

# 5. CORPORATE GOVERNANCE, INTERNAL CONTROL AND RISK MANAGEMENT

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## 5.1 Information on corporate officers at 31 December 2014

### Chairman and CEO

#### Martin Bouygues

32 avenue Hoche, 75008 Paris, France  
 Date of birth: 03/05/1952 – French  
 Date of first appointment: 21/01/1982  
 Expiry date of current term of office: 2015  
 Number of shares in the company: 144,605 (77,057,778 via SCDM)

#### Expertise/experience

Martin Bouygues joined the Bouygues group in 1974 as a works supervisor. In 1978, he established Maison Bouygues, specialising in the sale of catalogue homes. In 1987, Martin Bouygues was appointed Vice-Chairman of the Bouygues Board of Directors, on which he has served since 1982. On 5 September 1989, Martin Bouygues took over from Francis Bouygues as Chairman and CEO of Bouygues. At Martin Bouygues' instigation, the Group pursued its development in construction as well as in media (TF1) and launched Bouygues Telecom in 1996. In 2006, Bouygues acquired a stake in Alstom.

#### Principal positions outside Bouygues SA

Chairman of SCDM.

#### Other positions and functions in the Group

**In France:** Director of TF1<sup>a</sup>; member of the Board of Directors of the Francis Bouygues Foundation.

#### Other positions and functions outside the Group

**In France:** Member of the supervisory board and the strategy committee of Paris-Orléans<sup>a</sup>; standing representative of SCDM and Chairman of Actiby, SCDM Participations and SCDM Invest-3.

**Outside France:** Member of the Board of Directors of the Skolkovo Foundation (Russia).

#### Former positions and functions during the last five years (outside the Bouygues group)

**2010** – Standing representative of SCDM, Chairman of FI Participations; director of Sodeci<sup>a</sup> (Ivory Coast) and CIE<sup>a</sup> (Ivory Coast).

### Deputy CEO

#### Olivier Bouygues

32 avenue Hoche, 75008 Paris, France  
 Date of birth: 14/09/1950 – French  
 Date of first appointment: 05/06/1984  
 Expiry date of current term of office: 2016 (2015 Deputy CEO)  
 Number of shares in the company: 531 (70,057,778 via SCDM)

#### Standing representative of SCDM and director

#### Expertise/experience

Olivier Bouygues is a graduate of École Nationale Supérieure du Pétrole (ENSPM) and joined the Bouygues group in 1974. He began his career in the Group civil works branch. From 1983 to 1988 at Bouygues Offshore, he held the posts of director of Boscam, a Cameroon subsidiary, then director of the France Works and Special Projects division. From 1988 to 1992, he was Chairman and CEO of Maison Bouygues. In 1992, he became Group Executive Vice President of Utilities Management, which grouped the international and French activities of Saur. In 2002, Olivier Bouygues was appointed Deputy CEO of Bouygues.

#### Principal positions outside Bouygues SA

CEO of SCDM.

#### Other positions and functions in the Group

**In France:** Director of TF1<sup>a</sup>, Colas<sup>a</sup>, Bouygues Telecom and Bouygues Construction.

**Outside France:** Chairman of the Board of Directors of Bouygues Europe (Belgium).

#### Other positions and functions outside the Group

**In France:** Director of Alstom<sup>a</sup> and Eranove (former-Finagestion); Chairman of SCDM Énergie, Sagri-E and Sagri-F; non-partner manager of Sir.

**Outside France:** Chairman and CEO of Seci (Ivory Coast); director of Sodeci<sup>a</sup> (Ivory Coast), CIE<sup>a</sup> (Ivory Coast) and Sénégalaise des Eaux (Senegal).

#### Former positions and functions during the last five years (outside the Bouygues group)

**2014** – Director of Eurosport.

**2011** – Standing representative of SCDM, Chairman of SCDM Énergie; non-partner manager of Sib.

**2010** – Standing representative of SCDM, Chairman of SCDM Investur and SCDM Investcan; member of the management committee of Cefina.

(a) Listed company.

## Directors

### Michel Bardou

1 avenue Eugène Freyssinet 78280 Guyancourt, France  
 Date of birth: 04/04/1955 – French  
 Date of first appointment: 20/05/2014  
 Expiry date of current term of office: 2016

#### Director representing employees

#### Expertise/experience

Michel Bardou is an engineering graduate of École Spéciale des Travaux Publics (ESTP). He joined the Habitat unit, new housing methods, of the Bouygues group in January 1982. He then took charge of new technical departments (cost analysis and design office). As a member of the Health & Safety Committee, he set up an accident prevention department for Habitat Social. He is currently in charge of Environment, Health and Safety, and Research and Development at Bouygues Bâtiment Ile-de-France Habitat Social.

#### Principal positions outside Bouygues SA

Accident Prevention and Innovation Director for Habitat Social, Bouygues Bâtiment Ile-de-France.

### François Bertière

3 boulevard Gallieni, 92130 Issy-les-Moulineaux, France  
 Date of birth: 17/09/1950 – French  
 Date of first appointment: 27/04/2006  
 Expiry date of current term of office: 2015  
 Number of shares in the company: 56,293

#### Expertise/experience

François Bertière graduated from École Polytechnique and École Nationale des Ponts et Chaussées, and is a qualified architect (DPLG). He began his career in 1974 in the Infrastructure Ministry. In 1977, he was appointed technical advisor to the office of the French Ministry of Education, then deputy director in charge of planning at the Regional Infrastructure Department of Upper Corsica in 1978. In 1981, he became director of urban development at the Public Development Agency (EPA) of Cergy-Pontoise. He joined the Bouygues group in 1985 as Deputy CEO of Française de Constructions. In 1988, he was appointed Chairman and CEO of France Construction, Vice-Chairman and CEO of Bouygues Immobilier in 1997, then Chairman and CEO of Bouygues Immobilier in 2001. François Bertière has been a director of Bouygues Immobilier since 1991.

#### Principal positions outside Bouygues SA

Chairman and CEO of Bouygues Immobilier.

#### Other positions and functions in the Group

**In France:** Director of Colas<sup>a</sup>; Chairman and director of the Bouygues Immobilier Corporate Foundation; director of the Francis Bouygues Foundation.

#### Other positions and functions outside the Group

Director of CSTB (French building technology research centre); Chairman of Fondation des Ponts; director of École Nationale des Ponts et Chaussées (ENPC).

(a) Listed company.

### Mrs Francis Bouygues

50 rue Fabert, 75007 Paris, France  
 Date of birth: 21/06/1924 – French  
 Date of first appointment: 19/10/1993  
 Expiry date of current term of office: 2015  
 Number of shares in the company: 110 (5,290,034 via BMF)

### Jean-Paul Chifflet

12 Place des États-Unis, 92127 Montrouge cedex, France  
 Date of birth: 03/09/1949 – French  
 Date of first appointment: 25/04/2013  
 Expiry date of current term of office: 2016  
 Number of shares in the company: 500

#### Member of the Selection Committee

#### Expertise/experience

Jean-Paul Chifflet is a graduate of Institut des Hautes Finances in Paris. He joined the Crédit Agricole group in 1973 where he was successively head of sales coordination at Crédit Agricole du Sud-Est Regional Bank, Corporate Secretary at Crédit Agricole de la Drôme Regional Bank then at Crédit Agricole du Sud-Est Regional Bank, head of development and credit at Crédit Agricole du Sud-Est Regional Bank, and deputy CEO of Crédit Agricole Ain – Saône & Loire Regional Bank and then Crédit Agricole Centre-Est Regional Bank. In 1997, he was appointed head of relations with the Regional Banks at Caisse Nationale de Crédit Agricole (CNCA) and was appointed CEO of Crédit Agricole Centre-Est in 2000. From 2006 to 2010, Jean-Paul Chifflet served as corporate secretary of Fédération Nationale du Crédit Agricole (FNCA), Vice-Chairman of SAS Rue La Boétie, and a director of Calyon, LCL and Siparex Associés. From 2007 to 2010, he sat on the Conseil Économique et Social. Jean-Paul Chifflet was appointed CEO of Crédit Agricole SA in March 2010.

#### Principal positions outside Bouygues SA

CEO of Crédit Agricole SA<sup>a</sup>.

#### Other positions and functions outside the Group

**In France:** Chairman of LCL, Crédit Agricole CIB and Amundi Group; member of the Executive Committee of Fédération Bancaire Française (FBF).

**Outside France:** Director of Crédit Agricole (Suisse) SA (Switzerland).

#### Former positions and functions during the last five years (outside the Bouygues group)

**2010 –** Chairman of Fédération Bancaire Française (FBF), director and Vice-Chairman of Crédit Agricole SA, Corporate Secretary of Fédération Nationale du Crédit Agricole (FNCA); Vice-Chairman of SAS Rue La Boétie; director of Crédit Agricole CIB (former-Calyon), LCL and Siparex Associés; member of the Conseil Économique et Social.

## Georges Chodron de Courcel

32 rue de Monceau, 75008 Paris, France

Date of birth: 20/05/1950 – French

Date of first appointment: 30/01/1996

Expiry date of current term of office: 2015

Number of shares in the company: 967

### Member of the Accounts Committee and of the Selection Committee

#### Expertise/experience

Georges Chodron de Courcel is a graduate of École Centrale de Paris and holds a degree in economics. He joined Banque Nationale de Paris (BNP) in 1972, where he became head of financial research in the finance department in 1978, then executive secretary of Banexi in 1982. He then became director of securities management and director of financial and industrial investment. In 1989, he was appointed Chairman of Banexi, then central director of BNP in 1990. In 1995, he became Executive Vice-President then COO of BNP from 1996 to 1999. After the merger with Paribas in August 1999, Georges Chodron de Courcel was head of the corporate and investment banking arm of BNP Paribas from 1999 to 2003. He was Chief Operating Officer of BNP Paribas from June 2003 to September 2014.

#### Principal positions outside Bouygues SA

Chairman of GCC Associés.

#### Other positions and functions outside the Group

**In France:** Director of Nexans<sup>a</sup> and Foncière Financière et de Participations<sup>a</sup>; member of the supervisory board of Lagardère SCA<sup>a</sup>.

**Outside France:** Director of Erbé SA (Belgium), Groupe Bruxelles Lambert<sup>a</sup> (Belgium), Scor Holding (Switzerland) AG (Switzerland), Scor Global Life Rückversicherung Schweiz AG (Switzerland), Scor Switzerland AG (Switzerland) and SGLRI Ltd – Scor Global Life Reinsurance Ireland (Ireland).

#### Former positions and functions during the last five years (outside the Bouygues group)

**2014** – Chief Operating Officer of BNP Paribas<sup>a</sup>; Chairman of BNP Paribas (Suisse) SA (Switzerland); Vice-Chairman of Fortis Banque<sup>a</sup> (Belgium/Netherlands); director of Alstom and Verner Investissements; non-voting director of Exane.

**2013** – Non-voting director of Scor SE<sup>a</sup> and CNP – Compagnie Nationale à Portefeuille (Belgium).

**2012** – Chairman of Compagnie d'Investissement de Paris and Société Financière BNP Paribas.

**2011** – Non-voting director of Safran SA<sup>a</sup>.

## Raphaëlle Deflesselle

13-15 avenue du Maréchal Juin, 92360 Meudon, France

Date of birth: 27/04/1972 – French

Date of first appointment: 20/05/2014

Expiry date of current term of office: 2016

### Director representing employees

#### Expertise/experience

Raphaëlle Deflesselle is an engineering graduate of École Polytechnique Fémminine (EFP, 96). She joined Bouygues Telecom in 1996. She took part in implementing network oversight tools in the network operations department. She then held various managerial positions in the Technical departments from 1999 to 2009. In 2010, she was appointed head of the Performance department within the Information Systems Division, before becoming head of IT infrastructures in 2013. She is currently Deputy Director, IT Governance, Research and Transformation within the Information Systems Division at Bouygues Telecom.

#### Principal positions outside Bouygues SA

Deputy Director, IT Governance, Research and Transformation within the Information Systems Division at Bouygues Telecom.

## Yves Gabriel

1 avenue Eugène Freyssinet, 78280 Guyancourt, France

Date of birth: 19/03/1950 – French

Date of first appointment: 10/09/2002

Expiry date of current term of office: 2016

Number of shares in the company: 58,845

#### Expertise/experience

Yves Gabriel is a civil engineering graduate of École Nationale des Ponts et Chaussées, and joined the Bouygues group in 1976. His career began at Screg Île-de-France as works engineer; he then became sector head and manager of a regional branch office. In 1985, he established Screg Bâtiment where he was CEO until 1992. From 1989 to 1992, he also served as COO of Bouygues' industrial construction division and was Chairman of Ballestrero. From 1992 to 1996, he was CEO of the Screg group (French road construction group). In November 1996, he joined the Saur group as Deputy CEO responsible for operations in France and the merger with the Cise group, acquired from Saint-Gobain. In June 2000, he was appointed CEO of the Saur group. In September 2002, he was appointed Chairman and CEO of Bouygues Construction, and director of Bouygues.

#### Principal positions outside Bouygues SA

Chairman and CEO of Bouygues Construction.

#### Other positions and functions in the Group

**In France:** Director of Bouygues Bâtiment International; standing representative of Bouygues Construction on the boards of Bouygues Bâtiment Ile-de-France and Bouygues Travaux Publics; member of the Strategy Committee of Bouygues Energies & Services; Chairman and director of Fondation Terre Plurielle, Bouygues Construction's Corporate Foundation.

#### Other positions and functions outside the Group

**In France:** Vice-Chairman of Fédération Nationale des Travaux Publics (FNTP), French national civil works federation; director of Syndicat de France, Institut de la Gestion Déléguée (IGD) and SMABTP.

(a) Listed company.

## Anne-Marie Idrac

9 place Vauban, 75007 Paris, France  
 Date of birth: 27/07/1951 – French  
 Date of first appointment: 26/04/2012  
 Expiry date of current term of office: 2015  
 Number of shares in the company: 500

### Chairwoman of the Ethics, CSR and Patronage Committee and member of the Accounts Committee

#### Expertise/experience

Anne-Marie Idrac graduated from Institut d'Études Politiques de Paris (IEP) and École Nationale d'Administration (the Simone Weil intake). She has spent most of her career working in the fields of the environment, housing, urban development and transport. She was successively director general at the Public Development Agency (EPA) of Cergy-Pontoise, director of land transportation, Secretary of State for Transport, Chair and CEO of the RATP (Paris public transport authority), Chair of the SNCF (French state railways), and Secretary of State for Foreign Trade.

#### Principal positions outside Bouygues SA

Senior Advisor for Suez Environnement<sup>a</sup> and Sia Partners.

#### Other positions and functions outside the Group

**In France:** Member of the supervisory board of Vallourec<sup>a</sup>; director of Total<sup>a</sup> and Saint-Gobain<sup>a</sup>.

#### Former positions and functions during the last five years (outside the Bouygues group)

**2011** – Director of Mediobanca<sup>a</sup> (Italy).

## Patrick Kron

3 avenue André Malraux, 92300 Levallois-Perret, France  
 Date of birth: 26/09/1953 – French  
 Date of first appointment: 06/12/2006  
 Expiry date of current term of office: 2016  
 Number of shares in the company: 500

#### Expertise/experience

Patrick Kron is a graduate of École Polytechnique and an engineer of the Corps des Mines de Paris. He began his career at the French Industry Ministry in 1979 before joining the Pechiney group in 1984, where he held senior operational responsibilities in one of the group's largest factories in Greece before becoming manager of Pechiney's Greek subsidiary in 1988. Between 1988 and 1993, Patrick Kron held various operational and financial positions, first managing a group of activities in aluminium processing, before being appointed President of the Electrometallurgy Division. In 1993, he became member of the executive committee of the Pechiney group and was Chairman and CEO of Carbone Lorraine from 1993 to 1997. From 1995 to 1997, he ran Pechiney's Food and Health Care Packaging Sector and held the position of COO of the American National Can Company in Chicago (United States). From 1998 to 2002, Patrick Kron was Chairman of the executive board of Imerys. A director of Alstom since July 2001, he was appointed CEO of Alstom in January 2003, and then Chairman and CEO in March 2003.

#### Principal positions outside Bouygues SA

Chairman and CEO of Alstom<sup>a</sup>.

#### Other positions and functions outside the Group

**In France:** Chairman of Alstom Resources Management; director of Sanofi and Afep (French Association of Private Companies); director of "Les Arts Florissants" vocal group.

#### Former positions and functions during the last five years (outside the Bouygues group)

**2014** – Director and Managing Director of Alstom Asia Pte Ltd (Singapore); Chairman and CEO, and director of Alstom Transport.

**2012** – Director of Alstom UK Holdings Ltd (United Kingdom).

## Hervé Le Bouc

7 place René Clair, 92653 Boulogne-Billancourt cedex, France  
 Date of birth: 07/01/1952 – French  
 Date of first appointment: 24/04/2008  
 Expiry date of current term of office: 2017  
 Number of shares in the company: 2,090

#### Expertise/experience

Hervé Le Bouc holds a degree in engineering from École Spéciale des Travaux Publics (ESTP). He joined the Bouygues group in 1977 and began his career at Screg Île-de-France (now a Colas subsidiary) as a site engineer, subsequently working as an area supervisor and then a regional manager until 1989. In 1985, he was appointed Director reporting to the Chairman and Chief Executive Officer. In 1989, he was named director in charge of commercial development of Bouygues Offshore for Europe, French overseas departments and territories (Dom-Tom) and Australia, and subsequently South East Asia and Mexico. He became COO of Bouygues Offshore in 1994, then CEO in 1996 and Chairman and CEO in 1999. From November 2001 to September 2002, he served concurrently as COO of Bouygues Construction, Chairman of the Board of Bouygues Offshore and Chairman of the Board of ETDE (now Bouygues Energies & Services). From September 2002 to February 2005, Hervé Le Bouc was CEO of Saur, then Chairman and CEO from February 2005 to April 2007. In February 2007, Hervé Le Bouc became a director of Colas and was named Deputy CEO in August of the same year. On 30 October 2007, he was appointed Chairman and CEO of Colas.

#### Principal positions outside Bouygues SA

Chairman and CEO of Colas<sup>a</sup>.

#### Other positions and functions in the Group

**In France:** Chairman and CEO, and director of Colasie; director of Bouygues Immobilier; standing representative of Colas<sup>a</sup> on the boards of Société Parisienne d'Études d'Informatique et de Gestion, Colas Midi Méditerranée and Screg Est; manager of Échangeur International; standing representative of Spare on the board of Sacer Atlantique; standing representative of IPF on the boards of Aximum, Colas Rail and Colas Centre-Ouest; standing representative of SPP on the boards of Colas Sud-Ouest and Colas Nord-Picardie; Chairman of the Colas Foundation.

**Outside France:** Director of Hindustan Colas Limited (India), ColasCanada (Canada), Tipco Asphalt (Tasco) (Thailand), Isco Industry (Korean Republic)

(a) Listed company.



and Colas Inc (United States); standing representative of Colas<sup>a</sup> on the supervisory boards of Colas Émulsions (Morocco) and Grands Travaux Routiers (Morocco).

#### **Former positions and functions during the last five years (outside the Bouygues group)**

**2014** – Standing representative of Colas<sup>a</sup> on the board of Cofiroute.

### **Helman le Pas de Sécheval**

38 avenue Kléber, 75008 Paris, France

Date of birth: 21/01/1966 – French

Date of first appointment: 24/04/2008

Expiry date of current term of office: 2017

Number of shares in the company: 620

#### **Chairman of the Accounts Committee and member of the Remuneration Committee**

##### **Expertise/experience**

Helman le Pas de Sécheval is a graduate of École Normale Supérieure with a PhD in Physical Sciences and an engineering degree from École des Mines. He began his career in 1991 as a project manager in the financial engineering department of Banexi. From 1993 to 1997, he was deputy inspector-general of the underground quarries of Paris. In July 1997, he was appointed deputy to the head of the Department of Financial Operations and Information of the COB (now the AMF), becoming head of this department in 1998. From November 2001 to December 2009, Helman le Pas de Sécheval was group Chief Financial Officer of Groupama, with responsibility for the group's financing, investing, reinsurance and accounting divisions and oversight of the group's financial subsidiaries as well as GIE Groupama Systèmes d'Information. From January 2010 to December 2011, he was Managing Director of Groupama Centre-Atlantique. In September 2012, he was appointed General Counsel of Veolia.

#### **Principal positions outside Bouygues SA**

General Counsel of Veolia<sup>a</sup>.

#### **Former positions and functions during the last five years (outside the Bouygues group)**

**2011** – Vice-Chairman and director of Groupama Banque; director of Gan Assurances, Groupama Holding and Groupama Holding 2; standing representative of Groupama Centre-Atlantique on the board of GIE Groupama Systèmes d'Information; Managing Director of Centaure Centre-Atlantique; director of Silic<sup>a</sup>; standing representative of Groupama Centre-Atlantique on the board of GIE Groupama Supports & Services; standing representative of Groupama SA and co-manager of SCI d'Agassac; standing representative of Groupama SA Centre-Atlantique and co-manager of SCA d'Agassac; director of Groupama Assicurazioni S.p.A., former-Nuova Tirrena (Italy).

**2010** – Standing representative of Groupama SA on the board of GIE Groupama Systèmes d'Information; non-voting director of Gimar Finance & Compagnie.

### **Colette Lewiner**

Tour Europlaza, 20 avenue André Prothin, 92927 Paris La Défense cedex, France

Date of birth: 19/09/1945 – French

Date of first appointment: 29/04/2010

Expiry date of current term of office: 2016

Number of shares in the company: 11,930

#### **Chairwoman of the Remuneration Committee**

##### **Expertise/experience**

Colette Lewiner is a graduate of École Normale Supérieure and holds the prestigious rank of “agrégée” teacher in physics, as well as a PhD in science. She spent a large part of her career with EDF, where she was the first woman to be appointed Senior Vice President within the group, with responsibility for development and marketing strategy. She went on to lead Cogema's engineering subsidiary SGN. In 1998, she joined Capgemini, where she headed the Global Energy, Utilities and Chemicals sector, before becoming Advisor to the Chairman on matters regarding energy and utilities. In September 2010, in addition to her functions at Capgemini, Colette Lewiner was appointed non-executive chairwoman of TDF.

#### **Principal positions outside Bouygues SA**

Advisor to the Chairman of Capgemini<sup>a</sup> on matters regarding energy and utilities.

#### **Other positions and functions in the Group**

**In France:** Director of Colas<sup>a</sup>

#### **Other positions and functions outside the Group**

**In France:** Chairwoman and member of the Board of Directors of TDF; director of Nexans<sup>a</sup>, Eurotunnel<sup>a</sup> and EDF<sup>a</sup>.

**Outside France:** Director of TGS Nopec Geophysical Company<sup>a</sup> (Norway) and Crompton Greaves Limited<sup>a</sup> (India).

#### **Former positions and functions during the last five years (outside the Bouygues group)**

**2014** – Director of Lafarge<sup>a</sup>.

**2012** – Vice-Chairwoman, Global Leader Energy, Utilities and Chemicals sector of Capgemini.

**2011** – Director of La Poste<sup>a</sup>.

### **Sandra Nombret**

1 avenue Eugène Freyssinet, 78280 Guyancourt, France

Date of birth: 24/05/1973 – French

Date of first appointment: 29/04/2010

Expiry date of current term of office: 2016

#### **Director representing employee shareholders and member of the Ethics, CSR and Patronage Committee**

##### **Expertise/experience**

Sandra Nombret has a DESS postgraduate diploma in foreign trade law. She joined the Bouygues group in 1997. She is currently Deputy Director, Legal Officer for the Near and Middle East, Africa, Central Asia, Canada and Cyprus at Bouygues Bâtiment International.

(a) Listed company.

**Principal positions outside Bouygues SA**

Deputy Director, Legal Affairs at Bouygues Bâtiment International.

**Other positions and functions in the Group**

Director of Bouygues Building Canada Inc.

**Nonce Paolini**

1 quai du Point du Jour, 92656 Boulogne-Billancourt cedex, France

Date of birth: 01/04/1949 – French

Date of first appointment: 24/04/2008

Expiry date of current term of office: 2017

Number of shares in the company: 500

**Expertise/experience**

Nonce Paolini holds a Master of Arts degree and graduated from Institut d'Études Politiques de Paris (IEP) in 1972. He started his career at the French power and gas utility EDF-GDF, where he worked first in operational positions (customer service/sales and marketing), and then in senior management (organisation, training, human resources, corporate communications). He joined the Bouygues group in 1988 as human resources development director, then became the Group corporate communications director in 1990. He joined TF1 in 1993 as human resources director and became Deputy CEO of the TF1 group in 1999. In January 2002, he was appointed Senior Vice-President of Bouygues Telecom to head up sales and marketing, customer relations and human resources. Nonce Paolini became Deputy CEO in April 2004 and a director in April 2005.

Nonce Paolini has been CEO of TF1 since May 2007, and Chairman and CEO since July 2008.

**Principal positions outside Bouygues SA**

Chairman and CEO of TF1<sup>a</sup>.

**Other positions and functions in the Group**

**In France:** Chairman of Monte Carlo Participation (MCP) and of the TF1 Corporate Foundation; director of Bouygues Telecom; standing representative of TF1<sup>a</sup> on the boards of Extension TV, TF1 – Acquisitions de Droits and Groupe AB.

**Outside France:** Vice-Chairman and director of Télé Monte Carlo (TMC) (Monaco).

**Other positions and functions outside the Group**

**In France:** Director of the Fnac group, standing representative of TF1<sup>a</sup> on the board of École de la Cité, du Cinéma et de la Télévision.

**Former positions and functions during the last five years (outside the Bouygues group)**

**2012** – Chairman of Programmes Européens Francophones Audiovisuels Spéciaux 4.

**Jean Peyrelelade**

44 rue de Lisbonne, 75008 Paris, France

Date of birth: 24/10/1939 – French

Date of first appointment: 25/01/1994

Expiry date of current term of office: 2016

Number of shares in the company: 500

**Chairman of the Selection Committee****Expertise/experience**

Jean Peyrelelade is a graduate of École Polytechnique and Institut d'Études Politiques de Paris (IEP), and is a senior civil aviation engineer. He was deputy head of the private office of the Prime Minister in 1981, and in 1983 became Chairman of Compagnie Financière de Suez and, at the same time, of Banque Indosuez. He was appointed Chairman and CEO of Banque Stern, then in 1988 became Chairman of UAP, before becoming Chairman of Crédit Lyonnais in 1993 for ten years. He was Chairman of the supervisory board of Leonardo & Co until December 2013.

**Principal positions outside Bouygues SA**

Partner of Aforge Degroof Finance.

**Other positions and functions outside the Group**

**In France:** Member of the supervisory board of Hime (Saur group).

**Outside France:** Director of Bonnard et Gardel Holding SA (Switzerland); member of the supervisory board of KLM (Netherlands).

**Former positions and functions during the last five years (outside the Bouygues group)**

**2013** – Chairman of Leonardo Midcap CF; Chairman of the supervisory board of Leonardo & Co; director of Leonardo & Co NV (Belgium).

**2012** – Chairman of the Board of Directors of Leonardo & Co.

**2011** – Director of DNCA Finance.

**2010** – Vice-Chairman of Leonardo France.

**François-Henri Pinault**

10 avenue Hoche, 75008 Paris, France

Date of birth: 28/05/1962 – French

Date of first appointment: 22/12/1998 (as standing representative of Financière Pinault)

Date of second appointment: 13/12/2005 (in a personal capacity)

Expiry date of current term of office: 2016

Number of shares in the company: 500

**Member of the Remuneration Committee and of the Selection Committee****Expertise/experience**

François-Henri Pinault is a graduate of École des Hautes Études Commerciales (HEC). He has spent his whole career within the Kering group (former-PPR). He was CEO of France Bois Industries from 1989 to 1990 and was appointed Chairman and CEO of Pinault Distribution in 1991. In 1993, he became Chairman of CFAO. He was appointed Chairman and CEO of Fnac in 1997, then Executive Vice-President of the Kering

(a) Listed company.

group and subsequently head of Internet activities and Chairman of the supervisory board of PPR-Interactive from 2000 to 2001. Since 1998, François-Henri Pinault has been a director, and since 2003 Chairman of the Board of Directors of Artémis. In 2005, he became Chairman of the Executive Board and then Chairman and CEO of Kering.

#### Principal positions outside Bouygues SA

Chairman, CEO and director of Kering<sup>a</sup>.

#### Other positions and functions outside the Group

**In France:** Managing partner of Financière Pinault; Chairman of Artémis; Chairman of the supervisory board of Boucheron Holding; director of Sapardis and Soft Computing<sup>a</sup>; Chairman of Yves Saint Laurent SAS; member of the management board of SC du Vignoble de Château Latour.

**Outside France:** Non-executive director of Kering Holland NV and Kering Netherlands BV (Netherlands); member and Deputy Chairman of the Administrative Board of Puma SE<sup>a</sup> (Germany); Chairman and board member of Volcom Inc (United States); Chairman and director of Sowind Group (Switzerland); director of Kering International Ltd, Stella McCartney, Kering UK Services Limited (United Kingdom), Brioni SPA (Italy) and Manufacture et Fabrique de Montres et de Chronomètres Ulysse Nardin Le Locle (Switzerland).

#### Former positions and functions during the last five years (outside the Bouygues group)

**2014** – Board member of Christie's International Plc (United Kingdom).

**2013** – Chairman and member of the board of Gucci Group NV<sup>a</sup> (now Kering Holland NV); Chairman of the supervisory board of Yves Saint Laurent SAS; director of Fnac.

**2012** – Vice-Chairman of the supervisory board of CFAO<sup>a</sup>.

**2011** – Vice-Chairman and director of Sowind Group; Chairman and member of the board of Puma AG<sup>a</sup>.

### Rose-Marie Van Lerberghe

33 rue Frémicourt, 75015 Paris, France

Date of birth: 07/02/1947 – French

Date of first appointment: 25/04/2013

Expiry date of current term of office: 2016

Number of shares in the company: 250

**Member of the Ethics, CSR and Patronage Committee**

#### Expertise/experience

Rose-Marie Van Lerberghe is a graduate of École Normale Supérieure and École Nationale d'Administration, and holds the prestigious rank of "agrégée" teacher in philosophy. She is also a graduate of Institut d'Études Politiques de Paris (IEP). After holding various positions at the Labour Ministry, in 1986 Rose-Marie Van Lerberghe joined the Danone group, where she was Group Director of Human Resources. In 1996, she became Delegate General for Employment and Vocational Training, then Chief Executive Officer of Altédia in 2000. From 2002 to 2006, she was the Director General of Assistance Publique des Hôpitaux de Paris. From 2006 to 2011, she chaired the Korian management board. She is currently Chairwoman of the Board of Directors of Institut Pasteur.

#### Principal positions outside Bouygues SA

Chairwoman of the Board of Directors of Institut Pasteur.

#### Other positions and functions outside the Group

**In France:** Director of Casino<sup>a</sup>, Klépierre<sup>a</sup>, CNP Assurances<sup>a</sup> and Fondation Hôpital Saint-Joseph; member of the Conseil Supérieur de la Magistrature.

#### Former positions and functions during the last five years (outside the Bouygues group)

**2014** – Director of Air France.

**2011** – Chairwoman of the Korian<sup>a</sup> management board.

### Michèle Vilain

3 boulevard Gallieni, 92130 Issy-les-Moulineaux, France

Date of birth: 14/09/1961 – French

Date of first appointment: 29/04/2010

Expiry date of current term of office: 2016

**Director representing employee shareholders and member of the Accounts Committee**

#### Expertise/experience

Michèle Vilain joined Bouygues Immobilier in 1989, holding various positions in the IT and Office Automation department, including responsibility for customer services. She then took charge of customer relations within the Support Functions division. She is currently Deputy Director supporting change management within the Residential Property France division.

#### Principal positions outside Bouygues SA

Deputy Director for the Residential Property France division at Bouygues Immobilier.

### SCDM

32 avenue Hoche, 75008 Paris, France

Date of first appointment: 22/10/1991

Expiry date of current term of office: 2016

Number of shares in the company: 70,057,778

#### Other positions and functions in the Group

**In France:** Director of GIE 32 Hoche.

#### Other positions and functions outside the Group

**In France:** Chair of Actiby, SCDM Participations and SCDM Invest-3.

#### Former positions and functions during the last five years (outside the Bouygues group)

**2011** – Chair of SCDM Énergie.

**2010** – Chair of SCDM Investcan; SCDM Investur and SCDM Invest-1.

(a) Listed company.



## 5.2 Report by the Chairman of the Board of Directors on corporate governance, internal control and risk management

This report has been drawn up by the Corporate Secretary in close cooperation with the Group's senior management taking into consideration various internal documents (articles of association, rules of procedure and minutes of the Board of Directors and its committees, compliance programmes, internal control principles and procedures, etc.). The section on internal control and risk management procedures has been prepared with input from Bouygues' Internal Control department, in collaboration with stakeholders in the internal control process at the business segments.

The contributors have taken into consideration the regulations in force, the reports and recommendations issued by the Autorité des Marchés

Financiers (AMF) concerning corporate governance, internal control and the audit committee, the AMF guidelines for internal control and risk management mechanisms, the recommendations of the Afep/Medef Corporate Governance Code as amended in June 2013, the guide to applying the Afep/Medef Code updated in December 2014, the report of the High Committee for Corporate Governance, and best practices adopted by other listed companies.

The draft report was submitted to the Accounts Committee and to the Selection Committee. This report was discussed and approved by the Board of Directors at its meeting of 24 February 2015.

### 5.2.1 Corporate governance

#### 5.2.1.1 Membership of the Board of Directors

##### Rules governing membership of the Board of Directors

According to the articles of association, which were amended by the Combined Annual General Meeting of 24 April 2014, the Board of Directors includes:

- between three and 18 directors appointed for a period of three years by a general meeting of shareholders, in accordance with Article L. 225-18 of the Commercial Code,
- a maximum of two directors representing employee shareholders, elected by a general meeting for a period of three years at the proposal of the Supervisory Boards of the employee share ownership funds, in accordance with Article L. 225-23 of the Commercial Code,
- and two directors representing employees, appointed for a period of two years, in accordance with Article L. 225-27-1 of the Commercial Code arising from the Job Security Act of 14 June 2013, by the Group Council that is governed by Articles L. 2331-1 *et seq.* of the Labour Code.

The Board of Directors appoints one of its members as Chairman. It also appoints the Chief Executive Officer. At the proposal of the Chief Executive Officer, the Board of Directors can appoint one or more Deputy Chief Executive Officers.

The articles of association set no age limit for directors. However, a maximum age of 70 is stipulated for the functions of Chairman, Chief Executive Officer and Deputy Chief Executive Officer. When a person serving in one of these functions reaches 65, his term is submitted to the Board of Directors at its next meeting for confirmation for a period of one year. The Board of Directors may then renew the term annually

for one-year periods up to the age of 70, at which time the person steps down automatically.

The Rules of Procedure of the Board of Directors lay down certain imperatives regarding Board membership. They specify that the number of directors or standing representatives of legal entities coming from external companies in which a corporate officer or salaried director of Bouygues holds an executive position must not exceed two.

Reappointments are staggered *de facto* across three consecutive years.

##### Membership of the Board of Directors at 31 December 2014

At 31 December 2014, the company was managed by a Board of Directors with 20 members:

- 16 directors appointed by the Annual General Meeting in accordance with Article L. 225-18 of the Commercial Code: François Bertière, Mrs Francis Bouygues, Martin Bouygues, Jean-Paul Chifflet, Georges Chodron de Courcel, Yves Gabriel, Anne-Marie Idrac, Patrick Kron, Hervé Le Bouc, Helman le Pas de Sécheval, Colette Lewiner, Nonce Paolini, Jean Peyrelevalde, François-Henri Pinault, Rose-Marie Van Lerberghe and SCDM (represented by Olivier Bouygues);
- two directors representing employee shareholders elected by the Annual General Meeting in accordance with Article L. 225-23 of the Commercial Code from among the members of the Supervisory Boards of the employee share ownership funds (dedicated to the statutory profit-sharing scheme and the company savings schemes respectively): Sandra Nombret and Michèle Vilain;
- two directors representing employees, appointed by the Group Council in accordance with Article L. 225-27-1 of the Commercial Code: Raphaëlle Deflesselle and Michel Bardou.

The membership of the Board of Directors at 31 December 2014 is summarised in the following table.

Name	Age	Accounts Committee	Remuneration Committee	Selection Committee	Ethics, CSR and Patronage Committee	Start of first term	End of current term	Years on the Board
<b>Executive directors</b>								
<b>Martin Bouygues</b> Chairman and CEO	62					1982	2015	32
<b>Olivier Bouygues</b> Deputy CEO, standing representative of SCDM	64					1997 <sup>a</sup>	2016	30
<b>Directors qualified as independent by the Board (see section 5.2.1.2)</b>								
<b>Anne-Marie Idrac</b>	63	•			(Chair) •	2012	2015	2
<b>Helman le Pas de Sécheval</b>	48	(Chair) •	•			2008	2017	6
<b>Colette Lewiner</b>	69		(Chair) •			2010	2016	4
<b>Jean Peyrelevade</b>	75			(Chair) •		1994	2016	20
<b>François-Henri Pinault</b>	52		•	•		2005 <sup>b</sup>	2016	16
<b>Rose-Marie Van Lerberghe</b>	67				•	2013	2016	1
<b>Directors representing employee shareholders</b>								
<b>Sandra Nombret</b>	41				•	2010	2016	4
<b>Michèle Vilain</b>	53	•				2010	2016	4
<b>Directors representing employees</b>								
<b>Raphaëlle Deflesselle</b>	42					2014	2016	0
<b>Michel Bardou</b>	59					2014	2016	0
<b>Salaried directors from Bouygues business segments or Alstom</b>								
<b>François Bertière</b>	64					2006	2015	8
<b>Yves Gabriel</b>	64					2002	2015 <sup>c</sup>	12
<b>Patrick Kron</b>	61					2006	2016	8
<b>Hervé Le Bouc</b>	62					2008	2017	6
<b>Nonce Paolini</b>	65					2008	2017	6
<b>Other directors</b>								
<b>SCDM (represented by Olivier Bouygues)</b>						1991	2016	23
<b>Mrs Francis Bouygues</b>	90					1993	2015	21
<b>Jean-Paul Chifflet</b>	65			•		2013	2016	1
<b>Georges Chodron de Courcel</b>	64	•		•		1996	2015	18

(a) From 1984 to 1997, either in a personal capacity or as a standing representative.

(b) From 1998 to 2005 as a representative of Financière Pinault.

(c) Yves Gabriel resigned from the Board of Directors on 15 March 2015.

Information about the terms of office and duties of directors in other French or foreign companies is given above (see section 5.1).

## Directors' skills

The following table summarises the principal areas of expertise and experience of the directors. Information on their professional experience is set out in section 5.1 above.

	Construction activities Transport <sup>a</sup>	Media	Telecoms	Banking, Finance	International	CSR	Other <sup>b</sup>
<b>Executive Directors</b>							
Martin Bouygues	•	•	•		•		•
Olivier Bouygues	•				•	•	•
<b>Directors qualified as independent by the Board (see section 5.2.1.2)</b>							
Anne-Marie Idrac	•				•	•	
Helman le Pas de Sécheval				•		•	•
Colette Lewiner		•			•		•
Jean Peyrelevade				•	•		
François-Henri Pinault					•		•
Rose-Marie Van Lerberghe							•
<b>Directors representing employee shareholders</b>							
Sandra Nombret	•				•		
Michèle Vilain	•						•
<b>Directors representing employees</b>							
Michel Bardou	•						
Raphaëlle Deflesselle			•				•
<b>Salaried directors from Bouygues business segments or Alstom</b>							
François Bertière	•					•	
Yves Gabriel	•				•	•	•
Patrick Kron	•				•		•
Hervé Le Bouc	•				•	•	•
Nonce Paolini		•	•				•
<b>Other directors</b>							
<b>Mrs Francis Bouygues</b>							
Jean-Paul Chifflet				•	•		
Georges Chodron de Courcel				•	•		

(a) Property, Construction, Urban development, Concessions, Transport.

(b) Industry, Energy, Retail, IT, HR, Health.

## Changes in the membership of the Board of Directors in 2014

During 2014, the membership of the Board of Directors changed as follows:

Renewals (OGM of 24 April 2014)	Hervé Le Bouc Helman le Pas de Sécheval (independent) Nonce Paolini
Appointments (Group Council, 20 May 2014)	Raphaëlle Deflesselle Michel Bardou (Directors representing employees)

For the first time, the Board integrated two directors representing employees, in accordance with the Job Security Act of 14 June 2013. These directors were appointed in accordance with law and the articles of association as amended during the Annual General Meeting of 24 April 2014 by the Group Council, a body that brings together around 30 representatives drawn from the 400 works councils that cover all the Bouygues group's business activities in France.

The integration of the two directors representing employees proceeded without difficulty, the Board having for many years included two directors representing employee shareholders.

Meetings were organised to pass on to the two new directors the information they require to take up their functions. Training developed for directors will also be available to them.

During 2014, the membership of the committees changed as follows:

	Up to 25 February 2014	As from 25 February 2014
<b>Selection Committee</b>		
Chairman	Jean Peyrelevade (independent director)	Jean Peyrelevade (independent director)
Members	Georges Chodron de Courcel François-Henri Pinault (independent director)	Jean-Paul Chifflet Georges Chodron de Courcel François-Henri Pinault (independent director)
<b>Ethics, CSR<sup>a</sup> and Patronage Committee</b>		
Chairwoman	Anne-Marie Idrac (independent director)	Anne-Marie Idrac (independent director)
Members	Sandra Nombret (representing employee shareholders)	Sandra Nombret (representing employee shareholders) Rose-Marie Van Lerberghe (independent director)

(a) The remit of the Ethics and Patronage Committee has been extended to include CSR.

### 5.2.1.2 Independent directors

#### Assessing director independence

To retain independent director status, the Rules of Procedure of the Board of Directors refer to the criteria set forth in the Afep/Medef Code. It stipulates that, when identifying independent directors, the Board of Directors must attach greater weight to substance than to form. To this end, the Selection Committee gives an opinion on the circumstances of each of its members.

In accordance with the recommendations of the Afep/Medef Code, after seeking the opinion of the Selection Committee, the Board of Directors carried out its annual assessment of Board members and determined the proportion of its members that were independent. It reviewed each director's situation in light of the independence criteria defined by the Afep/Medef Code.

According to the Afep/Medef Code, "A director is independent when he or she has no relationship of any kind whatsoever with the company, its Group or the management of either that is such as to colour his or her judgement. Accordingly, an independent director is to be understood not only as a non-executive director, i.e. one not performing management duties in the company or its Group, but also as one devoid of any particular bonds of interest (significant shareholder, employee, other) with them".

Note that the independence criteria applied by the Afep/Medef Code are as follows:

- (1) not being an employee or executive director of the company or an employee or director of its parent company or of a company that it consolidates; and not having been in such a position during the previous five years;
- (2) not being an executive director of a company in which the company holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive director of the company (currently in office or having held such office going back five years) is a director;
- (3) not being (or not being directly or indirectly related to) a customer, supplier, investment banker or commercial banker that is material for the company or its Group, or for which the company or its Group represents a significant part of its business;

- (4) not being related by close family ties to a corporate officer;
- (5) not having been an auditor of the company within the previous five years;
- (6) not having been a director of the company for more than 12 years;
- (7) not holding a significant percentage (more than 10%) of the company's share capital or voting rights.

The Board of Directors may conclude that even though directors meet these criteria, they cannot be considered independent because of their specific situation. Conversely, the Board may decide that a director who does not meet certain criteria set forth in the Afep/Medef Code is nonetheless independent.

#### Criteria used to conclude the absence of material business relationships

Before identifying them as independent directors, the Board ensured that the individuals concerned had no material business relationship with Bouygues or a Group company that could create a conflict of interest, even of a potential nature, with the company or its Group.

First of all it ensured that, in accordance with criterion 3 mentioned above, none of the individuals in question was, or was directly or indirectly related to, a customer, supplier, investment banker or commercial banker that is material for Bouygues or a company of the Bouygues group, or for which Bouygues or a company of the Bouygues group represents a significant part of its business. In this respect, the Board did not deem it fit, given the diversity of situations possible, to set a quantitative threshold below which a business relationship would not be considered material; instead the situation is assessed case by case. As such, the Board was able to determine that no business relationship, even of a minor nature, liable to call into question the independence of the individuals in question, existed between the directors concerned and the company or its Group.

The Board also referred to the definition of the Conflicts of Interest Compliance Programme that it approved in January 2014 and whereby "There is a conflict of interest when the personal interests of an employee, senior executive or executive officer of the Group are in conflict with or compete with the interests of the Group company they work for. The concept of personal interests should be understood in the broadest sense of the term. It may involve the person's direct interests (material or simply

moral) as well as the interests of a closely associated person (someone in their immediate entourage or entity with whom/which they have direct or indirect relationships)". Additional recommendations on the management of conflicts of interest are given in section 5.2.1.9 below.

It should be noted that Colette Lewiner is also a director of Colas, a company held 96.6% by Bouygues. In accordance with the Application Guide of the Afep/Medef Code published in December 2014, she will refrain from participating in the decisions of the Bouygues Board of Directors in the event of conflicts of interest between Bouygues and its subsidiary Colas.

### The specific case of the two independent directors who have held seats for more than 12 years

The Bouygues Board of Directors considers that Jean Peyrelevade and François-Henri Pinault, who have held seats for more than 12 years, are nonetheless independent directors. In response to a remark by the High Committee for Corporate Governance on this last point, Martin Bouygues stressed that the Board of Directors was attentive to the risk that overly extended presence may dull the critical sense of directors. However, as Bouygues is a complex and diversified group, directors need some time to acquire true experience of all the Group's business segments and fully understand the strategic issues of all their markets. The last two paragraphs of Article 9.3 of the Afep/Medef Code also urge boards of directors to not apply independence criteria in an abstract fashion.

More than any other criteria, it is the strength of character, experience, skills and sense of responsibility that ensure the independent points of

view required by the Board of Directors. A thorough examination was made of the character and career of all the directors concerned. The Board considered that Jean Peyrelevade and François-Henri Pinault have consistently shown the greatest independence in the functions they have held. While Jean Peyrelevade carries out his professional duties at an investment bank, he holds no function that could place him in a situation of conflict of interest with Bouygues. The personal position of François-Henri Pinault, as Chairman and CEO of a world-ranking retail group, is a robust guarantee of independence.

It is for these reasons that the Board identified Jean Peyrelevade and François-Henri Pinault as independent. The Board did however take note of the importance placed by the High Committee of Corporate Governance and the AMF alike on the criterion of length of service. Martin Bouygues assured that this question will be carefully reviewed during the Board's future deliberations on its membership.

### Conclusion

After examining the situation of each of the persons concerned in light of all these criteria and ensuring that none of them had a material business relationship with the company, the Board concluded that six directors (Anne-Marie Idrac, Helman le Pas de Sécheval, Colette Lewiner, Jean Peyrelevade, François-Henri Pinault and Rose-Marie Van Lerberghe) were independent. The table below shows each director's situation in light of the independence criteria, as stated above, and the classification chosen by the Board.

	Criterion 1	Criterion 2	Criterion 3	Criterion 4	Criterion 5	Criterion 6	Criterion 7	Classification chosen by the Board
Martin Bouygues		•			•			Not independent
Olivier Bouygues		•			•			Not independent
Michel Bardou		•	•	•	•	•	•	Representing employees
François Bertière			•	•	•	•	•	Not independent
Mrs Francis Bouygues	•	•	•		•		•	Not independent
Jean-Paul Chifflet	•	•		•	•	•	•	Not independent
Georges Chodron de Courcel	•	•		•	•		•	Not independent
Raphaëlle Deflesselle		•	•	•	•	•	•	Representing employees
Yves Gabriel			•	•	•		•	Not independent
Anne-Marie Idrac	•	•	•	•	•	•	•	Independent
Patrick Kron			•	•	•	•	•	Not independent
Hervé Le Bouc			•	•	•	•	•	Not independent
Helman le Pas de Sécheval	•	•	•	•	•	•	•	Independent
Colette Lewiner		•	•	•	•	•	•	Independent
Sandra Nombret		•	•	•	•	•		Representing employee shareholders
Nonce Paolini			•	•	•	•	•	Not independent
Jean Peyrelevade	•	•	•	•	•		•	Independent
François-Henri Pinault	•	•	•	•	•		•	Independent
Rose-Marie Van Lerberghe	•	•	•	•	•	•	•	Independent
Michèle Vilain		•	•	•	•	•		Representing employee shareholders



Without taking account of directors representing employees or directors representing employee shareholders, and in accordance with Article 9.2 of the Afep/Medef Code, six of the 16 directors, representing a proportion of 37.5%, were considered independent by the Board.

### Proportion of independent directors

According to Article 9.2, paragraph 2 of the Afep/Medef Code, *“Independent directors must represent at least half of all Board members in widely held companies with no controlling shareholder. In companies with a controlling shareholder (within the meaning of Article L. 233-3 of the Commercial Code) independent directors must represent at least one third of all Board members. Directors representing employees and directors representing employee shareholders are not included when calculating the proportion of independent directors”*.

According to Article 1.3 of the Afep/Medef Code, *“It is not desirable, having regard to the great diversity of listed corporations, to impose formal and identical ways of organisation and operation for all Boards of Directors. The organisation of the Board’s work, and likewise its membership, must be suited to the shareholder make-up, to the size and nature of each firm’s business (...). Each Board is the best judge of this, and its foremost responsibility is to adopt the modes of organisation and operation enabling it to carry out its mission in the best possible manner”*.

The Rules of Procedure of the Bouygues Board of Directors also specify that at least one third of directors must be independent within the meaning of the Afep/Medef Code.

In response to a remark by the High Committee for Corporate Governance on this last point, Martin Bouygues drew its attention to the fact that the company is not controlled within the meaning of Article L. 223-3 of the Commercial Code and that its capital is not widely held. At 31 December 2014, SCDM and the employee share ownership funds, long-term investors, held 44.2% of the share capital and 57.8% of the voting rights. As such, the Board of Directors considered that the proportion of one third of independent directors was adapted to the capital structure of Bouygues and sufficient to prevent any conflicts of interest and ensure the proper governance of the company. The Board also paid particular attention to the quality of the independent directors whose appointment is submitted for approval by the Annual General Meeting.

In the future, as current terms of office expire, the Board will continue to change its membership so as to increase the proportion of independent directors, notably by emphasising the length of service criterion.

### 5.2.1.3 Gender balance on the Board and committees

At 31 December 2014, without taking account of directors representing employees, as set forth in Article L. 225-27-1 I of the Commercial Code and Article 6.4 of the Afep/Medef Code, but taking account of directors representing employee shareholders, six of the 18 directors on the Board were women, or a proportion of 33%.

The Board also ensures balanced gender representation on its committees. At 31 December 2014, six of the 14 committee members were women, or a proportion of 43%.

In accordance with the recommendations of the Afep/Medef Code, the Board will seek to increase the proportion of women on the Board to at least 40% as from the Ordinary General Meeting held in 2016.

### 5.2.1.4 Management bodies

The law stipulates that the Board should elect one of its individual members as Chairman to organise and direct the Board’s work and ensure the smooth running of the company’s management bodies. The Board entrusts executive power over the company either to the Chairman of the Board of Directors or to another individual, who may or may not be a director, who has the title of Chief Executive Officer.

In April 2002, the Board of Directors opted not to separate the functions of Chairman and Chief Executive Officer. It has consistently renewed that option; the last to date was in April 2012.

The Board considers that combining the positions of Chairman and Chief Executive Officer is a source of effective governance, particularly in view of the Bouygues group’s organisational structure: Martin Bouygues is Chairman and Chief Executive Officer of Bouygues, the Group’s parent company. He does not, however, have general management authority over the Group’s five business segments; this is vested in the senior management of its major subsidiaries: Bouygues Construction, Bouygues Immobilier, Colas, TF1 and Bouygues Telecom. Martin Bouygues does not therefore combine operational responsibility over these subsidiaries with his other duties. While Bouygues and its Chairman sometimes play an important role in projects that are essential for the Group, they do not replace the senior management of the Group’s business segments.

Martin Bouygues is Chairman of the Board of Directors and Chief Executive Officer. Olivier Bouygues is Deputy Chief Executive Officer, and has the same powers as the Chief Executive Officer. At the end of the Combined Annual General Meeting held on 26 April 2012, the Board of Directors reappointed Martin Bouygues as Chairman and Chief Executive Officer for the period of his term of office as a director, i.e. until the end of the Ordinary General Meeting called to approve the 2014 financial statements. The Board also decided to reappoint Olivier Bouygues as Deputy Chief Executive Officer throughout Martin Bouygues’ term of office as Chairman and Chief Executive Officer. Should Martin Bouygues cease to be Chief Executive Officer, Olivier Bouygues’ duties would cease on the date on which a new Chief Executive Officer was appointed, unless the Board decided that those duties should cease immediately or, conversely, that they should continue at the proposal of the new Chief Executive Officer.

There is no senior director or Vice Chairman.

### 5.2.1.5 Restrictions on the powers of the Chief Executive Officer – Powers of the Board of Directors

In accordance with the law and the articles of association, the Chief Executive Officer has the broadest possible powers to act on the company's behalf under all circumstances. He exercises these powers within the confines of the corporate purpose and subject to powers expressly granted by law to general meetings of shareholders and the Board of Directors.

The Board of Directors has the powers and carries out the tasks laid down by law. In addition, the Rules of Procedure of the Board of Directors specify the following:

- the Board, assisted where applicable by an *ad hoc* committee, reviews and decides on genuinely strategic activities;
- the strategic priorities, business plans and the financing policy for the business segments and the Group are presented to the Board for approval;
- any operations considered to be of importance for the Group as a whole, including investments or organic growth, acquisitions outside the Group, divestments, and internal restructuring measures, must also be granted prior approval by the Board, particularly those that fall outside the scope of the business strategy announced by the company;
- the Board authorises major corporate finance transactions carried out by way of public offering or private placement, as well as major guarantees and commitments;
- the Board monitors the quality of information provided to shareholders and the markets, particularly through the financial statements and in connection with major transactions.

Furthermore, a number of practices have for several years contributed to ensuring the proper governance of the company and to limiting the powers of the Chairman and Chief Executive Officer. In this respect, the following best practices can be cited:

- the existence (since 2002) of Rules of Procedure setting forth the rules governing the operation of the Board of Directors and the rules of conduct applying to directors;
- the existence of specialised committees tasked with preparing the work of the Board in the following areas: determining the remuneration of senior executives (since 1995); accounting and auditing (since 1996); the selection of directors (since 1997); ethics, patronage (since 2001) and CSR (since 2014);
- the presence of a significant proportion of independent directors on the Board and on all the committees (see section 5.2.1.2);
- the presence of directors representing employee shareholders (since 1995) on the Board and (since 2013) on two committees (Accounts, Ethics, CSR and Patronage);
- annual meetings (since 2014) held between non-executive directors without executive or salaried directors being present, in particular to consider future management arrangements and assess the performance of the executive directors;
- the existence (since 2006) of a Code of Ethics and (since 2010) rules of conduct for directors;

- the existence (since 2014), at the initiative of the Ethics, CSR and Patronage Committee, of four Compliance Programmes, including one on conflicts of interest and another on financial information and securities trading.

### 5.2.1.6 Rules of Procedure, corporate governance code and Afep/Medef Code waivers

#### Rules of Procedure

At its meeting in September 2002 the Board adopted the Rules of Procedure to clarify the conditions under which its work is prepared and organised. These Rules of Procedure, which are reviewed regularly, have since been amended on numerous occasions in order to comply with changes in laws and regulations and to take account of recommendations issued by the AMF, changes to the Afep/Medef Code, as well as Bouygues' own internal control principles. The Rules of Procedure were notably amended in August 2013 to take account of the Afep/Medef Code as updated in June 2013. They were also amended in February 2014 to extend the remit of the Ethics and Patronage Committee to include CSR, strengthen the prohibition on trading in Group shares during closed periods (with the removal of the possibility of exercising stock options during those periods without reselling the shares immediately), and introduce an annual review by the Accounts Committee of the summary of the company's internal control assessment. The main contents of the Rules of Procedure are summarised in this report. The full text can be downloaded from the company's website [www.bouygues.com](http://www.bouygues.com) under Group, Corporate governance, Board of Directors.

#### Corporate governance code

For many years Bouygues has referred to the Afep (French Association of Private Companies) and Medef (French employers' federation) recommendations on corporate governance. Pursuant to Article L. 225-37, paragraph 7 of the Commercial Code, in March 2009 the Board of Directors decided that in corporate governance matters it would voluntarily refer to the provisions of "The Corporate Governance of Listed Corporations", a code published in December 2008 by Afep and Medef. In August 2013, the Board of Directors decided to refer to the June 2013 update of the Afep/Medef Code (hereafter "the Afep/Medef Code").

The Afep/Medef Code can be downloaded from the Medef website at [www.medef.com](http://www.medef.com) and from the Afep website at [www.afep.com](http://www.afep.com).

It is also included as an appendix to the Rules of Procedure of the Board of Directors and on the [www.bouygues.com](http://www.bouygues.com) website.

## Afep/Medef Code: waivers

The following table shows the provisions of the Afep/Medef Code that have been waived by the company and the reasons why:

Provisions of the Afep/Medef Code waived	Explanation for waiver
<b>Proportion of independent directors on the Board Article 9.2, paragraph 2</b>	See section 5.2.1.2.
<b>Independent director status Article 9.4</b> Among the criteria to be reviewed by the Selection Committee and the Board in order to qualify a director as independent, <i>the Afep/Medef Code mentions "not to have been a director of the corporation for more than twelve years"</i> .	See section 5.2.1.2.
<b>Assessing director independence Article 10.2</b> In particular, the Board's assessment should enable it to <i>"measure the actual contribution of each director to the Board's work through his or her competence and involvement in discussions"</i> .	The involvement and the smooth operation of the Board hinge on the spontaneity and freedom of expression of the directors, as well as on the climate of trust established between them. The Board does not measure each director's actual contribution to the work of the Board. Individual assessments of the directors are carried out by the Selection Committee. As part of the annual review of the Board's membership, the Selection Committee looks at how the members have contributed to the operation of the Board and its committees. If it considers that certain directors have failed to make a sufficient contribution to the work of the Board, it is responsible for drawing the relevant consequences as part of its proposals concerning the Board's membership.

### 5.2.1.7 Operation of the Board of Directors

#### Convening notices, quorum and majority

The articles of association reiterate or stipulate the following rules: the Board of Directors meets as often as the company's interests require, as convened by the Chairman, either at the registered office or at any other place; convening notices may be issued by any method, including verbally; the Board may only validly deliberate where at least half its members are in attendance; decisions are made on the basis of a majority of those members in attendance or represented; in the event of a tie, the Chairman of the meeting has the casting vote.

The Rules of Procedure stipulate that any director who participates in a Board meeting by video-conferencing, or any other telecommunications means with technical characteristics that allow directors to be identified and participate fully in the meeting, is deemed to be in attendance for the purposes of quorum and majority. In accordance with law, this provision does not apply to decisions on the preparation of the full-year parent company and consolidated financial statements or the management report.

#### Board meetings

The Rules of Procedure stipulate that in principle the Board of Directors holds five ordinary meetings a year (January, February/March, May, August and November). In January, the Board reviews the estimated sales and earnings for the previous financial year; and the strategic priorities, business plans and the financing policy for the business segments and the Group are presented to it for approval. In February/March, the Board closes the financial statements for the previous financial year; in May, it closes the first-quarter financial statements; in August, it closes the first-half financial statements; in November, it closes the nine-month financial statements. Other Board meetings are held as the Group's business requires.

The agenda for closing the financial statements is in three parts: business activity, accounting and legal affairs. A detailed review of each item is provided to each director.

The statutory auditors are systematically convened to all meetings at which the Board reviews full-year or first-half financial statements.

Persons who are not Board members, whether Bouygues group employees or not, may be invited to attend all or part of Board meetings.

#### Information provided to the Board of Directors

The Rules of Procedure stipulate that the Chairman or Chief Executive Officer must provide each director with all the documents and information needed to fulfil his or her duties, including:

- the information needed to follow the progress of business activities and in particular sales figures and order books;
- the financial situation and in particular the company's cash position and commitments;
- any event that materially affects the Group's consolidated financial results or that may do so;
- material events in the human resources area and in particular changes in the workforce;
- major risks to the company, any change therein, and the steps taken to control them.

Each quarter, senior management presents a report on consolidated sales and earnings for the quarter just ended to the Board of Directors.

Each director may, at his or her own initiative, gather additional information; the Chairman, Chief Executive Officer, Deputy Chief Executive Officer, as well as the Chief Financial Officer and the Corporate Secretary, are always available to provide Board members with explanations and any other relevant information.

Directors may also meet with key senior executives of the company, including when the executive directors are not present, provided that the latter have been informed in advance.

Through their work and the reports they produce, the committees tasked by the Board with studying specific matters help to ensure that the Board is properly informed and prepared for the decisions it has to make (see section 5.2.1.8).

Directors always receive all documents publicly issued by the company or its subsidiaries, and in particular all information intended for shareholders.

Directors may, if they wish, receive additional training in matters pertaining to the company and its businesses and sectors of activity.

## Work of the Board in 2014

The Board of Directors met 12 times in 2014. The attendance rate was 91%.

On 21 January 2014, the Board reviewed the three-year strategic priorities and business plans for the Group and its business segments. It reviewed the mapping of the Group's major risks. It heard the report of the Ethics, CSR and Patronage Committee. The Compliance Programmes were presented to it. It authorised one regulated agreement.

Following this meeting, the non-executive directors met, without the executive directors or salaried directors being present, with a view notably to assessing the executive directors and considering future management arrangements.

On 14 February 2014, having heard the Accounts Committee's report, the Board recognised an accounting write-down against Bouygues' investment in Alstom. It approved the wording of the press release.

At its 25 February 2014 meeting, the Board reviewed business for 2013, and the outlook and objectives for the Group and its business segments for 2014. It examined the results of Alstom for the third quarter of FY2013/2014. It reviewed the position of the Group's business segments compared with that of their main competitors. It familiarised itself with the 2013 consolidated financial statements and parent company financial statements. It heard the Accounts Committee's report and the statutory auditors' opinion on these financial statements. It closed the parent company financial statements, accounting and forecasting documents, the consolidated financial statements, the proposed appropriation of net profit, the management report and in particular, after hearing the Remuneration Committee's report concerning the variable component of the remuneration of the two executive directors and the four senior executives of the business segments, remuneration and stock options granted in 2013, the section on the remuneration of corporate officers and the special report on stock options. It also signed off on the description of the share buyback programme in the management report. It approved the Report by the Chairman on corporate governance and internal control.

After hearing the Selection Committee's report, the Board examined the Committee's membership in light of the issues of gender balance on the Board. It decided to ask the Annual General Meeting of 24 April 2014 to renew the directorships of Hervé Le Bouc, Helman le Pas de Sécheval and Nonce Paolini. Having familiarised itself with the favourable opinion of the Group Council, it decided to ask the Annual General Meeting to amend the articles of association to permit the appointment of directors representing employees. It signed off on the membership of the Selection Committee and the Ethics, CSR and Patronage Committee.

Having familiarised itself with the Remuneration Committee's report, the Board determined the remuneration of senior executives for 2013, and it signed off the rules for determining the remuneration of senior executives for 2014. It decided on a new stock option plan for the Group's senior executives and employees and drew up the list of beneficiaries. The Board delegated power to the Chairman and Chief Executive Officer to set the subscription price for options, in accordance with law.

It decided to convene a Combined Annual General Meeting for 24 April 2014. It drew up the agenda and prepared the wording of the resolutions to be submitted to the Combined Annual General Meeting, together with its report on those resolutions.

At the same meeting, it renewed for one year the authority granted to Martin Bouygues and Olivier Bouygues to make decisions on issuing bonds, to repurchase or exchange existing Bouygues bonds, and to retain, cancel or resell repurchased bonds. It drew up the list of companies that fall within the scope of tax election. It amended the Rules of Procedure of the Board of Directors. It approved the wording of the press release.

On 5 March 2014, the Board reviewed the plan to merge Bouygues Telecom and SFR. It approved the wording of the press release.

On 12 March 2014, the Board met to rule on the submission of an adjusted offer to Vivendi with a view to merging Bouygues Telecom and SFR. It approved the wording of the press release.

On 20 March 2014, the Board reviewed the adjustments enabling Bouygues to submit a third offer. It approved the wording of the press release.

On 3 April 2014, the Board amended the draft resolution to be submitted to the Annual General Meeting of 24 April 2014 concerning the payment of the dividend in respect of the 2013 financial year, giving shareholders the option to receive the dividend in shares.

On 24 April 2014, the Board met before the Annual General Meeting to draw up the responses to the written questions submitted by a shareholder.

On 15 May 2014, the Board reviewed Alstom's plan to sell its Power activities and possible developments in the telecommunications sector. It reviewed the company's business and financial statements to 31 March 2014. It familiarised itself with the Alstom group's FY2013/2014 results and outlook. It familiarised itself with bases for comparison between the Group and its competitors. It reviewed the action plans and the outlook and objectives for the Group and its business segments. Having heard the Accounts Committee's report on the financial statements and the statutory auditors' opinion, it closed the first-quarter financial statements. It approved the wording of the press release.

On 23 June 2014, the Board reviewed the financial arrangements and governance measures of the agreement signed on 22 June 2014 between Bouygues and the Agence des Participations de l'État (French Investment Agency) on the French state's acquisition of a stake in Alstom.

On 27 August 2014, the Board reviewed the company's key figures and business activity to 30 June 2014, bases for comparison between the Group and its competitors, as well as the outlook and objectives for 2014. Having heard the opinions of the Accounts Committee and the statutory auditors, it closed the first-half financial statements and approved the Half-year Financial Review. It renewed the authority granted to the Chairman and Chief Executive Officer to give guarantees, endorsements and sureties. It approved the wording of the press release.



On 13 November 2014, the Board reviewed the company's business and financial statements to 30 September 2014 as well as the outlook and objectives for 2014. The Board carried out a self-assessment and considered company policy on equal opportunities and gender pay equality. It authorised a number of regulated agreements and reviewed the regulated agreements for which the effects continue over time. It approved the wording of the press release.

### 5.2.1.8 Board committees

Committees are tasked by the Board of Directors with studying matters submitted for their review by the Board or its Chairman, as well as any matters that may be assigned to them by law. Four Committees have been set up since 1995: the Remuneration Committee, the Accounts Committee, the Selection Committee and the Ethics, CSR and Patronage Committee.

Annexes to the Rules of Procedure, the content of which is indicated below, define the membership, remits and operating rules of the four committees. Executive directors and salaried directors of the Bouygues cannot sit on the committees. The committees are chaired by independent directors.

The Board determines the membership and remits of the committees, which carry out their activities under the Board's responsibility. The Board appoints committee members from among directors and non-voting directors, on the understanding that the Accounts Committee must consist only of directors.

#### Accounts Committee

Article L. 823-19 of the Commercial Code, arising from the Order of 8 December 2008, requires French listed companies to form, within the Board, a "specialised" committee tasked with overseeing matters relating to the preparation and audit of accounting and financial information. Bouygues had long anticipated this reform, as it set up its Accounts Committee in 1996.

In accordance with law, the Accounts Committee acts under the responsibility of the Board of Directors. As part of its role of overseeing matters relating to the preparation and audit of accounting and financial information, the Accounts Committee is tasked more specifically with overseeing the following:

- The process for preparing financial information. This involves:
  - reviewing the parent company and consolidated financial statements at least two days before they are presented to the Board;
  - ensuring that the accounting methods used to draw up the financial statements are both relevant and consistent;
  - reviewing the internal control procedures for the preparation of the financial statements, in conjunction with the relevant internal departments and advisors;
  - reviewing any changes that have a material impact on the financial statements;
  - reviewing the main accounting options, estimates and judgements made at year-end, as well as the main changes in the scope of consolidation.
- The effectiveness of internal control and risk management systems. This notably involves:
  - reviewing once a year the key risks faced by the company, any changes in those risks and the steps taken to control them;
  - reviewing once a year the main risks relating to information systems;
  - reviewing once a year the summary of the company's internal control assessment;
  - reviewing at least once a year the main accounting and financial risks faced by the company, any change therein, and the steps taken to control them;
  - ensuring that the head of the Internal Audit department presents, at least once a year, the department organisation chart, along with the audit plan and a summary of his or her reports and the action taken in light of his or her recommendations.
- The audit of the parent company and consolidated financial statements by the statutory auditors.
- The independence of the statutory auditors. This involves:
  - reviewing the breakdown of the fees paid by the company and Group companies to the statutory auditors' network, and ensuring that they do not represent a proportion of the auditors' revenue such that their independence may be impaired;
  - supervising the auditor selection and renewal procedure; making recommendations on statutory auditors proposed for appointment at general meetings.

In addition to carrying out general and regular checks, the Committee selects specific topics for in-depth review, such as the consequences of disposals or acquisitions. It checks the accounting treatment of the major risks incurred by Group companies, particularly country risk and, for example, at Bouygues Construction, risks involved in the execution of certain projects. The Committee pays particular attention to changes in accounting methods and to the main accounting options used to close the financial statements.

The Accounts Committee issues all reports and recommendations in relation to the above, both periodically when the financial statements are closed and as required by circumstances.

The Accounts Committee reviews the draft Report by the Chairman on internal control and risk management, and, if necessary, comments on this draft.

The Accounts Committee must have at least three members with specific skills in finance and accounting. It must not include any Bouygues executive directors or senior executives. At least two thirds of its members, including the Committee Chairman, are independent directors. Directors representing employees and directors representing employee shareholders are not included when calculating the proportion of independent directors.

A director may not be appointed to the Bouygues Accounts Committee if he or she also serves as a director of a company where a Bouygues director is a member of an equivalent committee.

At 31 December 2014, the members of the Accounts Committee were Helman le Pas de Sécheval (Chairman), Georges Chodron de Courcel, Anne-Marie Idrac and Michèle Vilain. Helman le Pas de Sécheval and Anne-Marie Idrac are independent directors. Bouygues thus complies with the Afep/Medef Code recommendation whereby at least two-thirds of the members of the Accounts Committee must be independent directors. Michèle Vilain, the director representing employee shareholders, is not included in the calculation, in accordance with Article 16.1 of the Afep/Medef Code.

On appointment, members of the Accounts Committee receive information on accounting, financial and operational matters specific to the company. Three members of the Accounts Committee have extensive financial skills, as can be seen from their careers and the positions they hold or have held in other groups or establishments. Helman le Pas de Sécheval was head of the Financial Operations and Information department of the Commission des Opérations de Bourse (which became the AMF), finance director of the



Groupama group and managing director of Groupama Centre-Atlantique. Georges Chodron de Courcel has held significant financial responsibilities within the BNP Paribas group, where he was Chief Operating Officer from 2003 to June 2014, and is Chair of Nexans' Accounts Committee. Anne-Marie Idrac was notably director general at the Public Development Agency (EPA) of Cergy-Pontoise, Chair and CEO of the RATP (Paris public transport authority), and Chair of the SNCF (French state railways).

Committee meetings are valid only if two members, including the Committee Chairman, are in attendance. The Committee meets at the initiative of its Chairman or at the request of the Chairman of the Board of Directors. It meets at least twice each year to review the first-half and full-year financial statements before they are submitted to the Board. The Committee Chairman draws up the agenda. The opinions put forward by the Committee are based on a simple majority. In the event of a tie, the Chairman holds the casting vote.

To carry out its duties, the Committee has access to all accounting and financial documents that it deems useful. It must also meet with the statutory auditors and directors of the company who are in charge of finance, accounting, cash management and internal audit without the company's corporate officers being present.

The Committee also has the option of consulting external experts, as provided for in the Afep/Medef Code.

The statutory auditors provide the Accounts Committee with a summary of their work and of the accounting options used in preparing the financial statements.

The Committee meets the statutory auditors without a company representative being present, at least once a year, to ensure that they have been given full access to information and that they have all the resources they need to fulfil their duties.

During the review of the financial statements, the statutory auditors submit to the Accounts Committee a memorandum pointing out the essential aspects of the scope of consolidation, the findings of the statutory audit, notably adjustments and significant flaws in the internal control system identified during their work, the results and the accounting options chosen. The Chief Financial Officer provides the Committee with a memorandum describing the company's risk exposure and any material off-balance sheet commitments.

Key recommendations made by the statutory auditors are covered by an action plan and monitoring procedures presented to the Accounts Committee and senior management at least once each year.

The Accounts Committee's deliberations and the information provided to it are of a particularly confidential nature and must not be disclosed outside the Board of Directors. However, this rule does not impinge upon the financial reporting obligations incumbent upon listed companies.

The Committee reports on its work at the following meeting of the Board of Directors, in the form of reports that state the actions it has taken, its findings and any recommendations it may have. The Committee immediately informs the Board of any difficulties encountered in performing its duties.

## Work of the Accounts Committee in 2014

The Accounts Committee met six times in 2014. The attendance rate was 87.5%.

The Accounts Committee reviewed, at least two days before they were presented to the Board, the quarterly, first-half and full-year parent company and consolidated financial statements, the draft Half-year Financial Review and corresponding draft press releases, as well as the section of the draft Report by the Chairman on internal control and risk management procedures. It also reviewed, among other things, the following subjects:

- accounting standards and rules applied by the Group;
- oversight of the statutory audit of the financial statements by the statutory auditors;
- monitoring fees paid to the statutory auditors;
- the Group's cash position;
- scrutiny of internal control arrangements in each business segment;
- mapping of the Group's major risks;
- insurance policies;
- results of the internal control assessment programme;
- fraud reporting;
- audit plan, audit summary;
- table showing provisions;
- impact on the balance sheet of the sale by the Group of Eurosport and Cofiroute;
- impact of new IFRSs;
- impact of the new levies introduced by the French public authorities;
- depreciation of Alstom shares;
- impairment testing of Bouygues' shareholdings in TF1, Bouygues Telecom and Colas;
- tax adjustment on an employee share ownership operation;
- consequences of the European reform of external audits; proposal to renew the appointment of Ernst & Young Audit;
- Bouygues Construction: monitoring of major projects (Flamanville EPR, Pan American Games sports facilities in Canada, Hermès project in Cyprus, Gautrain rail link, Stade Vélodrome stadium in Marseille, French Ministry of Defence headquarters (Balard), Paris law courts complex, Tangier port, Sports Hub in Singapore, Hong Kong-Zhuhai-Macao bridge, Chernobyl confinement shelter);
- Bouygues Immobilier: value of land inventory in Spain, arbitration proceedings in Spain, contract for the future headquarters of SMABTP;
- Colas: reorganisation of subsidiaries in France, projects in the United States, Société de la Raffinerie de Dunkerque, activity in Venezuela;
- TF1: situation of LCI, cost of the 2014 FIFA Football World Cup, tax on text messages;
- Bouygues Telecom: impacts of different litigation matters, impact of the agreement with SFR, provisions booked for the voluntary redundancy plan.

In the course of its duties, the Accounts Committee interviewed the Group Chief Financial Officer (regarding material risks and off-balance sheet commitments of the company), the Accounts and Audit Director and the statutory auditors, without senior executives being present.

## Remuneration Committee

The Remuneration Committee was formed in 1995. In accordance with the recommendations of the Afep/Medef Code, it is responsible for:

- submitting proposals to the Board of Directors concerning the remuneration to be paid to executive directors as well as any benefits provided to them;
- proposing and overseeing the rules used to determine the variable component of executive directors' remuneration each year, and ensuring that the arrangements are consistent with their performance and with the company's medium-term strategy;
- proposing a general policy for awarding stock options or bonus shares, stipulating in particular that no discount may be offered on options or bonus shares awarded to Group senior executives, and in particular executive directors; the allotments must be proportional to senior executives' merits and divided equitably between beneficiaries;
- reviewing stock option plans awarded to corporate officers and employees, and making recommendations to the Board on whether the option plans should concern new or existing shares;
- proposing remuneration and incentive arrangements for the Group's senior executives;
- where stock options or performance shares are awarded to the Chairman, Chief Executive Officer or Deputy Chief Executive Officer, making recommendations on the number of shares resulting from the exercise of stock options or performance share grants that the beneficiary is required to retain until the end of his or her term of office;
- proposing the performance conditions applicable to the allotment and exercise of options or performance share grants to the Chairman and Chief Executive Officer and/or the Deputy Chief Executive Officer;
- submitting each year to the Board of Directors the draft Reports on remuneration of corporate officers, and on stock options and performance shares.

The Remuneration Committee must have at least two members. The Committee may not include executive directors or senior executives of the company; it is mainly composed of independent directors. An independent director chairs the Committee.

A director or non-voting director cannot be appointed to the Remuneration Committee if an executive director or salaried director of Bouygues is a member of an equivalent committee in a company in which the former director or non-voting director also serves as executive director.

At 31 December 2014, the members of the Remuneration Committee were Colette Lewiner (Chairwoman), Helman le Pas de Sécheval and François-Henri Pinault. All three are qualified as independent directors by the Board, representing 100% of the Committee's members. Michel Bardou, representing employees, was appointed as member of the Remuneration Committee on 24 February 2015.

The Rules of Procedure stipulate that the Committee meets at the initiative of its Chairman or at the request of the Chairman of the Board of Directors. Committee meetings are valid only where two members, including the Committee Chairman, are in attendance. The Committee Chairman draws up the agenda.

The opinions issued by the Remuneration Committee are based on a simple majority. In the event of a tie, the Chairman holds the casting vote.

In the course of its work, the Committee may meet with the Chairman of the Board of Directors or any other person designated by the Chairman.

The Committee reports on its work at the following meeting of the Board of Directors. When the report on the work of the Remuneration Committee is presented to it, the Board of Directors deliberates with no executive directors present.

## Work of the Remuneration Committee in 2014

The Remuneration Committee met once in 2014. The attendance rate was 100%.

In February 2014, the Remuneration Committee reviewed the calculation of the variable component of the remuneration of business segment senior executives. It proposed to retain the same criteria for determining the variable component of remuneration for 2014. It proposed to specify, for the two executive directors, the rules for determining the variable component of remuneration for 2014. It reviewed the Group's remuneration policy. It examined the conditions under which senior executives receive supplementary retirement benefit. It recommended setting up a new stock option plan. The Committee also examined and put to the Board reports on the remuneration of corporate officers and the grant and exercise of stock options during 2013.

## Selection Committee

The Selection Committee was formed in July 1997. In accordance with the recommendations of the Afep/Medef Code, it is responsible for:

- periodically reviewing issues related to the membership, organisation and operation of the Board of Directors in order to make proposals to the Board;
- reviewing for this purpose:
  - applications for directorships and non-voting directorships, taking care to ensure that at least one third of Board members are independent directors,
  - plans to form analysis committees within the Board, and proposed lists of their remit and members;
- giving an opinion on appointments to the Board and on term-of-office renewals or removals from office of a director or an executive director presented to the Board;
- considering solutions for replacing executive directors in the event of an unforeseen vacancy.

The Selection Committee pays particular attention to the mix of skills, experience and knowledge of the Group business segments that each candidate will need to make an effective contribution to the Board's work.

The Selection Committee comprises two or three directors. It does not include any executive directors and consists mainly of independent directors. An independent director chairs the Committee.

At 31 December 2014, the members of the Selection Committee were Jean Peyrelevade (Chairman), Jean-Paul Chifflet, Georges Chodron de Courcel and François-Henri Pinault. Half of its members are qualified as independent by the Board.

Committee meetings are valid only if two or more of its members, including its Chairman, are in attendance. The Committee meets at the initiative of its Chairman or at the request of the Chairman of the Board of Directors. The Committee Chairman draws up the agenda.

The Chairman of the Board of Directors is involved in the Committee's proceedings. In the course of its work, the Committee may meet with any candidates it considers suitable for positions to be filled.

The opinions issued by the Selection Committee are based on a simple majority. Where only two members are in attendance at a Committee meeting, the Chairman has the casting vote.

The Committee reports on its work at the following meeting of the Board of Directors.

### Work of the Selection Committee in 2014

The Selection Committee met once in 2014. The attendance rate was 100%.

After examining the Board's membership and checking the gender balance, the Selection Committee gave a positive opinion on the reappointment as directors of Hervé Le Bouc, Helman le Pas de Sécheval and Nonce Paolini. The Committee confirmed that Anne-Marie Idrac, Helman le Pas de Sécheval, Colette Lewiner, Jean Peyrelevade, François-Henri Pinault and Rose-Marie Van Lerberghe were independent directors. It reviewed the corporate governance section of the draft Report by the Chairman presented at the Annual General Meeting of 24 April 2014. It reviewed the resolution submitted to the Extraordinary Annual General Meeting of 24 April 2014 whereby the Group Council was given power to appoint two directors representing employees.

### Ethics, CSR and Patronage Committee

The Ethics, CSR and Patronage Committee, set up in March 2001, has the following responsibilities:

- in the field of ethics, the Committee:
  - helps define the rules of conduct or principles underpinning corporate behaviour applicable to senior management and employees alike,
  - makes recommendations or gives an opinion on initiatives aimed at promoting best practices in this area,
  - ensures compliance with the values and rules of conduct thus defined;
- in the field of CSR (since 2014), the Committee:
  - reviews at least once a year Group issues in environmental, human resources and social responsibility,
  - gives its opinion to the Board on the report on CSR as required by Article L. 225-102-1 of the Commercial Code;
- in the field of patronage, the Committee:
  - sets rules or makes recommendations for Bouygues' patronage policy,
  - gives its opinion to the Chairman of the Board on patronage projects identified by Bouygues when they represent a significant financial investment,
  - ensures that its recommendations are implemented and that these projects are properly carried out.

The Ethics, CSR and Patronage Committee also gives the Board an opinion on the report on the social and environmental consequences of the company's business, as required by Article L. 225-102-1 of the Commercial Code.

The Ethics, CSR and Patronage Committee must comprise two or three directors. The Committee is chaired by an independent director who has the casting vote in the event of a tie.

At 31 December 2014, the members of the Committee were Anne-Marie Idrac (Chairwoman), Sandra Nombret and Rose-Marie Van Lerberghe. Anne-Marie Idrac and Rose-Marie Van Lerberghe are independent directors. Raphaëlle Deflesselle, representing employees, was appointed as member of the Committee on 24 February 2015.

The Committee meets at the initiative of its Chairman or at the request of the Chairman of the Board of Directors. In the course of its work, the Committee may meet with the Chairman of the Board of Directors or any other person designated by him. The Committee reports on its work at the following meeting of the Board of Directors.

### Work of the Ethics, CSR and Patronage Committee in 2014

The Ethics, CSR and Patronage Committee met four times in 2014. The attendance rate was 100%.

In the field of patronage, after reviewing numerous projects proposed to Bouygues, the Committee gave a favourable opinion on the commencement or continuation of some 40 patronage initiatives of a humanitarian, medical, social and cultural nature. The main patronage activities are described in chapter 3 of this Registration Document. In all, the different entities of the Group donate some €50 million a year, of which €30 million to €35 million in free advertising space donated by TF1 to charitable organisations.

In the field of ethics, the Committee also monitored ongoing legal proceedings. The Committee reviewed the mechanisms implemented to prevent and detect anti-competitive or unethical business practices. It instigated and was involved in the drawing up of four Compliance Programmes in order to formalise, complete and detail the preventive measures already in force at the Group in the areas of competition, corruption (see chapter 3, section 3.4.4.1 of this Registration Document), financial information and securities trading, and conflicts of interest (see section 5.3 below).

In the field of CSR, for which the Committee has responsibility since 2014, it reviewed the strategies and initiatives led within the Group.

#### 5.2.1.9 Ethical conduct

The directors of Bouygues are required to comply with all the rules of conduct listed in Articles 19 and 20 of the Afep/Medef Code and the Code of Conduct appended to the Rules of Procedure of the Board of Directors. These documents are also available on the Bouygues website.

The Code of Conduct includes detailed requirements regarding directors' duty to be informed, regular attendance and reducing multiple directorships, preventing conflicts of interest, holding shares in the company, confidentiality, and detailed measures for preventing insider dealing.

The Compliance Programmes approved in January 2014 by the Board of Directors set forth rules relating in particular to ethical conduct in securities trading and the prevention of conflicts of interest.

## Rules related to regular attendance and multiple directorships

The Code of Conduct states that directors must devote the necessary time and attention to their functions. They must attend and participate regularly in the meetings of the Board and of any committees of which they are a member. Directors' fees include a variable component of 70% related to regular attendance (see section 5.4.1.3).

All directors are required to comply with the instructions set out in the Commercial Code governing multiple directorships in *Sociétés Anonymes* (public limited companies), as well as the recommendations of the Afep/Medef Code according to which:

- executive directors must not agree to hold more than two directorships in listed companies, including foreign companies, outside their group; they must also seek the opinion of the Board before accepting another directorship in a listed company;
- directors must not agree to hold more than four directorships in listed companies, including foreign companies, outside their group. This recommendation applies to the appointment or the renewal of a term of office as director;
- directors must inform the Board of directorships held in other companies, including their involvement in the board committees of these French or foreign companies.

## Potential conflicts of interest

The Code of Conduct sets forth specific measures for preventing conflicts of interest. Moreover, the Board of Directors adopted a compliance programme on conflicts of interest at its 21 January 2014 meeting. The aim of this programme is to cover situations in which a Bouygues group employee or senior executive faces a conflict of interest in connection with his or her professional activity or his or her directorship.

The provisions of the Conflicts of Interest Compliance Programme relating to directors and corporate officers are as follows:

*"Directors and executive officers of all Group companies are required to pay special care and attention to conflicts of interest."*

*7.1 Specific regulations (called "regulated agreements") deal with conflict of interest issues that may arise between the company and its senior executives — Chief Executive Officer, Deputy CEO, director, chairman of a simplified limited company (Société par Actions Simplifiée – SAS), etc. — as a result of (i) agreements between them and the company; (ii) agreements in which the senior executives may indirectly have an interest, or (iii) agreements between two companies with common senior executives.*

*These rules must be strictly applied within the Group. Legal departments should make sure that the regulations on regulated agreements and the Bouygues group Internal Charter on Regulated Agreements are strictly observed.*

*7.2 Directors and executive officers should inform their board of directors of any conflict of interest situation, even potential, between their duties to the company and their private interests. The chairman of a board may, at any time, ask the directors and non-voting directors to provide a written statement confirming that they are not in a conflict of interest situation.*

*7.3 Directors must not take part in the vote on any issue that concerns them directly or indirectly. In some cases, this obligation to refrain from taking part in the vote may even require the relevant person not to attend*

*the meetings and not to have sight of the documents about the issue in question.*

*7.4 Directors and executive officers must not engage in an activity that would place them in a conflict of interest situation nor must they hold interests in a client, supplier or rival company if such an investment could influence their behaviour in the performance of their duties."*

The same provisions are set out in the Rules of Procedure of the Board of Directors, which also stipulate that *"The Chairman of the Board may ask directors at any time to confirm in writing that they are not subject to any conflict of interest"*.

To date, the company is aware of the following potential conflicts of interest:

- major shareholders of the Group (SCDM and Mrs Francis Bouygues), as well as the Group's employee shareholders, are directly or indirectly represented on the Board of Directors by Martin Bouygues, Olivier Bouygues, Mrs Francis Bouygues, Sandra Nombret and Michèle Vilain;
- Patrick Kron is a director and Chairman and Chief Executive Officer of Alstom, a company in which Bouygues held 29.2% of the share capital at 31 December 2014, and of which Olivier Bouygues and Bouygues, represented by Philippe Marien, are directors;
- potential conflicts of interest exist because some of the directors hold directorships in other companies. The list of directorships is set out above (see section 5.1);
- Martin Bouygues, Olivier Bouygues and Mrs Francis Bouygues have family ties. The company is not aware of other family ties between Board members;
- François Bertièrre, Yves Gabriel, Hervé Le Bouc and Nonce Paolini are bound to the company by employment contracts. Sandra Nombret, Michèle Vilain, Raphaëlle Deflesselle and Michel Bardou are bound by employment contracts to Bouygues subsidiaries.
- François Bertièrre, Martin Bouygues, Olivier Bouygues, Colette Lewiner, Yves Gabriel, Hervé Le Bouc and Nonce Paolini hold directorships in Bouygues subsidiaries.

As far as the company is aware, and subject to the contract between SCDM and Bouygues, none of the members of the Board of Directors is linked to the company or any of its subsidiaries by a contract providing for benefits.

As far as the company is aware, to date there are no other potential conflicts of interest between the duties of any of the members of the Board of Directors with regard to the company and their private interests and/or other duties.

François-Henri Pinault is Chairman and Chief Executive Officer of Artémis, a Kering group company (formerly the Pinault group) that had entered into a shareholder agreement with SCDM. However, that agreement terminated in 2006 and Artémis is no longer a shareholder in the company. No other member of the Board of Directors has been selected pursuant to any agreement entered into with the company's principal shareholders, its customers, suppliers or other persons.

The Auditors' special report on regulated agreements and commitments (see chapter 8, section 8.3.1 of this Registration Document) details the agreements and commitments submitted to the Board of Directors for authorisation and on which directors abstained from voting because of ongoing or potential conflicts of interest.



## Regulated agreements

A Bouygues group Internal Charter on Regulated Agreements, approved by the Board of Directors, is available on [www.bouygues.com](http://www.bouygues.com). The Charter was updated in 2014 to take account of changes in applicable law in 2014.

The aim of the Charter is to make it easier for Bouygues group companies to identify agreements, which, as they directly or indirectly concern a senior executive or a shareholder, must follow the regulated agreements procedure provided for by the Commercial Code (the prior authorisation of the Board of Directors is required, then the statutory auditors must be informed and issue an opinion on the agreement in their special report, with a view to the agreement being approved by the Annual General Meeting).

The Charter uses the definition of a “*person who is indirectly concerned*” suggested by the Paris Chamber of Commerce and Industry: “*A person is considered to be indirectly concerned by an agreement to which he is not a party where, due to his connections with the parties and the powers he has to influence their behaviour, he derives benefit from the agreement*”.

Regulated agreements authorised by the Bouygues Board of Directors but not yet approved by the Annual General Meeting are described in the Board of Directors’ report on the resolutions (see chapter 8, section 8.2 of this Registration Document) as well as in the Auditors’ special report on regulated agreements (see chapter 8, section 8.3.1 of this Registration Document). This report also mentions regulated agreements for which the effects continue over time, which the Board of Directors reviews each year. Only new agreements are submitted to the Annual General Meeting.

## Judicial convictions

As far as the company is aware, during the last five years, none of the members of the Board of Directors has been:

- found guilty of fraud, incriminated or subjected to official public sanction by any statutory or regulatory body;
- associated with any insolvency, compulsory administration or liquidation proceedings;
- prevented by a court from acting as a member of an issuer’s administrative, management or supervisory body or from being involved in an issuer’s management or the conduct of its business.

## Restrictions agreed to by the members of the Board of Directors in relation to the sale of their shares in the company

The articles of association stipulate that each director, with the exception of the directors representing employees, must hold at least ten shares in the company. The Rules of Procedure recommend that each director and non-voting director own 500 shares in the company.

Subject to the above, the members of the Board of Directors have not agreed to any restriction in relation to the sale of their investment in the capital of the company, with the exception of the rules relating to the prevention of insider dealing.

## Prevention of insider dealing

All Bouygues directors are required to respect the rules on the prevention of insider dealing in the Code of Conduct. The Code of Conduct is set out in Annex 1 of the Rules of Procedure of the Board of Directors, accessible on the Bouygues website. The Financial Information and Securities Trading Compliance Programme approved by the Board in January 2014 sets out and supplements these rules.

In February 2014, the Code of Conduct of the Rules of Procedure of the Board of Directors was amended to reinforce the prohibition on trading in the company’s shares during closed periods. The possibility of exercising stock options during those periods without reselling the shares immediately has been removed.

### 5.2.1.10 Assessment of the Board of Directors

The Board’s Rules of Procedure stipulate that the Board should periodically assess its ability to meet shareholders’ expectations by reviewing its membership, organisation and operation, and by undertaking a similar review of Board committees.

Once a year, generally during its November meeting, the Board thus devotes an item on the agenda to assessing its own operations.

This formal assessment is aimed at:

- taking stock of the operating methods of the Board and its committees;
- ensuring that important issues are properly prepared and debated.

Shareholders are informed every year, in the Registration Document, of the completion of this assessment, together with any action to be taken as a result.

Pursuant to these provisions, on 13 November 2014, the Board of Directors devoted an item on its agenda to a discussion of its organisation and operations.

As is the case each year, this assessment was of a formal nature, with a detailed questionnaire and a memorandum on the Board’s operations having been sent in advance by the Chairman and Chief Executive Officer to the directors to enable them to prepare for this discussion. The questionnaire included both closed questions, in order to categorise responses accurately, and open questions, so as to give directors the opportunity to qualify and explain their responses. Supplemental questionnaires had been sent to the members of each committee. Directors who so wished were invited to hold a discussion with the Group’s Corporate Secretary with a view to optimising preparations for the meeting.

In all, 13 written responses to 19 questionnaires were received, a response rate of 68%. These responses were reviewed by the Corporate Secretary and compared with those from previous years in order to measure progress.

The main conclusions of the assessment are as follows.

As is the case each year, the Board examined the desirable balance of its membership and that of its committees, in particular with regard to the representation of women and men, nationalities and skills



diversity, and in terms of the specific provisions designed to guarantee to shareholders and to the market that the Board performs its duties with the necessary independence, competence and objectivity. In their responses and the discussion that took place on 13 November 2014, members expressed very satisfactory views overall on these topics. However, some directors observed that the number of directors was high and suggested increasing the proportion of independent directors. The Selection Committee and the Board of Directors will take account of this suggestion. Increasing the number of women on the Board was also seen as something to be pursued. Opinions differ regarding a more international profile for the Board.

While the quality of the information provided to the directors is considered to be very good overall, more progress could still be made on time limits for receiving files and on the information provided to directors on strategy and

long-term development, R&D and ongoing legal disputes. Some directors also said they would appreciate even more in-depth debate on certain priority strategic topics.

Improvements could be made to the quality of the reports of the Ethics, CSR and Patronage Committee and the frequency of Selection Committee meetings and the quality of their preparation and reports.

Directors' fees were considered insufficient by several directors.

Lastly, although the assessment system is considered satisfactory as a whole, some directors suggested having an external body involved, every three years for example. The majority of directors are opposed to a formal assessment of the contribution of each director to the Board's work (see section 5.2.1.6).

## 5.2.2 Internal control and risk management procedures

### 5.2.2.1 Introduction

Bouygues and its subsidiaries are acutely aware of the importance of internal control and risk management. These processes help give reasonable assurance as to the achievement of the Group's principal objectives.

Risk management has always been an essential part of the Group's corporate culture. It is a key concern of the Group's managers and is based on internal control mechanisms inspired by principles that have been applied across the Group's business segments for many years.

Internal control and risk management bodies and procedures thus play a part in identifying, preventing and managing the main risk factors that could hinder the Group in achieving its objectives.

Like any control and risk management system, however, the system set up by Bouygues cannot provide a cast-iron guarantee of the Group's ability to achieve its objectives.

While the aim of internal control is to ensure that the instructions and guidelines set by senior management are applied, the process is also intended to ensure that the way in which the Group is managed and conducts its business, and the behaviour of employees, comply with regulations and with the rules and principles that Bouygues wishes to apply within the Group.

Internal control plays its primary role in operations, and risk management is deeply embedded in key processes of the Group's business segments, for which internal control aims to ensure the smooth operation.

Given the potential importance of the quality and reliability of the Group's accounting and financial information, internal control is also widely applied in accounting and financial matters.

The purpose of the risk management mechanism is to safeguard the value, assets and reputation of the company while buttressing its processes and decision-making arrangements. The system helps people act in a way that is consistent with the company's values and rallies employees around a shared view of the main risks.

The scope of this report covers the Bouygues group (parent company, Bouygues Construction, Bouygues Immobilier, Colas, TF1 and Bouygues Telecom).

### 5.2.2.2 Bouygues group internal control and risk management

The Internal Control and Risk Management Reference Manual of the Bouygues group is based on the reference framework published by the AMF in 2007.

The Manual was updated in 2010 after the framework was revised to accommodate changes in laws and regulations on risk management as well as the AMF Recommendation on audit committees.

It is regularly amended in order to make improvements that take account of changes to and feedback from the business segments.

The Manual covers the general principles of internal control and risk management, on the one hand, and internal control principles relating to accounting and finance, on the other. The main objectives are to:

- formalise the Group's key internal control principles;
- better identify common best practices across its business segments;
- develop a consistent approach to major issues affecting the entire Group.

Each business segment has further developed this Group approach by analysing the specific aspects of its own internal control mechanisms and has supplemented the Internal Control and Risk Management Reference Manual of the Bouygues group with principles specifically related to its own activities.

The Manual includes a "Risk management: principles and method" component, which describes the approach to be used in the Group to:

- identify and monitor major risks;
- pass knowledge from one generation to another (experience).

This approach encompasses the various key stages of risk management: identification, classification, assessment, prioritisation, handling, reporting and communication.

A series of key principles has been defined for each stage for which the concept has been precisely defined. Taken as a whole, these principles make up the Group procedure for managing risks.

Every year, each business segment presents its risk map based on the above principles to its Accounts Committee and its Board. A map of Group-wide risks, derived from the business segments' maps, is then presented to the Accounts Committee and subsequently to the Bouygues Board.

The Manual also includes an "Ongoing supervision of internal control" component, which describes in particular the method for self-assessing internal control principles.

Using this methodology, the business segments continued in 2014 to assess the extent to which these internal control principles were being applied.

The method used to implement internal control assessment campaigns in each business segment is gradually being focused on the main risks and issues identified at Group and business segment level.

At Bouygues Telecom and its subsidiaries, the 2014 assessment campaign was streamlined (reduction of the number of principles assessed) in light of internal transformations.

Bouygues Construction endeavoured to carry out the self-assessment in depth, notably at a number of production departments and branches. The campaign concerned over 100 organisational structures representing two thirds of sales. Emphasis was placed on the following topics common to all entities: legal compliance, information systems security, human resources and subcontracting.

At TF1, the 2014 assessment campaign focused on all the principles and on all the entities generating TF1 group sales, excluding Eurosport and TF1 Films Production. New activities are gradually being integrated at a pace commensurate with the introduction of processes and tools for monitoring activity within said entities.

At Colas, the self-assessment was extended to all activities. The self-assessment now follows a three-year cycle (two years out of three the campaign focuses on the main risk factors and in the third year on all the principles). Each subsidiary was asked to continue implementing assessments at operating units. In 2014, action plans made it possible to bring about expected improvements in different areas (e.g. the security of assets, purchasing procedures and implementation of annual reporting on energy consumption). The focus in 2015 will be on the implementation of the Compliance Programmes adopted at Group level.

In 2014, Bouygues Immobilier increased the depth of the assessment scope by involving branch directors in the process. However, it was more selective and reduced the number of principles assessed to focus on major topics. In 2014, Bouygues Immobilier's Internal Control department provided participants with a recommendations guide aimed at improving the form and content of the annual self-assessment exercise.

In each business segment, a summary of the assessments made in the 2014 campaign was presented to the Accounts Committee of the business segment lead company.

### 5.2.2.3 General internal control environment

The parent company and the senior executives of the Group strive to create an environment that promotes awareness among Group employees of the need for internal control. The same applies to the parent companies of the business segments.

More generally, the desire of Group senior management to promote the general internal control environment is expressed in various areas and notably employee conduct and respect for ethics. The Chairman and Chief Executive Officer regularly issues strong messages to the Group's senior executives about the need for impeccable conduct in every respect, which means both complying with prevailing laws and regulations and observing the Group's own ethics and values.

He does so firstly at Group Management Meetings, which are attended once a quarter by the Group's key senior executives (about 450 people), and also through the Bouygues Management Institute (IMB), which regularly organises "Development of Bouygues Values" seminars designed to raise awareness among senior executives of the need to comply in all circumstances with laws and regulations and with the ethical rules that form the basis of the Group's mindset. The Chairman and Chief Executive Officer of Bouygues and other members of the company's senior management always speak at these seminars.

From time to time, the Group's Corporate Secretary organises executive seminars designed more specifically to remind participants of the regulations that apply in various areas and how they tie in with legal problems encountered by the business segments.

These efforts are taken up and amplified in the business segments. For example, in 2014 at Colas, seven training days were provided on ethics and the criminal liability of senior executives both in France and abroad.

The Board of Directors of Bouygues has an Ethics, CSR and Patronage Committee. Detailed information on the Committee and what it does can be found in the section of the report devoted to corporate governance (see section 5.2.1.8).

The Bouygues group has a Code of Ethics that sets out the essential values with which the Group and its employees are expected to comply in the workplace. The existence of this Code contributes to achieving the objective of better conduct and is intended to help employees make decisions in real situations by reference to clear and precise principles.

This momentum is continuing, with each business segment appointing an Ethics Officer and the Boards of Directors of all the business segments (Bouygues Immobilier, Bouygues Telecom, Bouygues Construction, Colas and now TF1) having created an Ethics Committee. TF1 has also introduced its own Code of Ethics, supplementing that of the Bouygues group.

The Bouygues group has implemented a whistleblowing facility so that employees can report infringements of ethical principles.

The procedure has been brought into line with the recommendations of the French data protection authority, Cnil. In accordance with the European Commission Recommendation of 15 February 2005 on the role of directors, the procedure operates under the control of the Ethics, CSR and Patronage Committee of the Board of Directors.

In 2013, the Bouygues group decided to give fresh impetus to meeting its objectives in terms of ethics, by drawing up the following four Compliance Programmes:

- Anti-corruption;
- Conflicts of Interest;
- Financial Information and Securities Trading;
- Competition.

In these Compliance Programmes, the Group reiterates the main applicable regulations and rules of conduct and specifies the measures for information, prevention, control and sanctions that are to be implemented within the business segments. The Bouygues Board of Directors approved these Compliance Programmes on 21 January 2014.

The Compliance Programmes were disseminated in 2014. Specific training for employees at the business segments was provided or will be provided in 2015. At Bouygues Immobilier, for example, the Compliance Programmes were circulated together with a procedural memo explaining how the four Programmes are to be applied within the businesses segment and containing extra information on specific aspects. An "Ethics" intranet was also launched.

Maintaining a high level of competence among Bouygues group employees is also one of the parent company's aims, since it helps to create an environment favourable to internal control. Bouygues therefore takes a proactive approach to staff training while seeking to secure the loyalty of its key employees, with a view to preserving a level of experience and knowledge in the company conducive to the transmission of the Group's culture and values.

More generally, the philosophy that the parent company wishes its business segments to share is that of a group whose senior executives are close to their key employees and whose management practices are transparent, prudent and rigorous.

These principles are formulated at Group Management Committee level and passed on to business segments at all levels (Board of Directors, senior management and management committee). Strategic decisions taken by the Group at the highest level are consistently inspired by this philosophy and serve as a benchmark for each business segment.

The parent company also plays a leading role in human resources management policy at Group level.

The Senior Vice-President, Human Resources and Administration chairs and coordinates the Group Human Resources Committee, an essential link in passing on the Group's values.

The Group Human Resources Charter helps to spread the Group's culture by reminding everyone that the company's development is primarily dependent on employees.

#### 5.2.2.4 Objectives/management cycle

The purpose of introducing internal control procedures is to help the Group achieve its objectives by taking into consideration the risks to which it is exposed.

The Group's general objectives are defined through the management cycle, a process which enables the Group's senior management to participate early on in determining the strategies of each business segment, to approve their business plans prepared in the context of that strategic framework, and then to monitor the gradual achievement of objectives in the course of the year.

The principles of the management cycle are directly applicable in all Group entities, thus ensuring that the Group as a whole has a solid and coherent structure.

This iterative process enables the Group's senior management to ensure at all times that objectives are consistent with strategies, monitor any discrepancies between results and objectives, and anticipate remedial action to be taken at Group or business segment level (financing requirements, redefinition of priorities, etc.).

Another aim is to provide the Group's senior management and the Bouygues Board of Directors with all the information necessary for them to make decisions.

The key members of the parent company's senior management team sit on the Boards of the lead companies of the Group's business segments, and it is those Boards that decide on strategic priorities and business plans.

#### Strategic plan and business plans

Each business segment defines its own strategic plan for the medium term (three years) taking into account the Group's general strategy and its own particular characteristics. The strategic plan is presented to the Group's senior management by the senior management of each business segment in May.

The resulting action plans form the basis of the three-year business plans, which are presented to the Bouygues Board of Directors in the following January.

#### Annual plan

In the January business plan, the first year is described in the greatest detail and represents a commitment by each business segment to the Group's senior management. This is known as the annual plan.

An initial review of progress (or update) of the annual plan for the current year takes place in May, when the strategic plan is presented to the Group's senior management.

A second update takes place in November, and is incorporated into the new business plan.

### 5.2.2.5 Organisation – Key players and functions

#### Senior management

Senior management teams are responsible for managing the internal control mechanism as a whole, defining strategic priorities and ensuring that internal control and risk management procedures are designed and implemented in a manner appropriate to each company's development.

#### Accounts Committees

The features and the responsibilities of the Bouygues Accounts Committee are set out in the Corporate Governance section of this report (see section 5.2.1.8). Each business segment's Board of Directors has formed an Accounts Committee with similar responsibilities to those of the Bouygues Accounts Committee. In addition to responsibilities concerning elective accounting treatment and the review of the financial statements of Bouygues, these include monitoring the effectiveness of internal control and risk management systems. The business segment Accounts Committees review the programmes and findings of internal audits as well as the risk mapping exercises. Consequently, the Accounts Committee is a key component in the internal control and risk management mechanism.

#### Internal Control departments

The parent company has created a Group Internal Control and Audit department, which plays a major role in the development of the Group's internal control policy. The Group Internal Control and Audit department is charged in particular with:

- overseeing the Group's internal control and audit functions;
- coordinating the business segments' internal control, risk management and audit activities.

The business segments also have an organisational structure dedicated to internal control. Generally, the bodies that are set up are mainly in charge of assessment campaigns and risk mapping. They sometimes take on more overarching responsibilities in relation to internal control procedures.

Bouygues Construction's Legal Affairs, Audit and Internal Control department directs internal control and receives support in rolling out the approach mainly from support functions. Each entity has nominated an internal control correspondent, who serves as the operational contact point. This role is generally performed by the subsidiary's Corporate Secretary.

Bouygues Telecom has put in place a business-wide risk management process that is embedded in the company's normal business cycle. A risk manager is responsible for the process, assisted by risk correspondents who represent the organisation's main departments and whose main task is to collate and assess risk. Risk correspondents make sure that the overall system and its development are coherent. A report is submitted every four months to senior management. Furthermore, a presentation is made twice a year to the Accounts Committee and once a year to the Board of Directors.

At TF1, the internal control approach is directed by the Audit and Internal Control department. Committees have been set up within operating entities, and each entity has a risk correspondent. There is also a Support Committee, which deals with issues falling within the scope of support divisions.

At Bouygues Immobilier, the Internal Control department is in charge of risk mapping with assistance from the relevant bodies and managers, as well as organising and summarising the self-assessment procedure, including the monitoring of action plans. There is also an Organisation and Processes department, which is tasked with maintaining, developing and updating all the processes and procedures.

At Colas, the Internal Control and Audit department organises and directs internal control in conjunction with correspondents at the subsidiaries, as part of a highly decentralised organisation.

#### Corporate Secretary – Legal Affairs departments

The Group Corporate Secretary monitors matters with significant legal implications for the Group.

In this context, the Group Corporate Secretary may occasionally become involved alongside the business segments in handling major disputes or matters having an impact at Group level.

Bouygues' Corporate Secretary chairs the Group Legal Committee, which is made up of the legal affairs directors of the business segments. He thus coordinates and supervises all the Group's legal affairs.

The Corporate Secretary is also the Group Ethics Officer.

Within the business segments, the legal affairs departments, and more generally the support departments, play a major role in preventing and dealing with risks.

#### Risk and Insurance departments

The Group Risk and Insurance department provides assistance, advice and support to the Group's subsidiaries. It also has a role in risk management.

Based on its comprehensive overview of the business segments' guidelines on insurance, the Group Risk and Insurance department takes out Group-wide insurance policies to supplement the insurance taken out at business segment level.

It ensures that subsidiaries are insured with top-ranking companies and that the terms of their policies (coverage, deductibles and premiums) are consistent with their risk exposure.

The Risk and Insurance departments of the business segments make a vital contribution to risk management.

#### Management control

The management control system is organised such that no Group company escapes the management control process. Any company not controlled by a business segment is controlled by the parent company.

The principles governing operational relations between the parent company and the business segments have been summarised in a document drawn up by the Group Strategy and Development department and regularly updated. This document serves as a guideline for all the business segments.

#### GROUP REPORTING

The parent company systematically controls subsidiaries' financial management through an annual plan, including updates, and sets of monthly indicators. The indicators are sent directly to the Group's senior management and centralised by the Group Strategy and Development department.



Every quarter, interim financial statements are produced and consolidated at Group level.

The management cycle and control and reporting procedures thus provide a regular flow of information and ensure ongoing dialogue with the business segments. Plans can be adjusted and the parent company is always in a position to control the management of its subsidiaries and intervene in advance of strategic decisions.

### BUSINESS SEGMENT REPORTING

In the business segments, management control is also carried out according to the same principles through the specifically assigned departments and dedicated information systems that have been put in place.

### Cash management and finance

The Group Cash Management and Finance department at the parent company defines and monitors the application of financial management principles at Group level. Its role is both to direct and to coordinate.

The operating principles mainly concern the “Bouygues Relais” and “Uniservice” cash management centres, managed by the parent company, and the businesses’ own cash management centres. They also apply to the financing of subsidiaries.

The fundamental rules of management relate in particular to internal security (two signatures for payments, etc.), external security (secure cheques, payment by promissory note, etc.), liquidity (confirmed credit facilities, investment of cash surpluses, etc.), counterparty quality, legal documentation for loan agreements and the assessment and hedging, where necessary, of exchange rate risk.

### Internal audit

Internal audit is an analytical and monitoring tool that plays a key role in risk management.

At parent company level, the Group Internal Control and Audit department combines both functions, coordinating the internal audit function at Group level and performing internal audit assignments at the request of Bouygues’ senior management, as well as for Bouygues Telecom since September 2014. The Group has around 50 auditors.

Each business segment (with the exception of Bouygues Telecom) has an Audit department.

The Group Internal Audit Charter stresses that the main tasks of internal audit are to provide senior management with reasonable assurance that the organisational principles and the internal control and risk management mechanisms are both reliable and effective. Internal audit assesses:

- the identification and control of risks based on an analysis of key issues;
- the effectiveness of risk management mechanisms and implementation of action plans;
- the control and efficiency of operational and support processes;
- the integrity, reliability, completeness, traceability and protection of information produced for accounting, financial and management purposes.

### 5.2.2.6 Internal control and risk management procedures

Specific risks may differ considerably depending on the business segment concerned. For example, they may relate to regulation, technology, competition, the environment or risks involved in major projects. The business segments have thus set up formalised and appropriate procedures in order to ensure better control (see chapter 4 “Risk factors” of this Registration Document).

#### Bouygues Construction

At Bouygues Construction, risk management is fully integrated into the company’s processes: strict procedures apply to the selection and submission of tenders, which are considered by formal Commitment Committees in light of the risks arising on each contract. Depending on the level of financial commitments, the cost of work or the technical challenges involved, Bouygues Construction’s entities are required to make an application to request the agreement of Bouygues Construction’s senior management. Financial and legal affairs teams are involved before projects are launched. From a technical standpoint, each entity has major resources for studies and, in certain areas, can call on experts who are organised into centres of excellence at group level. For major projects, specific attention is paid to studies that are cross-validated (internally and by external consulting firms). The financial risk curve is monitored on an ongoing basis for major contracts. The management control function has the resources and authority to track the results of each construction project every month and to flag any discrepancies with budgeted figures.

#### Bouygues Immobilier

Bouygues Immobilier has an internal procedures manual that is updated on a regular basis.

Particular attention is paid to the land acquisition commitment process (promises to sell and land acquisition) and the start of works.

A meeting of the Commitments Committee must be held before any deed is signed with a view to acquiring land (or buildings). All decisions to acquire land are strictly controlled.

Furthermore, the company has strengthened its environmental risk prevention policy in connection with land purchases.

The company could also have its liability triggered by its customers if the properties it sells were found to be poorly constructed. Under the terms of its performance guarantee, Bouygues Immobilier calls on external companies to address any snags as quickly as possible. It is also careful to ensure that all involved parties (contractors, engineering consultants, technical design firms, etc.) scrupulously comply with ten-year insurance requirements.

#### Colas

Financial and accounting risks have always been managed by reference to clearly defined principles and procedures within the Colas group. Risk management is mainly based on preventive measures and insurance cover.



Despite a very strong culture of decentralisation, arrangements exist for the control of commitments both in terms of commercial commitments (projects are submitted to Contract Committees) and in terms of external growth or property acquisitions, or bids for long-term projects (public-private partnerships and private finance initiatives and concession contracts), which must be presented, depending on their importance, for prior agreement to the senior management of the subsidiary or of Colas and, in some cases, to its Board of Directors.

## TF1

TF1 launched a procedure for identifying major risks, with a view to establishing a decision-making system in crisis situations. This resulted in the “Réagir” Committee, whose objective, linked to business continuity, is to build and update a model of mission-critical processes in the event of incidents. The Réagir Committee monitors and forestalls the major risks associated with the TF1 group’s mission-critical processes. It also updates and adds to the various procedures.

In this respect, the importance of the role played by the Technical and Information Systems department, which is responsible for making some of the channel’s shows, programme broadcasting, broadcasting networks and IT systems, should be emphasised. The department also guarantees the channel’s security and works to formally document an information security policy and establish security standards across the TF1 group. The TF1 Broadcasting department also ensures that programmes are compliant and that the channel’s operating terms of reference are observed.

Particular attention is given to the purchasing process, which can result in substantial commitments (for example, in the case of contracts for the purchase of rights). These contracts are subject to a specific approval procedure involving various departments and sometimes senior management, depending on the amount of the commitment and the nature of the contract concerned.

## Bouygues Telecom

Product/service offerings are vitally important and are therefore examined by a special committee in which Bouygues Telecom’s senior management is involved. For the same reasons, a review committee has been set up to follow up product/service offerings and monitor results in light of initial forecasts.

Purchasing is particularly tightly controlled at Bouygues Telecom given the volume of purchases made by the company. The Purchasing department applies very strict procedures, and is itself subject to regular checks.

### 5.2.2.7 Information and communication

The production and dissemination of information, both inside and outside the Group, does much to enhance internal control.

Information systems have been put in place to manage and supervise activity. Communication helps both to make staff more aware of the importance of control and to provide those outside the Group with reliable and relevant information that complies with legal requirements.

## Internal communications

The Group Corporate Communications department plays an active part in disseminating information to the Group’s employees. This strengthens the Bouygues group’s identity and plays a unifying role.

Reporting directly to the Chairman and Chief Executive Officer of Bouygues, it is responsible for *Challenger Express*, a twice-monthly newsletter for managers, and *Le Minorange*, an internal magazine published twice yearly, which forges genuine links between all Group employees.

The department also supervises e.by and e.bysa, the respective Bouygues group and parent company intranet portals, which provide online access to a wealth of information. Bouygues and Group employees use these sites as tools for working and sharing information. In 2014, a new portal, ByLink, was developed to bring together existing intranet resources (e.by and e.bysa) and extranet resources (BYpedia) to provide users with a single, collaborative space in 2015.

The Group Corporate Communications department also publishes *In Brief*, a publication summarising financial information which is disseminated externally as well as to the Group’s managerial, supervisory, technical and clerical staff.

The Group Management Meeting is also an important channel for transmitting key information and messages to the Group’s key senior executives.

## External communications

The Group Corporate Communications department works in close cooperation with the business segments for their mutual benefit.

Its main tasks are to:

- promote the Group’s image (press relations, public relations, etc.);
- pass on information from external sources to the Group’s senior management and executives;
- handle financial disclosures to the press and the public, in collaboration with the Investor Relations department.

### 5.2.2.8 Internal control procedures relating to accounting and financial information

One of the main aims of internal control is to ensure the reliability of accounting and financial reporting. This is done through a comprehensive mechanism and a set of stringent procedures.

## Quarter-end close

Each business segment sets its own procedures for closing financial statements, which have to fit into the broader framework of the Group’s consolidation process.

## Consolidation process

At the parent company, the Group Consolidation and Accounting department is chiefly responsible for determining and establishing consistent rules and methods of consolidation for the Group and assisting the business segments in their consolidated management. It also prepares the parent company financial statements.

Consolidation is carried out quarterly on a step-by-step basis. Each business segment consolidates at its own level using identical methods defined by the Group Consolidation and Accounting department, which then carries out the overall consolidation of the Group’s financial statements.

Special software, widely used by listed companies, is used to consolidate the financial statements at the various levels. Each of the business segments uses it as part of its step-by-step approach to consolidation. The software ensures rigorous control over the preparation of the financial statements, which are thus subject to standard procedures.

In addition to the computerised accounting system, the Group Consolidation and Accounting department has produced a Group consolidation handbook containing the rules and procedures applicable to consolidation throughout the Group. The handbook is an important reference tool for preparing the consolidated financial statements. It is accessible to all accounting staff on a dedicated intranet site describing the various principles and options that apply within the Group.

As part of its task of organising and coordinating financial statement consolidation, the Group Consolidation and Accounting department also regularly provides the business segments with information about applicable rules and methods (by organising seminars, distributing circulars, etc.), and thus helps to maintain the consistency of the system used to prepare the consolidated financial statements. This was particularly the case for the introduction of IFRS, and the related interpretations and amendments.

### Internal control procedures for finance and accounting

In addition to the core procedures set out in the Bouygues group Internal Control Reference Manual in terms of accounting and finance, each business segment organises its internal control in accordance with its own mechanism.

### Accounts Committees

The Accounts Committees are a key component of the internal control system at the accounting and financial level.

Detailed information about the Bouygues Accounts Committee is set out in section 5.2.1.8 above. The parent company of each business segment

has an accounts or audit committee with responsibilities similar to those of the Bouygues Accounts Committee.

### Investor relations

For Bouygues SA, the Group Cash Management and Finance department is responsible for relations with investors and financial analysts, maintaining constant contact with shareholders and analysts while providing the market with the information it needs.

Great care is taken in preparing press releases and the Registration Document, which the Group considers a major channel of communication.

These documents are prepared using a process that involves various support divisions (Finance, Consolidation, Communications, General Secretariat, etc.). They are approved by senior management and checked by the statutory auditors. The quarterly press releases are approved by the Accounts Committee and the Board of Directors.

Procedures have been put in place to inform employees about regulations concerning inside information.

The other listed companies in the Group (TF1, Colas) handle their own investor relations.

### 5.2.2.9 Steering

Internal control systems must themselves be controlled by means of regular assessments, and they must be subject to continuous improvement.

The Audit departments of the parent company and the business segments have always assessed the effectiveness of internal control mechanisms in the course of their work, and are actively involved in this improvement process.

The essential concern is still to define and implement action plans with the primary objective of controlling the Group's operations more effectively.

## 5.2.3 Other information

### 5.2.3.1 Specific formalities for shareholder participation in Annual General Meetings

Specific formalities for shareholder participation in Annual General Meetings and, in particular, the conditions under which double voting rights are granted to shareholders who have held shares in registered form for over two years, are set out in chapter 6, section 6.1.2 of this Registration Document.

### 5.2.3.2 Information covered by Article L. 225-100-3 of the Commercial Code

The information covered by Article L. 225-100-3 of the Commercial Code (factors likely to have an impact on any public tender offer price) is set out in chapter 6, section 6.1.4 of this Registration Document.

### 5.2.3.3 The principles and rules for determining the remuneration and other benefits granted to the executive directors

The corresponding information is set out in section 5.4 of this Registration Document.

## 5.3 Auditors' report, prepared in accordance with Article L. 225-235 of the Commercial Code, on the Report by the Chairman of Bouygues (for the year ended 31 December 2014)

To the shareholders,

In our capacity as auditors of Bouygues and in accordance with the requirements of Article L. 225-235 of the Commercial Code, we present below our report on the report compiled by the Chairman of the Board of Directors of Bouygues in accordance with Article L. 225-37 of the Commercial Code for the year ended 31 December 2014.

The Chairman is responsible for compiling and submitting a report to the Board of Directors for approval regarding the internal control and risk management procedures put in place within the company, and for providing the other information required by Article L. 225-37 of the Commercial Code, particularly in the area of corporate governance.

Our responsibility is to:

- report our comments on the information contained in the Report by the Chairman regarding risk management and internal control procedures relating to the preparation and treatment of accounting and financial information, and
- certify that the Report by the Chairman contains the other information required by Article L. 225-37 of the Commercial Code, it being specified that that we are not responsible for verifying the fairness of that information.

We conducted our work in accordance with the professional practices applicable in France.

### Information regarding risk management and internal control procedures relating to the preparation and treatment of accounting and financial information

Professional practices require that we perform procedures to assess the fairness of the information provided in the Report by the Chairman on risk management and internal control procedures relating to the preparation and treatment of accounting and financial information.

These procedures included:

- obtaining an understanding of the risk management and internal control procedures relating to the preparation and treatment of accounting and financial information described in the Report by the Chairman, and of other existing documentation;
- obtaining an understanding of the work underlying the information contained in the Report by the Chairman, and of other existing documentation;
- determining whether the Report by the Chairman contains the appropriate disclosures regarding any material weaknesses we might have identified in internal control procedures relating to the preparation and treatment of accounting and financial information.

Based on our work, we have no matters to report on the information contained in the Report by the Chairman prepared in accordance with Article L. 225-37 of the Commercial Code on risk management and internal control procedures relating to the preparation and treatment of accounting and financial information.

### Other information

We certify that the Report by the Chairman contains all of the other information required by Article L. 225-37 of the Commercial Code.

Paris-La Défense, 24 February 2015

The Statutory Auditors

**ERNST & YOUNG Audit**

Laurent Vitse

**MAZARS**

Guillaume Potel

## 5.4 Remuneration of corporate officers – Stock options granted to corporate officers and Group employees

### 5.4.1 Remuneration

Report required by Articles L. 225-102-1 and L. 225-37 paragraph 9 of the Commercial Code.

This chapter contains the reports required under the Commercial Code and the tables recommended by the Afep/Medef Corporate Governance Code or by the AMF.

#### 5.4.1.1 Principles and rules for determining the remuneration of executive directors

In 2007, the Board of Directors took into account the Afep/Medef recommendations published in January 2007 relating to the remuneration of executive directors of listed companies. Afep and Medef published a new set of recommendations on 6 October 2008. The Board of Directors noted that virtually all these recommendations had already been implemented and adopted the remaining provisions in early 2009. The provisions of the guide to applying the Afep/Medef Code, published in January 2014 by the High Committee for Corporate Governance, have been taken into account. The principles and rules that the Board of Directors has adopted to date and that were used to determine the remuneration in respect of 2014 are described below.

##### General introductory comment:

- **Neither of the two executive directors holds an employment contract.**
- **In the event that executive directors leave the company, the Board of Directors does not grant them severance compensation or non-competition indemnities.**
- **No annual deferred variable remuneration or multi-year variable remuneration is granted to them.**
- **The existence of a capped additional retirement provision is taken into account when setting the overall remuneration of executive directors, as is the fact that they have received no severance compensation.**
- **Other than directors' fees, the executive directors do not receive any remuneration from the Group's subsidiaries.**

##### Fixed remuneration

The rules for determining fixed remuneration were decided in 1999 and have been applied consistently since then. Fixed remuneration takes account of the level and difficulty of the individual's responsibilities, job experience, and length of service in the Group and also the wage policy of groups or companies in similar sectors.

##### Benefits in kind

Benefits in kind involve use of a company car and the part-time assignment of an assistant and a chauffeur/security guard for personal requirements.

##### Variable remuneration

The rules for determining the variable portion of remuneration were also decided in 1999 and remained unchanged until February 2007, when the Board of Directors adjusted the calculation in light of the Afep/Medef recommendations. It then modified them again in 2010.

##### OVERVIEW OF THE METHOD USED TO DETERMINE VARIABLE REMUNERATION

Variable remuneration is awarded on an individual basis:

The Board of Directors has defined four criteria for the variable portion of each executive director's remuneration.

An objective is defined for each criterion. When the objective is reached, a variable portion corresponding to a percentage of the fixed remuneration is awarded.

If the four objectives are reached, the total of the four variable portions is equal to the overall ceiling of 150%, which the variable remuneration of each executive director cannot exceed.

If an objective is exceeded or not reached, the variable portion is adjusted within a bracket on a linear basis: the variable portion cannot exceed a maximum threshold and is reduced to zero below a minimum threshold.

It must be reiterated that the four variable portions thus determined cannot under any circumstances exceed the overall ceiling, which is set at 150% of the fixed remuneration for each of the executive directors (see below).

### THE FOUR CRITERIA DETERMINING VARIABLE REMUNERATION

The variable remuneration of the executive directors is based on the performance of the Group, with performance being determined by reference to four key economic criteria:

- P1 = increase in current operating profit in the financial year (P1 = 50% of fixed remuneration if the objective is reached);
- P2 = change in consolidated net profit (attributable to the Group) in the financial year versus the Plan (P2 = 25% of fixed remuneration if the objective is reached);
- P3 = change in consolidated net profit (attributable to the Group) in the financial year versus the preceding financial year (P3 = 25% of fixed remuneration if the objective is reached);
- P4 = free cash flow before changes in working capital in the financial year (P4 = 50% of fixed remuneration if the objective is reached).

These quantitative objectives are calculated precisely but are not publicly disclosed for confidentiality reasons.

### OVERALL CEILING

The overall ceiling for variable remuneration is 150% of the fixed remuneration.

### Exceptional remuneration

In exceptional cases, on the advice of the Remuneration Committee, the Board of Directors may award special bonuses.

### Directors' fees

The two executive directors receive and retain the directors' fees paid by Bouygues, as well as the directors' fees paid by certain Group subsidiaries (see sections 5.4.1.3 and 5.4.1.4 below).

### Additional retirement provision

The two executive directors, under certain conditions, will benefit from an additional retirement provision when they retire (see section 5.4.1.2 below, particularly table 1).

### Other information regarding remuneration

The existence of a capped additional retirement provision is taken into account when setting the overall remuneration of executive directors, as is the fact that no severance compensation or non-competition indemnities are granted to them.

Remuneration accruing to Martin Bouygues and Olivier Bouygues as determined by the Bouygues Board of Directors is paid by SCDM. SCDM then invoices Bouygues this remuneration and the related social security charges pursuant to the agreement governing relations between Bouygues and SCDM, approved under the regulated agreements procedure. Invoicing strictly reflects the remuneration amounts set by the Bouygues Board of Directors. The agreement between Bouygues and SCDM was approved by the Combined Annual General Meeting of 24 April 2014 (fourth resolution) as part of the regulated agreements procedure.

Olivier Bouygues devotes part of his time to the activities of SCDM. The Board of Directors has adapted his remuneration to the breakdown of his time. His operational duties at SCDM do not significantly reduce his availability and do not create a conflict of interest.

### Remuneration in respect of the 2013 financial year

As per the request of the two executive directors, no annual variable remuneration was granted to them in respect of the 2013 financial year, following the accounting write-down recognised in the 2013 financial statements against Bouygues' investment in Alstom. The results of the Group before the impact of the write-down would have triggered the payment of variable remuneration. No options or performance shares were granted to the executive directors.

### Combined Annual General Meeting of 24 April 2014 – Say on Pay

The Annual General Meeting of 24 April 2014 expressed a favourable opinion on the remuneration components awarded in respect of the 2013 financial year to Martin Bouygues (Resolution 8 adopted with 99.45% of the votes) and Olivier Bouygues (Resolution 9 adopted with 99.53% of the votes).



### 5.4.1.2 Remuneration granted to the executive directors in respect of the 2014 financial year

#### Remuneration components of Martin Bouygues, Chairman and Chief Executive Officer, in respect of the 2014 financial year

<b>I. Remuneration components owed or awarded in respect of the 2014 financial year that are submitted to the Annual General Meeting of 23 April 2015 for approval (Resolution 10)</b>	<b>Amount or carrying amount (€)</b>	<b>Comments</b>
Fixed remuneration	920,000	Martin Bouygues' fixed remuneration remains unchanged since 2003.
Change versus 2013	0%	
Annual variable remuneration	753,204	<b>Variable remuneration criteria (2014 financial year):</b> <ul style="list-style-type: none"> <li>■ Increase in current operating profit (50%)</li> <li>■ Change in consolidated net profit versus the Plan (25%)</li> <li>■ Change in consolidated net profit versus 2013 (25%)</li> <li>■ Free cash flow before changes in working capital (50%)</li> </ul> (*) Martin Bouygues requested that no variable remuneration be awarded to him in respect of the 2013 financial year.
Change versus 2013	n.a.*	
% variable/fixed <sup>a</sup>	81.87%	
Ceiling <sup>b</sup>	150%	
Deferred variable remuneration		Deferred variable remuneration is not provided for.
Multi-year variable remuneration		Multi-year variable remuneration is not provided for.
Exceptional remuneration		Exceptional remuneration is not provided for.
Value of stock options, performance shares or other long-term remuneration component awarded during the financial year		No stock options, performance shares or other long-term remuneration component were awarded to Martin Bouygues during the year.
Directors' fees	70,200 o/w Bouygues: 50,000 o/w subsidiaries: 20,200	
Value of benefits in kind	25,670	Company car. Part-time assignment of an assistant and a chauffeur/security guard for personal requirements.
<b>II. Reminder: remuneration components owed or awarded in respect of the 2014 financial year that were approved by the Annual General Meeting as part of the regulated agreements procedure (Annual General Meeting of 24 April 2014, Resolution 4)</b>		
Severance compensation		Severance compensation is not provided for.
Non-competition indemnities		Non-competition indemnities are not provided for.
Supplementary pension scheme		Martin Bouygues, in the same way and under the same conditions as the other members of Group Management Committee, benefits from a supplementary pension scheme whereby he receives an additional retirement provision set at 0.92% of the reference salary (average of the best three years) per year in the scheme. Benefits are capped at eight times the social security ceiling, i.e. €300,384 in 2014.  Entitlement is acquired only after ten years' service with the Group and provided that the executive director is a member of the Group Management Committee at the date of retirement. If he had retired in 2014, taking into account his length of service, Martin Bouygues would have received an annual additional retirement provision of €300,384. In accordance with the Afep/Medef Code, this amount does not exceed 45% of the reference income.
<b>TOTAL</b>	<b>1,769,074</b>	
Change versus 2013	+71.82%	(Reminder: Martin Bouygues requested that no variable remuneration be paid in respect of the 2013 financial year).

(a) Variable remuneration expressed as a percentage of fixed remuneration.

(b) Variable remuneration ceiling, set as a percentage of fixed remuneration.

n.a.: not applicable.

## Remuneration components of Olivier Bouygues, Deputy Chief Executive Officer, in respect of the 2014 financial year

### I. Remuneration components owed or awarded in respect of the 2014 financial year that are submitted to the Annual General Meeting of 23 April 2015 for approval (Resolution 11)

	Amount or carrying amount (€)	Comments
Fixed remuneration	500,000	Olivier Bouygues' fixed remuneration remains unchanged since 2009.
Change versus 2013	0%	
Annual variable remuneration	409,350	<b>Variable remuneration criteria (2014 financial year):</b> <ul style="list-style-type: none"> <li>■ Increase in current operating profit (50%)</li> <li>■ Change in consolidated net profit versus the Plan (25%)</li> <li>■ Change in consolidated net profit versus 2013 (25%)</li> <li>■ Free cash flow before changes in working capital (50%)</li> </ul> (*) Olivier Bouygues requested that no variable remuneration be awarded to him in respect of the 2013 financial year.
Change versus 2013	n.a.*	
% variable/fixed <sup>a</sup>	81.87%	
Ceiling <sup>b</sup>	150%	
Deferred variable remuneration		
Multi-year variable remuneration		Multi-year variable remuneration is not provided for.
Exceptional remuneration		Exceptional remuneration is not provided for.
Value of stock options, performance shares or other long-term remuneration component awarded during the financial year		No stock options, performance shares or other long-term remuneration component were awarded to Olivier Bouygues during the year.
Directors' fees	71,277 o/w Bouygues: 25,000 o/w subsidiaries: 46,277	
Value of benefits in kind	10,756	Company car. Part-time assignment of an assistant and a chauffeur/security guard for personal requirements.

### II. Reminder: remuneration components owed or awarded in respect of the 2014 financial year that were approved by the Annual General Meeting as part of the regulated agreements procedure (Annual General Meeting of 24 April 2014, Resolution 4)

	Amount or carrying amount (€)	Comments
Severance compensation		Severance compensation is not provided for.
Non-competition indemnities		Non-competition indemnities are not provided for.
Supplementary pension scheme		Olivier Bouygues, in the same way and under the same conditions as the other members of Group Management Committee, benefits from a supplementary pension scheme whereby he receives an additional retirement provision set at 0.92% of the reference salary (average of the best three years) per year in the scheme. Benefits are capped at eight times the social security ceiling, i.e. €300,384 in 2014.  Entitlement is acquired only after ten years' service with the Group and provided that the executive director is a member of the Group Management Committee at the date of retirement. If he had retired in 2014, taking into account his length of service, Olivier Bouygues would have received an annual additional retirement provision of €300,384. In accordance with the Afep/Medef Code, this amount does not exceed 45% of the reference income.
<b>TOTAL</b>	<b>991,383</b>	
Change versus 2013	+69.5%	(Reminder: Olivier Bouygues requested that no variable remuneration be paid in respect of the 2013 financial year).

(a) Variable remuneration expressed as a percentage of fixed remuneration.

(b) Variable remuneration ceiling, set as a percentage of fixed remuneration.

n.a.: not applicable.

**Table 1 – General overview of the legal status attributed to executive directors: restrictions on combining positions as corporate officer with employment contract – Supplementary retirement benefits – Severance compensation – Non-competition indemnities**

Executive directors	Employment contract		Supplementary pension scheme <sup>a</sup>		Severance compensation or benefits due or likely to be due on termination or change of office		Indemnities relating to non-competition clause	
	yes	no	yes	no	yes	no	yes	no
<b>Martin Bouygues</b> Position: Chairman and CEO		X	X <sup>a</sup>			X		x
<b>Olivier Bouygues</b> Position: Deputy CEO		X	X <sup>a</sup>			X		X

(a) *Reminder of additional retirement provision: members of the Group Management Committee receive an additional retirement provision set at 0.92% of the reference salary (average of the best three years) per year in the scheme. Benefits are capped at eight times the social security ceiling, i.e. approximately €304,000 at the date of this report. Entitlement is acquired only after ten years' service with the Group and provided that the executive director is a member of the Group Management Committee at the date of retirement. The Group does not have to set aside provisions for this additional retirement provision, which takes the form of an insurance policy taken out with an insurer outside the Group. This additional retirement provision has been approved pursuant to the regulated agreements procedure (Annual General Meeting of 24 April 2014, Resolution 4).*

**Table 2 – General overview of remuneration, benefits in kind and options granted to the two executive directors in 2014**

(€)	Martin Bouygues (Chairman and CEO)		Olivier Bouygues (Deputy CEO)	
	2014	2013	2014	2013
Remuneration owing in respect of the year (see breakdown in table 3 and table 4)	1,769,074	1,029,563	991,383	584,873
Value of options granted in the year <sup>a</sup>				
Value of performance shares granted in the year <sup>b</sup>				
<b>TOTAL</b>	<b>1,769,074</b>	<b>1,029,563</b>	<b>991,383</b>	<b>584,873</b>
<b>YoY CHANGE</b>	<b>+71.82%</b>		<b>+69.5%</b>	

(a) *No options were granted to executive directors in 2013 and 2014.*

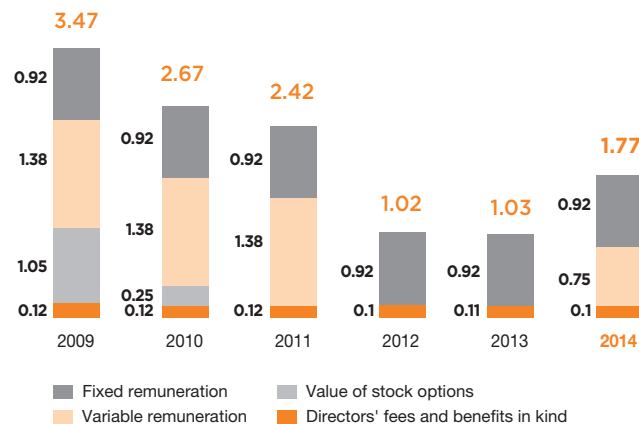
(b) *The company granted no performance shares.*

## Martin Bouygues

### Chairman and CEO

Number of stock options awarded in 2014: 0

(€ million)

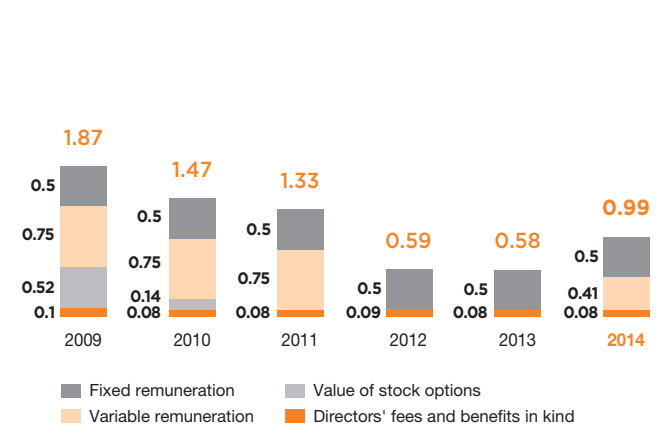


## Olivier Bouygues

### Deputy CEO

Number of stock options awarded in 2014: 0

(€ million)



**Table 3 – Detailed overview of the remuneration of the two executive directors in respect of the 2014 financial year**

The Remuneration Committee assessed the degree to which the variable remuneration criteria of the two executive directors were met. The performance requirements were reached for the P2 and P3 variable portions, which enabled the executive directors to obtain the variable remuneration components listed below.

Position and years of service in the Group	Remuneration <sup>a</sup>	Amounts <sup>b</sup> in respect of FY2014 (€)		Amounts <sup>b</sup> in respect of FY2013 (€)		Variable remuneration criteria <sup>f</sup> (FY2014) (€)
		due <sup>c</sup>	paid	due <sup>c</sup>	paid	
<b>Martin Bouygues</b> Chairman and CEO (41 years)	Fixed	920,000	920,000	920,000	920,000	<ul style="list-style-type: none"> <li>■ P1 = Increase in current operating profit (50%).</li> <li>■ P2 = Change in consolidated net profit<sup>g</sup> versus the Plan (25%).</li> <li>■ P3 = Change in consolidated net profit<sup>g</sup> versus 2013 (25%).</li> <li>■ P4 = Free cash flow before changes in working capital (50%).</li> </ul>
	■ Change	0%		0%		
	Variable	753,204	0	0	0	
	■ Change			0%		
	■ % variable/fixed <sup>d</sup>	81.90%		0%		
	■ Ceiling <sup>e</sup>	150%		150%		
	Exceptional remuneration					
Directors' fees	70,200	70,200	73,900	73,900		
Benefits in kind	25,670	25,670	35,663	35,663		
<b>Total</b>		<b>1,769,074</b>	<b>1,015,870</b>	<b>1,029,563</b>	<b>1,029,563</b>	
<b>Olivier Bouygues</b> Deputy CEO (41 years)	Fixed	500,000	500,000	500,000	500,000	<ul style="list-style-type: none"> <li>■ P1 = Increase in current operating profit (50%).</li> <li>■ P2 = Change in consolidated net profit<sup>g</sup> versus the Plan (25%).</li> <li>■ P3 = Change in consolidated net profit<sup>g</sup> versus 2013 (25%).</li> <li>■ P4 = Free cash flow before changes in working capital (50%).</li> </ul>
	■ Change	0%		0%		
	Variable	409,350	0	0	0	
	■ Change			0%		
	■ % variable/fixed <sup>d</sup>	81.90%		0%		
	■ Ceiling <sup>e</sup>	150%		150%		
	Exceptional remuneration					
Directors' fees	71,277	71,277	73,218	73,218		
Benefits in kind	10,756	10,756	11,655	11,655		
<b>Total</b>		<b>991,383</b>	<b>582,033</b>	<b>584,873</b>	<b>584,873</b>	
<b>TOTAL EXECUTIVE DIRECTORS</b>		<b>2,760,457</b>	<b>1,597,903</b>	<b>1,614,436</b>	<b>1,614,436</b>	
		<b>2014 vs 2013</b>		<b>2013 vs 2012</b>		
<b>CHANGE</b>		<b>+71%</b>		<b>=</b>	<b>-57%</b>	

(a) No remuneration other than that mentioned in the table was paid to the executive directors by companies in the Group.

(b) Amounts due = all the amounts allocated in respect of one financial year. Amounts paid = all the amounts paid in the financial year. However, the variable component allocated for a financial year is actually paid in the first quarter of the following year.

(c) Amounts due – Change: the percentages inserted under the fixed and variable remuneration show variations relative to the previous financial year.

(d) Variable remuneration expressed as a percentage of fixed remuneration.

(e) Variable remuneration ceiling, set as a percentage of fixed remuneration.

(f) Variable remuneration criteria: the portion expresses the weighting of the criterion when determining total variable remuneration.

(g) Consolidated net profit = consolidated net profit (attributable to the Group) of Bouygues.

### 5.4.1.3 Directors' fees

The Annual General Meeting of 24 April 2003 set the total amount of directors' fees to be allocated to corporate officers and directors of Bouygues at €700,000 each year, leaving it to the Board's discretion as to how this amount should be split.

Directors' fees consist of a fixed portion of 30% and a variable portion of 70% calculated on the ratio of the director's effective presence at the five annual meetings of the Board of Directors and, for committee members, at the meetings of the committee or committees concerned.

Chairman and CEO	€50,000
Directors	€25,000
Member of the Accounts Committee	€14,000
Member of another committee (Remuneration, Selection, and Ethics, CSR and Patronage)	€7,000

**Table 4 – Directors' fees paid in respect of the 2014 financial year**

(€)		Origin (Notes 1 and 2)	2014	2013
M. Bouygues	Chairman and CEO	Bouygues Subsidiaries	50,000 20,200	50,000 23,900
O. Bouygues	Deputy CEO	Bouygues Subsidiaries	25,000 46,277	25,000 48,218
		<b>Bouygues Subsidiaries Total</b>	<b>75,000 66,477 141,477</b>	<b>75,000 72,118 147,118</b>
<b>Sub-total for executive directors</b>				
M. Bardou	Director	Bouygues	12,625	
F. Bertière	Director	Bouygues Subsidiaries	25,000 19,000	25,000 19,000
Mrs F. Bouygues	Director	Bouygues	25,000	22,500
J.-P. Chifflet	Director	Bouygues	25,000 2,100	19,375
G. Chodron de Courcel	Director	Bouygues	25,000 19,367	25,000 16,625
R. Deflesselle	Director	Bouygues	12,625	
Y. Gabriel	Director	Bouygues	25,000	25,000
A.-M. Idrac	Director	Bouygues	25,000 17,733	25,000 16,100
P. Kron	Director	Bouygues	25,000	25,000
H. Le Bouc	Director	Bouygues Subsidiaries	25,000 19,000	25,000 19,000
C. Lewiner	Director	Bouygues Subsidiaries	21,500 7,000 19,000	25,000 7,000 19,000
H. le Pas de Sécheval	Director	Bouygues	21,500 21,000	22,500 16,625
S. Nombret	Director	Bouygues	25,000 7,000	25,000 5,250
N. Paolini	Director	Bouygues Subsidiaries	25,000 31,000	25,000 31,000
J. Peyrelevade	Director	Bouygues	25,000 7,000	25,000 7,000
F.-H. Pinault	Director	Bouygues	21,500 14,000	17,500 9,042
R.-M. Van Lerberghe	Director	Bouygues	25,000 5,775	19,375
M. Vilain	Director	Bouygues	25,000 14,000	25,000 10,850
		<b>Bouygues Subsidiaries Total</b>	<b>560,725 88,000 648,725</b>	<b>464,742 97,422 562,164</b>
<b>Sub-total for directors</b>				
<b>TOTAL DIRECTORS' FEES EXECUTIVE DIRECTORS AND DIRECTORS</b>		<b>BOUYGUES SUBSIDIARIES TOTAL</b>	<b>635,725 154,477 790,202</b>	<b>579,059 180,998 760,057</b>

**Note 1:** Bouygues = directors' fees paid in respect of participation on the Bouygues Board of Directors. The first line shows directors' fees paid for attending Board meetings; the second line shows directors' fees paid for participation in one or more committees.

**Note 2:** Subsidiaries = directors' fees paid by Group companies, within the meaning of Article L. 233-16 of the Commercial Code, i.e. mainly Colas, Bouygues Telecom and TF1.



#### 5.4.1.4 Principles and rules for determining the remuneration of salaried directors

##### Remuneration of salaried directors

Four of the directors are employees of Bouygues – François Bertière, Yves Gabriel, Hervé Le Bouc and Nonce Paolini, each of whom is in charge of one of the Group's business segments (subsidiaries).

The principles and methods for determining the remuneration of salaried directors are the same as those used to calculate the remuneration of the two executive directors (see section 5.4.1.1, "Overview of the method used to determine variable remuneration" above).

However, the criteria for determining variable remuneration take into account the performance of the subsidiary managed.

Qualitative criteria are also used.

The criteria for determining variable remuneration are as follows:

- P1 = change in consolidated net profit (attributable to the Group) of Bouygues (30% if the objective is reached);
- P2 = change in consolidated net profit (attributable to the Group) of the subsidiary managed (Bouygues Construction, Bouygues Immobilier, Colas or TF1) versus the Plan (35% if the objective is reached);
- P3 = change in consolidated net profit (attributable to the Group) of the subsidiary managed versus the preceding year (35% if the objective is reached);
- P4 = qualitative criteria: four qualitative criteria (50% if the objective is reached).

These quantitative and qualitative objectives, and in particular the degree to which they are met, have been calculated precisely but are not publicly disclosed for confidentiality reasons.

On the recommendation of the Remuneration Committee, the Board of Directors decided in early 2009 to place greater emphasis on qualitative criteria, since the performance of senior executives during periods of crisis should be measured by more than financial results.

Remuneration paid by Bouygues and corresponding social charges are invoiced to the subsidiary managed by the senior executive (F. Bertière: Bouygues Immobilier; Y. Gabriel: Bouygues Construction; H. Le Bouc: Colas; N. Paolini: TF1).

##### Remuneration of the four salaried directors in respect of the 2014 financial year

In respect of the 2014 financial year, the Remuneration Committee has assessed the degree to which the variable remuneration criteria were met by each salaried director.

The salaried directors obtained the variable remuneration described below, as P1 performance was exceeded and they reached or exceeded the performance requirement in the subsidiaries managed for the P1, P2 and P3 variable portions. The four salaried directors also reached all the qualitative objectives assigned (P4).

Table 5 – Detailed overview of remuneration of salaried directors

Position and years of service in the Group	Remuneration <sup>a</sup>	Amounts <sup>b</sup> in respect of FY2014 (€)		Amounts <sup>b</sup> in respect of FY2013 (€)		Variable remuneration criteria (FY2014)
		due <sup>c</sup>	paid	due <sup>c</sup>	paid	
<b>F. Bertière</b> Director (30 years)	Fixed	920,000	920,000	920,000	920,000	<ul style="list-style-type: none"> <li>■ P1 = Change in consolidated net profit of Bouygues (30%).</li> <li>■ P2 = Change in consolidated net profit of Bouygues Immobilier versus the Plan (35%).</li> <li>■ P3 = Change in consolidated net profit of Bouygues Immobilier versus 2013 (35%).</li> <li>■ P4 = Qualitative criteria (50%).</li> </ul>
	■ Change	0%		0%	0%	
	Variable	1,380,000	891,572	891,572	557,980	
	■ Change	+54.78%		59.78%		
	■ % variable/fixed <sup>d</sup>	150%		96.91%		
	■ Ceiling <sup>e</sup>	150%		150%		
	Exceptional remuneration					
Directors' fees	44,000	44,000	44,000	44,000		
Benefits in kind	4,944	4,944	4,944	4,944		
<b>TOTAL</b>		<b>2,348,944</b>	<b>1,860,516</b>	<b>1,860,516</b>	<b>1,526,924</b>	
<b>Y. Gabriel</b> Director (40 years)	Fixed	920,000	920,000	920,000	920,000	<ul style="list-style-type: none"> <li>■ P1 = Change in consolidated net profit of Bouygues (30%).</li> <li>■ P2 = Change in consolidated net profit of Bouygues Construction versus the Plan (35%).</li> <li>■ P3 = Change in consolidated net profit of Bouygues Construction versus 2013 (35%).</li> <li>■ P4 = Qualitative criteria (50%).</li> </ul>
	■ Change	0%		0%		
	Variable	1,239,884	1,380,000	1,380,000	1,380,000	
	■ Change	-10.15%		0%		
	■ % variable/fixed <sup>d</sup>	140%		150%		
	■ Ceiling <sup>e</sup>	150%		150%		
	Exceptional remuneration					
Directors' fees	25,000	25,000	25,000	25,000		
Benefits in kind	9,957	9,957	9,957	9,957		
<b>TOTAL</b>		<b>2,194,841</b>	<b>2,334,957</b>	<b>2,334,957</b>	<b>2,334,957</b>	
<b>H. Le Bouc</b> Director (37 years)	Fixed	920,000	920,000	920,000	920,000	<ul style="list-style-type: none"> <li>■ P1 = Change in consolidated net profit of Bouygues (30%).</li> <li>■ P2 = Change in consolidated net profit of Colas versus the Plan (35%).</li> <li>■ P3 = Change in consolidated net profit of Colas versus 2013 (35%).</li> <li>■ P4 = Qualitative criteria (50%).</li> </ul>
	■ Change	0%		0%		
	Variable	1,380,000	1,024,512	1,067,016	460,000	
	■ Change	+34.70%		x2.3		
	■ % variable/fixed <sup>d</sup>	150%		115.98%		
	■ Ceiling <sup>e</sup>	150%		150%		
	Exceptional remuneration					
Directors' fees	44,000	44,000	44,000	44,000		
Benefits in kind	4,100	4,100	4,100	4,100		
<b>TOTAL</b>		<b>2,348,100</b>	<b>1,992,612</b>	<b>2,035,116</b>	<b>1,428,100</b>	
<b>N. Paolini</b> Director (26 years)	Fixed	920,000	920,000	920,000	920,000	<ul style="list-style-type: none"> <li>■ P1 = Change in consolidated net profit of Bouygues (30%).</li> <li>■ P2 = Change in consolidated net profit of TF1 versus the Plan (35%).</li> <li>■ P3 = Change in consolidated net profit of TF1 versus 2013 (35%).</li> <li>■ P4 = Qualitative criteria (50%).</li> </ul>
	■ Change	0%		0%		
	Variable	1,380,000	1,024,512	1,024,512	460,000	
	■ Change	+34.70%		x2.2		
	■ % variable/fixed <sup>d</sup>	150%		111.36%		
	■ Ceiling <sup>e</sup>	150%		150%		
	Exceptional remuneration					
Directors' fees	56,000	56,000	56,000	56,000		
Benefits in kind	5,037	5,037	5,037	5,037		
<b>TOTAL</b>		<b>2,361,037</b>	<b>2,005,549</b>	<b>2,005,549</b>	<b>1,441,037</b>	

(a) No remuneration other than that mentioned in the table was paid to corporate officers by companies in the Group.

(b) Amounts due = all the amounts allocated in respect of one financial year. Amounts paid = all the amounts paid in the financial year. However, the variable component allocated for a financial year is actually paid in the first quarter of the following financial year.

(c) Amounts due – Change: the percentages inserted under the fixed and variable remuneration show variations relative to the previous financial year.

(d) Variable remuneration expressed as a percentage of fixed remuneration.

(e) Variable remuneration ceiling, set as a percentage of fixed remuneration.

### Employment contracts of the four salaried directors

The employment contracts of François Bertière, Yves Gabriel, Hervé Le Bouc and Nonce Paolini were maintained as the four directors have spent almost all of their careers at the Group. They all had considerable lengths of service when they were entrusted with the responsibility for one of the Group's five business segments and appointed directors.

### Severance compensation and non-competition indemnities

As is the case for the executive directors, the salaried directors do not benefit from severance compensation or non-competition indemnities.

However, salaried directors are covered by the collective agreement applicable to the company (Paris region construction company executives' collective agreement for Bouygues SA), which provides for certain compensation if a director's employment contract is terminated,

even though such compensation is not strictly classified as severance compensation as such. This ensures that they receive compensation equal to approximately one year's salary.

### Salaried directors representing employee shareholders – Directors representing employees

The salaries paid to the two directors representing employee shareholders, who have an employment contract with Bouygues or one of its subsidiaries, together with the salaries paid to the two directors representing employees, are not disclosed.

#### 5.4.1.5 2015 financial year

For the 2015 financial year, the Board of Directors has decided to make changes to the rules for determining the variable remuneration of the salaried directors as described above.

- Five criteria (P1, P2, P3, P4 and P5) will now be used for determining variable remuneration. A new criterion, P2, was added on a recommendation from the Remuneration Committee. This criterion concerns the current operating margin of the business segment managed by the salaried director. The method used to determine this portion of variable remuneration is identical to that used for criteria P1, P3 and P4, which remain unchanged (see section 5.4.1.4). The new P2 criterion will represent 10% of fixed remuneration if the objective is reached. Criterion P3 (which was criterion P2 before a fifth criterion was added) will represent 25% (versus 35% previously) of fixed remuneration if the objective is reached.
- A “CSR Development” criterion has been added to the P5 qualitative criteria.

## 5.4.2 2014 Report on stock options and performance shares

Report required under Articles L. 225-184 and L. 225-197-4 of the Commercial Code.

This chapter contains the reports required under the Commercial Code and the tables recommended by the Afep/Medef Corporate Governance Code or by the AMF in its publications concerning the information to be provided in registration documents on the remuneration of corporate officers.

### 5.4.2.1 Principles and rules for granting stock options and bonus shares

The twenty-eighth resolution of the Combined Annual General Meeting on 25 April 2013 authorised the Board of Directors to grant on one or more occasions existing or future shares for free. This authorisation, granted for thirty-eight months, requires the beneficiaries of these bonus shares to be employees and/or corporate officers of Bouygues or of companies or economic interest groupings directly or indirectly associated with Bouygues within the meaning of Article L. 225-197-2 of the Commercial Code.

The twelfth resolution of the Combined Annual General Meeting of 24 April 2014 authorised the Board of Directors on one or more occasions to grant options conferring the right to subscribe new shares or to purchase existing shares. This authorisation, granted for thirty-eight months, requires the beneficiaries of these options to be employees and/or corporate officers of Bouygues or of companies or economic interest groupings directly or indirectly associated with Bouygues under the terms of Article L. 225-180 of the Commercial Code.

To date, the Board of Directors has not made use of the authorisations granted by the Annual General Meeting to allot bonus shares or grant options to purchase shares. All of the options granted have been to subscribe for shares.

### General rules applicable to grants of stock options and bonus shares

The Board of Directors has taken into account the recommendations of the Afep/Medef Code and those of the AMF.

It should be noted that:

- stock options or bonus shares are granted to help attract senior executives and employees, secure their loyalty, reward them and give them a medium- and long-term interest in the company's development, in light of their contribution to value creation;
- more than 1,000 senior executives and employees are beneficiaries under each plan. The beneficiaries are selected and individual allotments are decided by reference to each beneficiary's responsibility and performance, with particular attention being paid to executives with potential;
- in the case of stock options, no discount is applied;
- a ceiling has been set to prevent a significant increase in the size of stock option plans when the market is falling. This ceiling has been set at 15% of the volume of the previous plan;
- at its 2 December 2010 meeting, the Board of Directors changed the periods during which senior executives and employees are prohibited from exercising stock options or selling shares arising from the exercise of stock options:
  - for the 30 calendar days immediately preceding the publication of the first-quarter and third-quarter financial statements and those for the first half and full year as well as on the day these statements are publicly disclosed,
  - for the 15 calendar days immediately preceding the publication of Bouygues' quarterly sales figures and on the day this information is publicly disclosed.

The Board of Directors reiterated that this obligation to refrain from selling shares arising from the exercise of stock options was also to be observed during the period in which a senior executive or employee is privy to confidential information and on the day this information is publicly disclosed.

- barring an exceptional decision to the contrary, stock options are to be granted each year after the publication of the full-year financial statements for the previous financial year;
- in addition to these measures, several internal rules were laid down and disseminated to prevent breaches of insider dealing policy or insider dealing offences: the drawing up of a list of people having access to inside information; a reminder of the abstention obligations; information concerning stock market laws; and a recommendation concerning the setting-up of a share trading plan. A specific Compliance Programme was approved and disseminated Group-wide in 2014.

### Specific rules applicable to corporate officers

The rules set by the Board of Directors are as follows:

- stock options or bonus shares shall not be granted to senior executives leaving the company;
- speculative trades and risk-hedging transactions relating to the exercise of stock options or the sale of bonus shares are forbidden; to the company's knowledge, no hedges have been put in place by corporate officers;
- executive directors and salaried directors who wish to sell shares acquired through the exercise of stock options or sell bonus shares shall obtain confirmation from the Group Ethics Officer that they do not hold inside information;
- the value must not exceed the value of the stock options allocated to a corporate officer, which is capped at 100% of his remuneration;
- a ceiling is set on allotments to the Chairman and CEO (a maximum of 5% of an allotment plan) and to the Deputy CEO (a maximum of 2.5% of an allotment plan);
- performance criteria are set for the executive directors at the time of the allotment (consolidated net profit attributable to the Group earned during the year preceding the allotment) and the exercise of options (consolidated net profit attributable to the Group earned in each of the four financial years preceding the exercise of the options);
- when stock options or bonus shares are granted, the Board of Directors shall set the number of bonus shares or exercise option shares that executive directors are required to retain until the expiry of their term of office. This provision was implemented for stock options granted in 2008, 2009 and 2010 (in 2011, 2012, 2013 and 2014, at their request, the executive directors were not granted stock options or bonus shares). The Board of Directors set the number of shares obtained from the exercise of stock options that executive directors are required to hold in registered form either directly or through a company. The percentage of shares they must keep from the 2008, 2009 and 2010 plans is 25% of the shares that remain after selling the number of shares required to cover the costs of exercising the options and paying any related taxes or social charges;
- declaration to the Board of Directors of transactions performed;
- the Rules of Procedure note that the AMF recommends executives to set up share trading plans.

### Choice of stock options

Since 1988, the year the first stock option plan was granted at the Group, the Board of Directors has always chosen the incentive mechanism of stock options to secure the loyalty of senior executives and employees and to give them an interest in the Group's development.

The objective is and has always been not to grant additional remuneration but to involve these individuals in the trend of the Bouygues share price. The well-foundedness of the decision to grant stock options has been borne out by the positive correlation observed between the trend in the Bouygues share price and that in the net profit attributable to the Group.

To date, granting shares for free has not been retained because senior executives and employees are guaranteed to receive a certain sum when they sell them. As such, they are more akin to a bonus or to additional remuneration.

The Board of Directors has asked the Remuneration Committee to regularly review the question of the most appropriate system to secure loyalty and associate individuals with the value of the share.

### General information: stock option characteristics

All the stock options granted by the Board of Directors in 2014 have the following characteristics:

- exercise price: the average of the opening prices quoted on the 20 trading days prior to the option grant, with no discount;
- validity period: seven years and six months from the date the stock options are granted;
- lock-up period: four years from the date the stock options are granted;
- exercise period: three years and six months after expiry of the lock-up period (with three exceptions where stock options may be exercised at any time during the seven years: stock options exercised by heirs within six months of the death of a beneficiary; change of control of Bouygues or cash tender or exchange offer relating to Bouygues; exercise of stock options in accordance with Article L. 3332-25 of the Labour Code, using assets acquired under the Group savings scheme);
- automatic cancellation if the employment contract or appointment as corporate officer is terminated, unless given special authorisation, or in the case of invalidity, departure or retirement.

#### 5.4.2.2 Stock options granted to or exercised by executive directors and salaried directors in 2014

Options for new Bouygues shares were granted in 2014. On 25 February 2014, the Board of Directors decided to make a grant on 27 March 2014 of 2,790,000 options to 1,021 beneficiaries who are corporate officers or employees of the company or companies in the Bouygues group.

The exercise price was set at €30.32 per share subscribed.

The value of each stock option was €2.05 at the grant date, estimated in accordance with the method used for the consolidated financial statements.

This stock option plan represented 0.87% of the company's share capital at 31 December 2013 <sup>a</sup>.

(a) Share capital of Bouygues at 31 December 2013: 319,264,996 shares.

**Table 5 – Options granted to executive directors and salaried directors of Bouygues**

Martin Bouygues and Olivier Bouygues asked the Board of Directors not to grant options to the two executive directors in 2014.

Options were granted to salaried directors.

Salaried directors	Company granting the options	Grant date	Number of options	Exercise price (€)
François Bertière	Bouygues	27 March 2014	80,000	30.32
Yves Gabriel	Bouygues	27 March 2014	135,000	30.32
Hervé Le Bouc	Bouygues	27 March 2014	80,000	30.32
Nonce Paolini	Bouygues	27 March 2014	80,000	30.32
<b>TOTAL</b>			<b>375,000</b>	

Salaried directors were not granted any other options.

**Table 6 – Stock options exercised by executive directors and salaried directors of Bouygues in 2014**

Salaried director	Plan	Number of options exercised	Exercise price (€)
Yves Gabriel	1 April 2009	75,000	25.62

#### 5.4.2.3 Performance (bonus) shares

**Table 7 – Performance shares granted to each executive director**

No performance shares were granted by the company in 2014.

**Table 8 – Performance shares that became available during the year for each executive director**

No performance shares became available during the year as no such shares were granted by the company.



## 5.4.2.4 Summary of outstanding stock option plans

Table 9 – Breakdown of stock options for each plan and category of beneficiary

	2014	2013	2012	2011	2010	2009	2008
Date of AGM	21/04/2011	21/04/2011	21/04/2011	21/04/2011	24/04/2008	24/04/2008	28/04/2005
Grant date	27/03/2014	28/03/2013	13/06/2012	14/06/2011	30/06/2010	01/04/2009	31/03/2008
Number of stock options granted by the Board <sup>b</sup>	2,790,000	2,790,000	2,956,025	2,936,125 (2,974,497) <sup>c</sup>	4,145,650 (4,199,015) <sup>c</sup>	4,672,200 (4,731,074) <sup>c</sup>	4,390,000 (4,434,475) <sup>c</sup>
■ o/w to executive directors and salaried directors <sup>a&amp;b</sup>	Total: 375,000	Total: 320,000	Total: 388,000	Total: 388,000 (393,028) <sup>c</sup>	Total: 770,000 (779,975) <sup>c</sup>	Total: 900,000 (911,659) <sup>c</sup>	Total: 750,000 (759,717) <sup>c</sup>
					M. Bouygues: 160,000	M. Bouygues: 200,000	M. Bouygues: 200,000
					O. Bouygues: 90,000	O. Bouygues: 100,000	O. Bouygues: 100,000
	Y. Gabriel: 135,000	Y. Gabriel: 80,000	Y. Gabriel: 97,000	Y. Gabriel: 97,000	Y. Gabriel: 130,000	Y. Gabriel: 150,000	Y. Gabriel: 150,000
	F. Bertièrè: 80,000	F. Bertièrè: 80,000	F. Bertièrè: 97,000	F. Bertièrè: 97,000	F. Bertièrè: 130,000	F. Bertièrè: 150,000	F. Bertièrè: 150,000
	H. Le Bouc: 80,000	H. Le Bouc: 80,000	H. Le Bouc: 97,000	H. Le Bouc: 97,000	H. Le Bouc: 130,000	H. Le Bouc: 150,000	H. Le Bouc: 100,000
	N. Paolini: 80,000	N. Paolini: 80,000	N. Paolini: 97,000	N. Paolini: 97,000	N. Paolini: 130,000	N. Paolini: 150,000	N. Paolini: 50,000
■ o/w to ten employees of the company	289,100	335,800	402,800	404,200 (409,441) <sup>c</sup>	534,000 (540,920) <sup>c</sup>	520,000 (526,741) <sup>c</sup>	470,000 (476,093) <sup>c</sup>
Pre-adjustment exercise price	€30.32	€22.28	€20.11	€31.84	€34.52	€25.95	€43.23
Post-adjustment exercise price <sup>b</sup>	€30.32	€22.28	€20.11	€31.43	€34.08	€25.62	€42.68
Start of exercise period	28/03/2018	29/03/2017	14/06/2016	14/06/2015	30/06/2014	01/04/2013	31/03/2012
End of exercise period	27/09/2021	28/09/2020	13/12/2019	14/12/2018	30/12/2017	30/09/2016	30/09/2015
Number of options cancelled or lapsed	26,150	85,700	159,125	216,583 <sup>c</sup>	361,291 <sup>c</sup>	385,694 <sup>c</sup>	497,507 <sup>c</sup>
Number of options outstanding at 31/12/2014	2,763,850	2,695,581	2,771,029	2,757,722 <sup>c</sup>	3,837,724 <sup>c</sup>	3,343,389 <sup>c</sup>	3,936,975 <sup>c</sup>
Number of options exercised between 01/01/2015 and 31/01/2015			1,033			30,049	
<b>TOTAL OPTIONS OUTSTANDING AT 31/12/2014</b>	<b>22,106,270</b>						

(a) Including only executive directors and salaried directors currently in office.

(b) In accordance with law, the exercise prices and the number of options granted were adjusted on 15 November 2011 following the share repurchase tender offer.

(c) After the number of options was adjusted on 15 November 2011 following the share repurchase tender offer.

#### 5.4.2.5 Stock options granted to or exercised by the ten employees having received or exercised the most options in 2014

**Table 10 – Stock options granted to the ten Bouygues employees (not corporate officers) having received the largest number of options in 2014**

Employees	Company granting the options	Grant date	Number of options	Exercise price (€)
Pierre Auberger	Bouygues	27 March 2014	8,300	30.32
Jacques Bernard	Bouygues	27 March 2014	15,000	30.32
Gérard Bucourt	Bouygues	27 March 2014	8,300	30.32
Georges Colombani	Bouygues	27 March 2014	15,000	30.32
Emmanuel Forest	Bouygues	27 March 2014	13,500	30.32
Jean-François Guillemin	Bouygues	27 March 2014	27,000	30.32
Philippe Marien	Bouygues	27 March 2014	80,000	30.32
Olivier Roussat	Bouygues	27 March 2014	80,000	30.32
Jean-Claude Tostivin	Bouygues	27 March 2014	27,000	30.32
Gilles Zancanaro	Bouygues	27 March 2014	15,000	30.32
<b>TOTAL</b>			<b>289,100</b>	

**Table 10 a – Stock options exercised in 2014 by the ten Bouygues employees having exercised the largest number of options**

Employees	Company granting the options	Plan	Number of options exercised	Exercise price (€)
Pierre Auberger	Bouygues	1 April 2009	8,104	25.62
Charles-Henri Burgelin	Bouygues	1 April 2009	1,026	25.62
Yann Clairouin	Bouygues	1 April 2009	5,065	25.62
Georges Colombani	Bouygues	13 June 2012	1,500	20.11
Jean-François Guillemin	Bouygues	1 April 2009	15,000	25.62
Olivier Hoberdon	Bouygues	1 April 2009	840	25.62
Gérard Lemarié	Bouygues	1 April 2009	12,156	25.62
Olivier Roussat	Bouygues	1 April 2009	70,000	25.62
Gilles Zancanaro	Bouygues	1 April 2009	30,389	25.62
<b>TOTAL</b>			<b>144,080</b>	

In 2014, 837,549 Bouygues stock options were exercised by employees of Bouygues or one of its subsidiaries, including the nine employees of Bouygues mentioned above.

## 5.5 Information on auditors

### 5.5.1 Statutory auditors

■ Mazars, 61 rue Henri Regnault, 92075 Paris La Défense, France, appointed as statutory auditors at the Annual General Meeting on 10 June 1998, and reappointed for a further six-year term at the Annual General Meeting on 22 April 2004 and then at the Annual General Meeting on 29 April 2010.

Mazars are represented by Guillaume Potel.

■ Ernst & Young Audit, Tour First, 1/2 Place des Saisons, 92400 Courbevoie, France, appointed as statutory auditors at the Annual General Meeting on 24 April 2003, and reappointed for a further six-year term at the Annual General Meeting on 23 April 2009.

Ernst & Young Audit are represented by Laurent Vitse.

Mazars and Ernst & Young Audit are members of the Versailles regional association of auditors.

### 5.5.2 Alternate auditors

■ Philippe Castagnac (Mazars group), appointed as alternate auditor at the Annual General Meeting on 29 April 2010, for an initial six-year term.

■ Auditex (Ernst & Young group), appointed as alternate auditor at the Annual General Meeting of 23 April 2009, for an initial six-year term.

### 5.5.3 Fees paid by the Group to the auditors and members of their networks

The fees paid to each of the auditors and to the members of their networks by Bouygues and all fully consolidated Group companies are set forth in Note 22 to the consolidated financial statements (chapter 7, section 7.1 of this Registration Document).