance with its business activities is consistent with the Paris Agreement objectives of limiting global warming to 2°.

17 of the companies in the CAC 40 index have already signed up to the initiative. Can you tell us why your company has not done so and if there are plans to do so in 2018?

Answer: Bouygues started to roll out a structured low-carbon strategy in 2008. It is one of the companies behind the creation in 2010 of The Shift Project, one of the world's leading energy and climate think-tanks. Bouygues is also a signatory of the Shift Manifesto, which promotes solutions for decarbonising the European economy, and the French Climate Business Pledge, which brings together companies committed to reducing their CO₂ emissions. Bouygues is scored A- in the Carbon Disclosure Project ranking.

Nonetheless, it is tricky for a diversified group like Bouygues to commit to long-term targets because our activities are not in homogeneous sectors, we are highly dependent on business cycles and we do not always control the way in which the infrastructure we put in place is built and operated. It is also very difficult to evaluate the carbon costs not incurred as a result of the infrastructure Bouygues builds for its customers, which sometimes enables modal switching, because existing methodologies in this area are still not sufficiently precise. We will look this year at the possibility of joining the Science Based Targets process, at least for the emissions under our control, but they do not, by a long way, account for the majority of the Bouygues group's carbon footprint.

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2. Written questions from Mr Sébastien Groyer

Mr Sébastien Groyer, holder of one share, put the following questions to the Chairman in a letter dated 9 April 2018:

- **Question 1**

The first question concerns the variable pay scheme for management, based mostly on the performance of your company's share and not on other, more fundamental objectives such as protection of the environment or the complete transformation your company into an ecological enterprise. Why shouldn't the bulk of management pay be based on non-financial, ecological, pro-environment criteria?

The environmental emergency concerns all of us and yet the management in power is paid to change nothing in that regard. The Titanic is sinking and the orchestra keeps on playing.

Answer: The variable remuneration scheme for management is not based on the performance of the share. It is based on qualitative criteria, including CSR, and five economic criteria. Your question assumes that there is no link between economic performance and environmental protection or CSR. That is not the case as regards Bouygues. Our economic performance depends on how attractive our products and services are to customers. That in turn depends on our capacity to take CSR objectives into account. It is one of our customers' key demands; our economic performance, which drives our growth, reflects our ability to respond to that demand.

- **Question 2**

The second question of course concerns the composition of your Board of Directors, on which customers are still not represented. The Notat-Sénard report for the PACTE bill proposes an increase in the number of employee representatives on the Board, which I hope will be adopted. Why not take advantage of it to add a first customer representative?

Answer: Mr Groyer already asked this question last year.

Article 1.4 of the Afep-Medef Code states that "Since the Board acts in the corporate interest of the company, it is not desirable, except in cases provided for by law, for large numbers of special interests to be represented within it". The Code also contains several provisions designed to forestall the risk of conflicts of interest. A significant customer of the company or Group could not qualify as an independent director.

For these reasons, it does not seem desirable to appoint a customer to a seat on the Bouygues Board.

The Group's long-term future and very existence are founded on the trust of its customers and their satisfaction with the products and services it provides. The determination to respond to our customers' needs in the best possible way is central to the strategies and decisions adopted by the companies that form the Group.



3. Written questions from Mr Daniel de Pierrepont

Mr Daniel de Pierrepont, holder of 120 shares, put the following questions by email dated 16 April 2018:

- **Question 1**

In residential property, you have decided to develop the connected and smart apartment. Does this strategy give you an edge over the competition when it comes to selling apartments?

Answer: The success of the experience offered to customers is central to Bouygues Immobilier's strategy. The Flexom concept of connected and smart apartments launched by Bouygues Immobilier in 2016 gives us a key strategic advantage in that respect. Rolled out in most apartments nationwide, Flexom enables residents to control a number of functions in their home, such as lights, roller blinds and heating, either directly or remotely from a smartphone or tablet. The package is integrated into 13,000 apartments, including 600 handed over in 2017. Bouygues Immobilier is committed to having Flexom in all its residential properties handed over in France in 2020.

- **Question 2**

Bouygues Construction embarked on an ambitious employment and integration policy in 2017. Are you also planning an apprenticeship policy for the building and civil works sectors (agreements between your Group and vocational training organisations)?

Answer: Bouygues Construction's work-study policy is based on two main pillars.

- The first is promoting work-study and training in construction trades via the Gustave Eiffel apprentice training centre.

Created over 20 years ago on the initiative of the Bouygues group, the Gustave Eiffel Centre is a priority partner in the Paris region for Group companies, especially Bouygues Construction and Colas, as well as for the profession as a whole. It now operates in three main sectors (construction, energy and services) and offers three main pathways, namely work-study training, continuous training and integration programmes.

The Centre offers 11 qualifications, ranging from the CAP vocational training certificate to engineering diplomas, and takes 300 work-study trainees a year. The exam pass rate is 89% and 88% of leavers find jobs, 15 points higher than the academic average.

- The second pillar is doing more to welcome work-study students.

In 2017, Bouygues Construction took steps to offer work-study students a better welcome and better follow-up, with the aim of creating a natural transition between work-study training and a first job with the Group.

Bouygues Construction had nearly 740 work-study students at the end of March 2018, nearly 23% more than at the end of March 2017. Two-thirds of them are on apprenticeship contracts and one-third on professionalisation contracts. 74% are male, 26% female. Two-thirds are in operational activities (works, studies, sales, IT, etc.) and 25% are on 5-year higher education courses.



4. Written question from IPAC

IPAC, an activist shareholder group, holder of one share, put the following question by email dated 19 April 2018:

- **A non-profit association recently drew attention to the appalling working conditions in mica mines in India and Madagascar, where extensive use is made of child labour. Mica is used in several industries, including construction. Have you introduced a vigilance plan to ensure that your suppliers do not contribute to this phenomenon?**

Answer: Bouygues has naturally prepared a vigilance plan, which you will find on pages 168 to 173 of the Registration Document.

The Bouygues group works with over 150,000 suppliers. As part of our responsible purchasing policy, in place for over 10 years, we have taken numerous initiatives, such as audits and third-party evaluation of suppliers, to forestall as far as possible human rights infringements by our partners, especially relating to child labour.

Mica is never used in its raw state; it is processed by Bouygues' industrial suppliers in order to manufacture various products and materials.

Situations such as those you mention encourage us to step up our vigilance on this issue with regard to mining industries that supply our first-tier suppliers.

II. ANSWERS TO QUESTIONS ASKED DURING THE AGM

- **Why does Orange have a monopoly on fibre in certain municipalities? How can Bouygues be connected?**

Answer: In the mobile segment, a number of municipalities are indeed covered only by Orange. That is why we have entered into partnership with SFR, which has enabled us to significantly improve coverage in rural areas and to almost equal Orange's coverage. We will have carried out 96% of this programme by the end of 2018. Our aim is to complete roll-out so as to strictly equal Orange's coverage by mid-2019. In fibre, our investments will enable us to cover 90% of rolled-out very dense areas and 100% of rolled-out less dense areas by the end of 2019.

- **You are innovating in construction, especially with 3D printing. What is happening in the Group's other lines of business?**

Answer: The Group has an open innovation policy. We work every day with start-ups to incorporate the latest technologies into our products and services. We have an investment programme under which the Group takes equity interests in such firms. That applies to all the Group's business segments. We also have an intrapreneurship programme to promote innovation among our own employees, which we strongly boosted in 2017.

- **Will shareholders be able to visit some of the Grand Paris worksites?**

Answer: That depends on a number of factors. First, we need the customer's permission. It also depends on the sites. Visiting a tunnel, for example, is complex for safety reasons. But we will see if certain sites are suitable for visits.

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- **How is the Group preparing for 5G? What are the projected costs? Can it threaten profitability?**

Answer: The technology is not yet ready to be rolled out, so we have to wait before we can give estimates of costs and equipment. 5G will above all give operators more capacity, which will enable them to handle more traffic at a lower cost. 5G has enormous promise for new activities, in the automobile industry or healthcare for example, but not until around 2021-22. We are already starting to invest in order to prepare for 5G and be ready when the frequencies are available.

- **How do you see the future of television, especially in the light of social media? Can you give us an idea of the cost of pulling programmes?**

Answer: Current draft legislation on audiovisual media will be crucial. GAFA have considerable means of distribution on a global scale without being subject to any restrictions or regulations. In contrast, groups like TF1 are highly regulated, whether in terms of choice of programmes, investment or levies. It is now up to our politicians to think about what needs to be done in order to redress the balance. It is possible to increase restrictions on one side or ease them on the other. We will keep a close eye on developments in regulation in these businesses. Europe and national governments must take action.

Pulling programmes is a recurring cost. Every year we buy programmes in bulk. Some of them are never shown. But we are moving towards a reduction in the cost of pulling programmes, insofar as we are making fewer bulk purchases and targeting our buying more precisely.

- **What is the proportion of buy-to-let in sales of new residential properties? How do you see the trend in property prices?**

Answer: Of the 14,000 residential properties sold by Bouygues Immobilier in France in 2017, block sales accounted for a third, buy-to-let for a third, very often under the Pinel incentive scheme, and owner-occupiers for the other third.

The rise in prices for new residential properties is much more moderate than for older properties, between 2% and 3% a year.

- **What measures have you taken following the incident on the RER A project?**

Answer: The incident (a water leak after drilling) was caused by the unfortunate and personal initiative of an employee of a consortium member. The malfunction showed that procedures were not strictly followed. No task should have taken place at the drilling site. Everything has now been restored and the operators have reviewed their procedures to ensure that the necessary checks are made before each task.