

CORPORATE GOVERNANCE

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This chapter constitutes the report on corporate governance pursuant to the last paragraph of Article L. 225-37 of the Commercial Code. It includes information specified in Articles L. 225-37-2 and L. 225-37-5 of the Commercial Code.

This report has been drawn up by the General Counsel of Bouygues in close cooperation with the Group's senior management. The contributors have used various internal documents (articles of association, rules of procedure and minutes of the Board of Directors and its committees, compliance programmes, etc.).

The contributors have taken into consideration the regulations in force, the recommendations issued by the AMF, the Afep-Medef Corporate Governance Code, the report of the High Committee for Corporate Governance, and best practices adopted by other listed companies.

This report has been reviewed by the Selection and Remuneration Committee. It was approved by the Board of Directors on 21 February 2018.

Corporate governance code

Bouygues complies with the Corporate Governance Code for listed companies (hereafter the Afep-Medef Code). The Code was updated in November 2016. The Afep-Medef Code is available on the Medef website at www.medef.com and on the Afep website at www.afep.com. It is also included as an appendix to the Rules of Procedure of the Board of Directors available on the www.bouygues.com website.

Derogation from Afep-Medef Code	Explanation
Paragraph 8.3 Proportion of independent directors	See section 5.3.2

5.1 INFORMATION ON CORPORATE OFFICERS AT 31 DECEMBER 2017

Chairman and CEO

Martin Bouygues

32 avenue Hoche, 75008 Paris, France
Date of birth: 3 May 1952 – French
Date of first appointment: 21 January 1982
Expiry date of current term of office: 2018
Number of shares in the company: 369,269
(76,278,329 via SCDM and SCDM Participations)

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. In 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 ^a; member of the Board of Directors of the Francis Bouygues Foundation.

Other positions and functions outside the Group

In France: Standing representative of SCDM; Chairman of Actiby and SCDM Participations.

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

Former positions and functions during the last five years (outside the Group)

2016 – Member of the supervisory board and the strategy committee of Rothschild & Co ^a (former-Paris-Orléans).

2015 – Standing representative of SCDM; Chairman of La Cave de Baton Rouge.

Deputy CEO, director

Olivier Bouygues

32 avenue Hoche, 75008 Paris, France
Date of birth: 14 September 1950 – French
Date of first appointment: 5 June 1984
Expiry date of current term of office: 2019
Number of shares in the company: 192,993
(76,278,329 via SCDM and SCDM Participations)

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 ^b, he held the posts of director of Boscarn, 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 ^c. He has held a seat on the Bouygues Board of Directors since 1984. 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 ^a; Colas ^a; Bouygues Telecom and Bouygues Construction; member of the Board of Bouygues Immobilier.

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

Other positions and functions outside the Group

In France: Director of Alstom ^a; Chairman of SCDM Domaines.

Outside France: Director of SCDM Energy Limited (United Kingdom); Chairman and CEO of Seci (Ivory Coast).

Former positions and functions during the last five years (outside the Group)

2017 – Chairman of Sagri.

2016 – Standing representative of SCDM on the Board of Bouygues.

2015 – Chairman of SCDM Énergie; director of Eranove (former-Finagection), Sodeci ^a (Ivory Coast), CIE ^a (Ivory Coast) and Sénégalaise des Eaux (Senegal); liquidator of SIR.

2014 – Director of Eurosport.

(a) Listed company.

(b) Bouygues' oil and gas services activity, sold to Saipem in 2002.

(c) Bouygues' utilities subsidiary, sold to PAI Partners in 2004.

Deputy CEOs

Philippe Marien

32 avenue Hoche, 75008 Paris, France
Date of birth: 18 June 1956 – French
Date of first appointment: 30 August 2016

Expertise/experience

Philippe Marien is a graduate of École des Hautes Études Commerciales (HEC). He joined the Bouygues group in 1980 as international finance manager. In 1984, he was special advisor for the takeover of the AMREP oil services group before being appointed finance director of Technigaz, a liquefied gas engineering contractor, in 1985. In 1986, he joined the Group's finance department to take responsibility for the financial aspects of the takeover of Screg. He was successively Director of Finance and Cash Management at Screg in 1987 and Director of Finance at Bouygues Offshore^b in 1991. He was appointed Senior Vice-President, Finance and Administration of Bouygues Offshore in 1998, then moved to Bouygues Bâtiment in 2000 as Chief Financial Officer. In March 2003, Philippe Marien became Chief Financial Officer of the Saur^c group, Bouygues' utilities subsidiary, of which he managed the sale by Bouygues to PAI partners, then by PAI partners to a new group of shareholders led by Caisse des Dépôts et Consignations. He was appointed Chief Financial Officer of the Bouygues group in September 2007. In February 2009, Philippe Marien was appointed Chairman of Bouygues Telecom's Board of Directors, a position that he held until April 2013. He took on the position of Senior Vice-President and Chief Financial Officer, Information Systems and Innovation in 2015 and Human Resources in 2016. On 30 August 2016, he was appointed Deputy CEO of Bouygues.

Other positions and functions in the Group

In France: Standing representative of Bouygues on the Boards of Bouygues Construction, Bouygues Telecom, Colas^a and TF1^a; standing representative of Bouygues, member of the Board of Bouygues Immobilier.

Outside France: Director of Bouygues Europe (Belgium) and Uniservice (Switzerland).

Other positions and functions outside the Group

In France: CEO of SCDM; standing representative of Bouygues on the Board of Alstom^a.

Former positions and functions during the last five years (outside the Group)

2015 – Liquidator of Finamag.

Olivier Roussat

32 avenue Hoche, 75008 Paris, France
Date of birth: 13 October 1964 – French
Date of first appointment: 30 August 2016

Expertise/experience

Olivier Roussat is a graduate of INSA – Lyon. He began his career in 1988 at IBM, where he occupied a number of positions in data network services, service delivery and pre-sales. He joined Bouygues Telecom in 1995 to set up the network management centre and network processes. He then became head of network operations and telecoms and IT service delivery. In May 2003, he was appointed network manager and became a member of the Executive Committee of Bouygues Telecom. In January 2007, Olivier Roussat took charge of the performance and technology unit which groups Bouygues Telecom's cross-disciplinary technical and IT departments, including networks, information systems, process engineering, purchasing, corporate services and property development. He was also given responsibility for Bouygues Telecom's headquarters and Technopôle buildings. Olivier Roussat became Deputy Chief Executive Officer of Bouygues Telecom in February 2007 and Chief Executive Officer in November 2007. He was then appointed Chairman and CEO of Bouygues Telecom in May 2013. Olivier Roussat was appointed Deputy CEO of Bouygues on 30 August 2016.

Principal positions outside Bouygues SA

Chairman and CEO of Bouygues Telecom.

Other positions and functions in the Group

In France: Director of TF1^a and Bouygues Construction; member of the Board of Bouygues Immobilier.

Directors

Francis Castagné

Director representing employees
Member of the Selection and Remuneration Committee

1 avenue Eugène Freyssinet, 78280 Guyancourt, France
Date of birth: 29 December 1963 – French
Date of first appointment: 27 April 2016
Expiry of current term of office: 2018

Expertise/experience

Francis Castagné has spent all his career with the Bouygues group, in the construction businesses. Between 1987 and 1990, he was works supervisor at Screg EPI, before taking responsibility for main contractor operations at Screg Bâtiment until 1997. In 1997, he was appointed head of main contractor

(a) Listed company.

(b) Bouygues' oil and gas services activity, sold to Saipem in 2002.

(c) Bouygues' utilities subsidiary, sold to PAI Partners in 2004.

production at SB Ballestrero until 2000. From 2000 to 2007, he was head of projects at Bouygues Bâtiment Ile-de-France. Since 2008, he has been Works Director at Bouygues Bâtiment Ile-de-France – Construction Privée.

Principal positions outside Bouygues SA

Works Director at Bouygues Bâtiment Ile-de-France – Construction Privée.

Raphaëlle Deflesselle

Director representing employees

Member of the Ethics, CSR and Patronage Committee

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

Date of birth: 27 April 1972 – French

Date of first appointment: 20 May 2014

Expiry date of current term of office: 2018

Expertise/experience

Raphaëlle Deflesselle is an engineering graduate of École Polytechnique Féminine (EPF). 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 Director, IT Governance, Research and Transformation within the Information Systems Division at Bouygues Telecom.

Principal positions outside Bouygues SA

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

Clara Gaymard

Independent director

Member of the Accounts Committee

138 bis rue de Grenelle, 75007 Paris, France

Date of birth: 27 January 1960 – French

Date of first appointment: 21 April 2016

Expiry of current term of office: 2019

Number of shares in the company: 500

Expertise/experience

Clara Gaymard is a graduate of Institut d'Études Politiques de Paris (IEP). She was an administrative officer at the office of the mayor of Paris from 1982 to 1984, before joining École Nationale d'Administration (ENA). Graduating from ENA in 1986, she joined the Cour des Comptes state audit office as an auditor and in 1990 was promoted to public auditor. She was then appointed head of the European Union office at the External Economic Relations department (DREE) of the French Ministry of Finance. In 1995, she was named chief of staff at the Ministry of Intergenerational Solidarity. From 1996 to 1999, she served as deputy head in charge of support for small- and medium-sized businesses and regional initiatives at DREE. In February 2003, she became Ambassador for International Investment and Chair of the French Agency for

International Investments (AFII). She joined the General Electric group in 2006, where she was appointed Chair and CEO of GE France, then GE Northwest Europe in 2008. In 2009, she was appointed Vice-Chair of GE International responsible for key public accounts and in 2010 as Vice-Chair responsible for governments and cities. As Chair and CEO of GE France, she participated, from 2012 to 2016, in the acquisition of Alstom's Energy business. She left the General Electric group in January 2016.

Principal positions outside Bouygues SA

Co-founder of Raise.

Other positions and functions outside the Group

In France: Chair of the Women's Forum; director of Veolia Environnement ^a, LVMH ^a, Danone ^a and Sages.

Former positions and functions during the last five years (outside the Group)

2017 – CEO of Raise Conseil.

2016 – Chair of GE France.

Anne-Marie Idrac

Independent director

Chairwoman of the Ethics, CSR and Patronage Committee

Member of the Accounts Committee

9 Place Vauban, 75007 Paris, France

Date of birth: 27 July 1951 – French

Date of first appointment: 26 April 2012

Expiry date of current term of office: 2018

Number of shares in the company: 500

Expertise/experience

Anne-Marie Idrac graduated from Institut d'Études Politiques de Paris (IEP) and École Nationale d'Administration (Simone Weil intake, 1974). She began her career as a senior civil servant serving in a number of posts at the French Ministry of Infrastructure in the fields of the environment, housing, urban development and transport. She was director general at the Public Development Agency (EPA) of Cergy-Pontoise from 1990 to 1993, and director of land transportation from 1993 to 1995. She has also held political offices: Secretary of State for Transport from 1995 to 1997, then Member of Parliament for a constituency in the Yvelines from 1997 to 2002, Councillor for the Paris region from 1998 to 2002, and junior minister for foreign trade from 2008 to 2010. In addition, she has held significant responsibilities in major transport companies: she was Chair and CEO of the RATP (Paris public transport authority) from 2002 to 2006, before becoming the first woman to head the SNCF (French state railways) where she was Chair and CEO from 2006 to 2008. She was also the first woman to become Vice-Chair of Union Internationale des Chemins de Fer (UIC – International Railway Union). In 2017, she was appointed High Representative for the development of driverless vehicles.

(a) Listed company.

Principal positions outside Bouygues SA

Chair of the supervisory board of Toulouse-Blagnac Airport.

Other positions and functions outside the Group

In France: Director of Total ^a, Saint-Gobain ^a and Air France-KLM ^a; Senior Advisor to Suez ^a and to Sia Partners.

Former positions and functions during the last five years (outside the Group)

2015 – Member of the supervisory board of Vallourec ^a.

2014 – Director of Mediobanca ^a (Italy).

Patrick Kron

5 rue de la Baume, 75008 Paris, France
Date of birth: 26 September 1953 – French
Date of first appointment: 6 December 2006
Expiry date of current term of office: 2019
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. Between 1988 and 1993, Patrick Kron held various operational and financial positions, first managing a group of activities in aluminium processing, before being appointed Chairman and CEO of Pechiney Électrométallurgie. 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. From 1998 to 2002, Patrick Kron was Chairman of the executive board of Imerys. He was appointed CEO of Alstom, then Chairman and CEO in 2003, a position he held until January 2016, when he created PKC&I (Patrick Kron – Conseils & Investissements). He was appointed director of LafargeHolcim ^a in May 2017 and of Elval-Halcor SA ^a in November 2017. He has been Chairman of Truffle Capital since November 2016.

Principal positions outside Bouygues SA

Chairman of PKC&I and Truffle Capital.

Other positions and functions outside the Group

In France: Director Sanofi ^a; member of the supervisory board of Segula Technologies.

Outside France: Director of LafargeHolcim ^a (Switzerland) and Elval-Halcor SA (Greece).

Former positions and functions during the last five years (outside the Group)

2016 – Chairman and CEO, and director of Alstom ^a.

2015 – Chairman of Alstom Resources Management; director of Afep (French Association of Private Companies).

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

Helman le Pas de Sécheval

Independent director

Chairman of the Accounts Committee

Member of the Selection and Remuneration Committee

30 rue Madeleine Vionnet, 93300 Aubervilliers, France
Date of birth: 21 January 1966 – French
Date of first appointment: 24 April 2008
Expiry date of current term of office: 2020
Number of shares in the company: 638

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 the Veolia group. He was appointed member of the Board of the AMF in February 2015.

Principal positions outside Bouygues SA

General Counsel of the Veolia ^a group.

Other positions and functions outside the Group

In France: Member of the Board of the AMF.

Colette Lewiner

Independent director

Chairwoman of the Selection and Remuneration Committee

7 avenue de Suresnes, 92210 Saint-Cloud, France
Date of birth: 19 September 1945 – French
Date of first appointment: 29 April 2010
Expiry date of current term of office: 2019
Number of shares in the company: 12,685

(a) Listed company.

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 began her career in research and teaching at Université de Paris VII. She joined EDF in 1979, where she worked in the Research and Development department, before taking charge of fuel oil and uranium purchases. In 1987, she was appointed head of the fuel procurement department. In 1989, she created the development and commercial strategy division and was the first woman to be appointed Senior Vice President at EDF. In 1992, she was appointed Chairwoman and CEO of SGN-Réseau Eurisys, Cogema's engineering subsidiary. 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. Between 2010 and 2015, she was non-executive Chairwoman of TDF. From 2008 to 2012, she was a member of the European Union Advisory Group on Energy. Since 2013, she has been a member of the Conseil de la Recherche (CSR), a high-level committee charged with advising the French government on research and innovation strategy.

Principal positions outside Bouygues SA

Advisor to the Chairman of Capgemini ^a on matters regarding energy and utilities.

Other positions and functions in the Group

In France: Director of Colas ^a.

Other positions and functions outside the Group

In France: Director of Nexans ^a, Eurotunnel ^a, EDF ^a and Ingenico ^a.

Former positions and functions during the last five years (outside the Group)

2016 – Director of Crompton Greaves Limited ^a (India).

2015 – Director of TGS Nopec Geophysical Company ^a (Norway); Chairwoman of the Board of Directors of TDF.

2014 – Director of Lafarge ^a.

Sandra Nombret

Director representing employee shareholders
Member of the Ethics, CSR and Patronage Committee

1 avenue Eugène Freyssinet, 78280 Guyancourt, France

Date of birth: 24 May 1973 – French

Date of first appointment: 29 April 2010

Expiry date of current term of office: 2019

Expertise/experience

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

Principal positions outside Bouygues SA

Director, Legal Affairs at Bouygues Bâtiment International.

Other positions and functions in the Group

Outside France: Director of Bouygues Building Canada Inc. (Canada).

Alexandre de Rothschild

23 bis avenue de Messine, 75008 Paris, France

Date of birth: 3 December 1980 – French

Date of first appointment: 27 April 2017

Expiry date of current term of office: 2020

Number of shares in the company: 500

Expertise/experience

Alexandre de Rothschild is a graduate of École Supérieure du Commerce Extérieur (ESCE). He is currently Deputy CEO of Rothschild & Co, managing partner of Rothschild & Cie Banque, and member of the Rothschild & Co Group Executive Committee. He began his career in 2004 as a financial analyst at the Financial Affairs division of Bear, Stearns & Co. Inc. in New York. From 2005 to 2008, he was a manager for the Private Equity department of Argan Capital in London, then Deputy Head of Strategy at the Jardine Matheson conglomerate based in Hong Kong.

Principal positions outside Bouygues SA

Deputy CEO of Rothschild & Co.

Other positions and functions outside the Group

In France: Deputy Chairman of the management board of Rothschild & Co Gestion SAS; Chairman of K Développement SAS; director of Rothschild Concordia SAS; managing partner of RCB Partenaires SNC, Rothschild & Cie SCS and Rothschild Martin Maurel SCS; member of the supervisory board of Banque Martin Maurel SA.

Outside France: Vice-Chairman and director of the Board of Directors of Rothschild Bank AG (Switzerland); member of the Board of Directors of Rothschilds Continuation Holding AG (Switzerland), Rothschild Concordia AG (Switzerland), Rothschild Holding AG (Switzerland), director of Five Arrows (Scotland), General Partner Ltd (Scotland), and Rothschild Japan Co (Japan).

Former positions and functions during the last five years (outside the Group)

2017 – Member of the Board of Directors of Treillard Investissements SA; general partner of Rothschild & Compagnie Gestion SCS.

2016 – Chairman of Messine Managers Investissements.

2014 – Member of the Strategy Committee of Rothschild & Co.

(a) Listed company.

Rose-Marie Van Lerberghe

Independent director

Member of the Ethics, CSR and Patronage Committee

33 rue Frémicourt, 75015 Paris, France
Date of birth: 7 February 1947 – French
Date of first appointment: 25 April 2013
Expiry date of current term of office: 2019
Number of shares in the company: 531

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) and INSEAD, and has a degree in history. After holding various positions at the French Ministry of Labour in 1986 Rose-Marie Van Lerberghe joined the Danone group, where she successively headed two subsidiaries before becoming Director of Human Resources of the Danone group from 1993 to 1996. In 1996, she became Delegate General for Employment and Vocational Training at the French Ministry of Labour and Social Affairs. She was then Chief Executive Officer of Altédia from 2000 to 2002, before becoming Director General of Assistance Publique – Hôpitaux de Paris from 2002 to 2006. From 2006 to 2011, she chaired the Korian management board. From 2007 to 2008, she sat on the French Commission charged with drawing up proposals for the French Alzheimer's Plan. In 2009, she joined the KPMG strategy committee. From 2011 to 2015, she was a member of the Conseil Supérieur de la Magistrature (High Council for the Judiciary), appointed as a prominent figure from outside the Judiciary. She was Chairwoman of the Board of Directors of Institut Pasteur from 2013 to 2016 and has been Vice-Chairwoman of the supervisory board of Klépierre^a since June 2017.

Principal positions outside Bouygues SA

Vice-Chairwoman and member of the supervisory board of Klépierre^a.

Other positions and functions outside the Group

In France: Director of CNP Assurances^a and Fondation Hôpital Saint-Joseph; Senior Advisor to BPI group; Chairwoman of the Board of Directors of Orchestre des Champs-Élysées.

Former positions and functions during the last five years (outside the Group)

2016 – Chairwoman of the Board of Directors of Institut Pasteur.

2015 – Director of Casino^a, member of the Conseil Supérieur de la Magistrature.

2014 – Director of Air France.

Michèle Vilain

Director representing employee shareholders

Member of the Accounts Committee

3 boulevard Gallieni, 92130 Issy-les-Moulineaux, France
Date of birth: 14 September 1961 – French
Date of first appointment: 29 April 2010
Expiry date of current term of office: 2019

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 before becoming Deputy Director supporting change management within the Residential Property France division for two years. She was then Deputy Director supporting Human Resources digital projects and is currently Deputy Director, Opéra IT project management.

Principal positions outside Bouygues SA

Deputy Director, Opéra IT project management at Bouygues Immobilier.

SCDM, represented by Edward Bouygues

32 avenue Hoche, 75008 Paris, France
Date of first appointment: 22 October 1991
Expiry date of current term of office: 2019
Number of shares in the company: 73,233,357

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 and SCDM Participations.

Former positions and functions during the last five years (outside the Group)

2015 – Chair of SCDM Invest-3, now La Cave de Baton Rouge.

Edward Bouygues, standing representative of SCDM

13-15 avenue du Maréchal Juin, 92360 Meudon, France
Date of birth: 14 April 1984 – French
Date of first appointment: 21 April 2016
Expiry date of current term of office: 2019

(a) Listed company.

Expertise/experience

Edward Bouygues is a graduate of ESSCA, Angers (specialising in banking and finance) and holds an MBA from the London Business School. After having spent five years as a works supervisor, and in marketing at Bouygues Construction, he joined Bouygues Telecom in February 2014 as Head of Marketing. He was then Director of Marketing, with responsibility for services, content and product design, before being appointed CEO of RCBT (Club Bouygues Telecom store network) on 9 February 2017.

Principal positions outside Bouygues SA

CEO of RCBT (Club Bouygues Telecom store network).

Other positions and functions in the Group

In France: Director of Bouygues Telecom; member of the Board of RCBT (Club Bouygues Telecom store network); member of the investment committee of Bouygues Telecom Initiatives.

Former positions and functions during the last five years (outside the Group)

2016 – Non-voting director of Melty.

SCDM Participations, represented by Cyril Bouygues

32 avenue Hoche, 75008 Paris, France
Date of first appointment: 21 April 2016
Expiry date of current term of office: 2019
Number of shares in the company: 3,044,972

Cyril Bouygues, standing representative of SCDM Participations

50 Cannon Street, EC4N 6JJ, London, United Kingdom
Date of birth: 31 January 1986 – French
Date of first appointment: 21 April 2016
Expiry date of current term of office: 2019

Expertise/experience

Cyril Bouygues is a graduate of Institut Supérieur de Gestion (ISG) and holds a Harvard Master in Public Administration. He held the post of works supervisor at Bouygues Construction, then Head of Projects at Bouygues Immobilier, before becoming Head of Strategy and Business Development Manager at SCDM Energy Limited in 2017.

Principal positions outside Bouygues SA

Head of Strategy and Business Development Manager at SCDM Energy Limited (United Kingdom).
Director of Amis de la Fondation Jardin Majorelle.

5.2 CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Chairman

The Board of Directors is required law to elect one of its members (who must be a natural person) as Chairman, to organise and direct the work of the Board and ensure that the company's management bodies function properly.

Chief Executive Officer

In accordance with law, the Board entrusts executive power over the company either to the Chairman of the Board of Directors or to another natural person, not necessarily a director, who has the title of Chief Executive Officer.

Combination of the offices of Chairman and Chief Executive Officer

In April 2002, the Board of Directors opted not to separate the functions of Chairman and Chief Executive Officer. The Board has consistently renewed that option, most recently in May 2017. Martin Bouygues fulfils a dual role as Chairman of the Board of Directors and Chief Executive Officer.

The Board takes the view that combining the positions of Chairman and Chief Executive Officer promotes 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. However, he does not have executive power over any of the Group's five

business segments, which is vested in the executive directors of the major subsidiaries: Bouygues Construction, Bouygues Immobilier, Colas, TF1 and Bouygues Telecom. Consequently, Martin Bouygues does not combine operational responsibility for these subsidiaries with his other roles. While Bouygues and its Chairman pay close attention to matters that have a major impact on the Group, this does not mean they are substituting themselves for the governance bodies of the Group's business segments.

There is no senior independent director or Vice-Chairman.

Limitations on the powers of the Chief Executive Officer

The articles of association do not place specific limitations on the powers of the Chief Executive Officer. In accordance with law and the articles of association, he has the broadest possible powers to act on the company's

behalf under all circumstances. He exercises those 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.

Deputy Chief Executive Officers

The articles of association state that on a proposal from the Chief Executive Officer the Board of Directors may appoint up to five natural persons, who may or may not be directors, to assist the Chief Executive Officer, with the title of Deputy Chief Executive Officers.

Olivier Bouygues was appointed as a Deputy Chief Executive Officer in 2002, and Philippe Marien and Olivier Roussat in August 2016. All three have the same powers as the Chief Executive Officer in dealings with third parties. They assist Martin Bouygues in the exercise of his executive power.

Age limit

The articles of association set an age limit of 70 for the offices of Chairman, Chief Executive Officer and Deputy Chief Executive Officer. When a person holding any of these offices reaches the age of 65, his or her term is submitted to the Board of Directors at its next subsequent 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 is considered to have automatically resigned.

5.3 BOARD OF DIRECTORS

5.3.1 Composition of the Board of Directors

5.3.1.1 Principles governing the composition of the Board

The importance of the role played by the Board of Directors means that the quality of its membership is key to the proper functioning of the company. The Afep-Medef Corporate Governance Code (the "Afep-Medef Code") stresses that the composition of a company's Board should appropriately reflect the company's share ownership structure, the extent and nature of its operations, and the specific circumstances facing the company. It also reiterates that since the Board acts in the corporate interest of the company it is not desirable, except in cases provided for by law, for large numbers of special interests to be represented within the Board.

The composition of the Board of Directors of Bouygues takes account of the significant proportion of the share capital held by the Group's founding family and by employee shareholders.

It also takes account of:

- legal requirements on:
 - gender balance: under Article L. 225-18-1 of the Commercial Code, neither gender may account for less than 40% of the composition of the Board (excluding directors representing employees);
 - directors representing employees: under Article L. 225-27-1 of the Commercial Code, a Board with more than 12 members must include at least two directors representing employees;
 - directors representing employee shareholders: under Article L. 223-23 of the Commercial Code, the Board must include directors representing employee shareholders;
- the provisions of the Afep-Medef Code on independent directors (see section 5.3.2).

According to the articles of association, the Board of Directors is made up as follows:

Type of director	Method of appointment	Term of office	Number of directors	Reference text
3 to 18 directors appointed by the Annual General Meeting	Appointed by an Ordinary General Meeting	3 years, renewable	3 to 18	Article L. 225-18 of the Commercial Code
Up to 2 directors representing employee shareholders	Elected by an Ordinary General Meeting on the recommendation of the Supervisory Boards of the employee share ownership funds	3 years, renewable	Up to 2	Article L. 225-23 of the Commercial Code
1 to 2 directors representing employees	Nominated by the Group Council governed by Articles L. 2331-1 et seq. of the Labour Code	2 years, renewable once	2	Article L. 225-27-1 of the Commercial Code

The Rules of Procedure of the Board of Directors lay down other imperatives. For example, no more than two directors or standing representatives of legal entities may come from outside companies in which a corporate officer of Bouygues holds office.

5.3.1.2 Composition of the Board of Directors at 31 December 2017

For a full career résumé of each director see section 5.1.

Name	Gender	Nationality	Age	Number of shares held	Number of offices held in listed companies outside the Bouygues group
Executive Officers (members of the SCDM group)					
Martin Bouygues Chairman and CEO 	M	FR	65	369,269 (76,278,329 via SCDM)	
Olivier Bouygues Deputy CEO 	M	FR	67	192,993 (76,278,329 via SCDM)	1
Directors representing the SCDM group					
Cyril Bouygues Standing representative of SCDM Participations 	M	FR	31	SCDM Participations: 3,044,972	
Edward Bouygues Standing representative of SCDM 	M	FR	33	SCDM: 73,233,357	
Directors representing employee shareholders					
Sandra Nombret 	F	FR	44		
Michèle Vilain 	F	FR	56		
Directors representing employees					
Francis Castagné 	M	FR	54		
Raphaëlle Deflesselle 	F	FR	45		
Independent directors					
Clara Gaymard 	F	FR	57	500	3
Anne-Marie Idrac 	F	FR	66	500	3
Helman le Pas de Sécheval 	M	FR	51	638	
Colette Lewiner 	F	FR	72	12,685	4
Rose-Marie Van Lerberghe 	F	FR	70	531	2
Other directors					
Patrick Kron 	M	FR	64	500	3
Alexandre de Rothschild 	M	FR	37	500	

(a) Either in a personal capacity or as a standing representative.

 Chair  Member

Board of Directors				Accounts Committee	Selection and Remuneration Committee	Ethics, CSR and Patronage Committee
Expertise	Start of first term ^a	End of current term	Years on Board			
	1982	2018	35			
	1984	2019	33			
	2016	2019	1			
	2016	2019	1			
	2010	2019	7			
	2010	2019	7			
	2016	2018	1			
	2014	2018	3			
	2016	2019	1			
	2012	2018	5			
	2008	2020	9			
	2010	2019	7			
	2013	2019	4			
	2006	2019	11			
	2017	2020				

5

Expertise: Construction Banking & Finance Law Water Energy Senior executive in large groups Political office
 Industry IT International Media Corporate Social Responsibility (CSR) HR Health Telecoms Transport

5.3.1.3 Changes in the composition of the Board of Directors in 2017

During 2017, the number of directors decreased from 16 to 15. The Board still includes two directors representing employees and two directors representing employee shareholders.

Date	Departure	Appointment	Reappointment
27 April 2018	François Bertière Hervé Le Bouc	Alexandre de Rothschild	Helman le Pas de Sécheval

5.3.1.4 Diversity policy applied to Board members

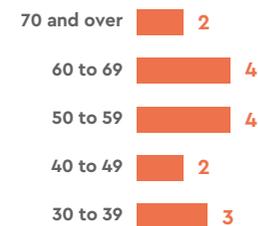
In accordance with the Afep-Medef Code, the Board periodically reassesses the preferred balance of its membership and of its committees, especially as regards diversity (gender balance, nationality, international experience, expertise, etc.). The Board discloses the aims, procedures and outcomes of this diversity policy in the Annual Report.

The Board takes the view that a good balance is achieved by having directors with diverse profiles especially in terms of age, length of service, qualifications and professional experience. This is particularly important given the broad range of activities carried on by Bouygues in construction, telecoms and media. The table in section 5.3.1.2 above uses pictograms to illustrate the diversity of skills among Board members. A career résumé of each director is provided in section 5.1 above.

The balance of composition of the Board and its committees is one of the issues assessed each year as part of the evaluation of the Board

Age pyramid

As of 31 December 2017, the average age of the directors was **54**, and the age pyramid looked like this:



■ Number of directors by age range

The articles of association set no age limit for directors.

(see section 5.3.6). The Selection and Remuneration Committee also takes account of diversity objectives when assessing any candidate for appointment as a director or Executive Officer, or as a member of a committee.

The inclusion of a director representing employees or employee shareholders on each committee is an important element of the diversity policy, in that it involves those directors more closely in the work of the Board.

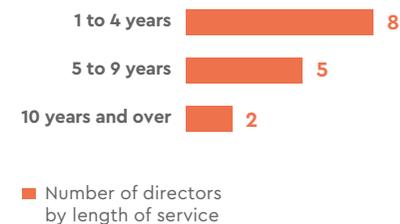
Gender balance

At 21 February 2018, without taking account of directors representing employees (as stipulated in Article L. 225-27 of the Commercial Code), but taking account of directors representing employee shareholders, six of the 13 directors on the Board were women, a proportion of **46.2%**, versus 42.9% a year earlier.

At the same date, eight of the 11 committee members were women, a proportion of **72.7%**.

Length of service on Board

As of 31 December 2017, the average length of service of members of the Bouygues board was **8.3 years**.



■ Number of directors by length of service

Staggered terms of office

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

5.3.2 Independent directors

Assessing director independence

In accordance with the recommendations of the Afep-Medef Code, after seeking the opinion of the Selection and Remuneration Committee, the Board of Directors at its meeting of 21 February 2018 reviewed each director's situation in light of each of the six independence criteria as defined by the Afep-Medef Code and listed below:

Criterion 1	Not being, or not having been during the past five years: (i) an employee or Executive Officer of the company; (ii) an employee, Executive Officer or director of an entity consolidated by the company; (iii) an employee, Executive Officer or director of the company's parent or of an entity consolidated by that parent.
Criterion 2	Not being an Executive Officer of an entity in which (i) the company directly or indirectly holds a directorship or (ii) an employee of the company is designated as a director or (iii) an Executive Officer of the company (current, or who has held such office within the past five years) holds a directorship.
Criterion 3	Not being (or not being directly or indirectly related to) a customer, supplier, investment banker or commercial banker (i) that is material to the company or its group; (ii) or for which the company or its group represents a significant proportion of its business.
Criterion 4	Not being related by close family ties to a corporate officer.
Criterion 5	Not having been a statutory auditor of the company within the previous five years.
Criterion 6	Not having been a director of the company for more than 12 years.

Situation of directors in light of the independence criteria

The table below assesses director independence by reference to the criteria listed above. Directors representing employees or employee shareholders are not included, because they cannot in any circumstances be regarded as independent.

	Criterion 1 (Not being an employee or Executive Officer)	Criterion 2 (No cross- directorships)	Criterion 3 (No business relationships)	Criterion 4 (No family ties)	Criterion 5 (Not a statutory auditor)	Criterion 6 (Less than 12 years' service)	Independence rating
Martin Bouygues Chairman and CEO	x	x	x	x	✓	x	Not independent
Olivier Bouygues Deputy CEO	x	x	x	x	✓	x	Not independent
Cyril Bouygues Standing representative of SCDM Participations	x	✓	x	x	✓	✓	Not independent
Edward Bouygues Standing representative of SCDM	x	✓	x	x	✓	✓	Not independent
Clara Gaymard	✓	✓	✓	✓	✓	✓	Independent
Anne-Marie Idrac	✓	✓	✓	✓	✓	✓	Independent
Patrick Kron	x	✓	✓	✓	✓	✓	Not independent
Helman le Pas de Sécheval	✓	✓	✓	✓	✓	✓	Independent
Colette Lewiner	x ^a	✓	✓	✓	✓	✓	Independent
Alexandre de Rothschild	✓	✓	x	✓	✓	✓	Not independent
Rose-Marie Van Lerberghe	✓	✓	✓	✓	✓	✓	Independent

Criterion met: ✓ – Criterion not met: x

(a) Colette Lewiner is also a director of Colas, a company 96.6% owned by Bouygues, which may create a conflict of interest during some deliberations of the Bouygues Board of Directors. In accordance with the Afep-Medef Code application guidance issued in December 2016, the Board ensures that in such circumstances she refrains from taking part in deliberations and voting at Bouygues Board meetings. More generally, Colette Lewiner, like other directors, is required to comply with the principles and rules in the Conflicts of Interest Compliance Programme adopted by the Board in 2014, the main provisions of which are set out in section 5.3.5.2 below.

As regards criterion 3 (business relationships), the Board obtained assurance that none of the directors likely to qualify as independent was (or was directly or indirectly related to) a customer, supplier or banker that is material to Bouygues or a Bouygues group company. To this end, drawing on the work

of the Selection and Remuneration Committee, the Board made a case-by-case assessment of any business relationships that may exist between Bouygues group companies and companies in which a director has a post or directorship.

Taking account of the recommendations of the AMF and the High Committee for Corporate Governance, the Board adopted a multi-criteria approach when considering material business relationships, while favouring a qualitative analysis. To this end, the Board took account of all the following criteria:

Qualitative criteria	<ul style="list-style-type: none"> • The extent of the business relationship for each of the entities concerned (potential economic dependence between the parties, size of transactions, specific characteristics of certain markets, direct interest of the legal entity in the business relationship). • The organisation of the relationship, including the position of the director concerned in the co-contracting company (length of directorship, whether the director has an operational role within the entity concerned, direct decision-making power over contracts, whether the director has a personal interest in the contracts or is entitled to remuneration linked to the contracts, etc.). In this respect, the Board referred to the definition contained in the Conflicts of Interest Compliance Programme approved by the Board in January 2014: <i>"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)."</i> Additional information about how the Bouygues group manages conflicts of interest is given in section 5.3.5.2 below.
Quantitative criteria	<ul style="list-style-type: none"> • Sales generated by Bouygues group entities with entities of the group with which the director has a relationship, measured by comparing that sales figure with the total sales of the Bouygues group. • The volume of purchases made by Bouygues group entities from entities of the group with which the director has a relationship, measured by comparing that volume with the total volume of purchases of the Bouygues group.

Based on the above criteria, the Selection and Remuneration Committee reported to the Board as follows.

Clara Gaymard	<p>Clara Gaymard is Co-founder of Raise. She is a director of Veolia Environnement, LVMH, Danone and Sages (since 2016). The Selection and Remuneration Committee took account of the following factors:</p> <ul style="list-style-type: none"> • Business relationships exist between Bouygues group entities and entities of the Veolia Environnement, LVMH and Danone groups, but the sales and volume of purchases generated by those business relationships represent only a very small proportion of the business of the groups in question. • There is no relationship of economic dependence, exclusivity or dominance in the sectors in which the Veolia Environnement, LVMH and Danone groups have business relationships with the Bouygues group. • The business relationships arise in the normal course of business and in an ordinary competitive environment. • Those business relationships do not involve Bouygues SA directly, but only certain subsidiaries or sub-subsidiaries. • The Bouygues Board of Directors in no way interferes in those business relationships. • Clara Gaymard has no operational role within the Veolia Environnement, LVMH and Danone groups. She has no decision-making power over the selection of service providers or the awarding, implementation or management of the contracts involved in the business relationships. • She receives no remuneration from and has no personal interest in the contracts in question. • The directorships or positions that she holds within the Veolia Environnement, LVMH and Danone groups are recent. • In 2014, Bouygues SA took a decision to invest €10 million in the Raise investment fund. This decision was taken in light of the specific aims of the fund (support for innovative French businesses, and the existence of a philanthropic endowment fund dedicated to start-ups).
Anne-Marie Idrac	<p>Anne-Marie Idrac chairs the supervisory board of the Toulouse-Blagnac Airport concession company (since 2015). She is a director of Saint-Gobain (since 2011), Total (since 2012) and Air France-KLM (since 2017). She is a Senior Advisor to Suez Environnement and to Sia Partners. In October 2017, she was appointed High Representative for the development of driverless vehicles.</p> <p>The Selection and Remuneration Committee took account of the following factors:</p> <ul style="list-style-type: none"> • Business relationships exist between Bouygues group entities and entities of the Saint-Gobain, Sia Partners, Suez Environnement, Total and Air France-KLM groups, but the sales and volume of purchases generated by those business relationships represent only a very small proportion of the business of the groups in question. • There is no relationship of economic dependence, exclusivity or dominance in the sectors in which the groups in question have business relationships with the Bouygues group. • The business relationships arise in the normal course of business and in an ordinary competitive environment. • Those business relationships do not involve Bouygues SA directly, but only certain subsidiaries or sub-subsidiaries. • The Bouygues Board of Directors in no way interferes in those business relationships. • Anne-Marie Idrac has no operational role within the entities in question. She has no decision-making power over the selection of service providers or the awarding, implementation or management of the contracts involved in the business relationships. • She receives no remuneration from and has no personal interest in the contracts in question.

Colette Lewiner	<p>In addition to her directorships at Bouygues and Colas, Colette Lewiner is a director of Nexans (since 2004), Eurotunnel (since 2011), EDF (since 2014) and Ingenico (since 2015). She is also Advisor to the Chairman of Capgemini, a company where she has spent most of her career.</p> <p>The Selection and Remuneration Committee took account of the following factors:</p> <ul style="list-style-type: none"> • Business relationships exist between Bouygues group entities and entities of the Capgemini and Nexans groups, but the sales and volume of purchases generated by those business relationships represent only a very small proportion of the business of the groups in question. • However, there are more material business relationships between Bouygues group entities and entities of the EDF group, due to a number of ongoing projects. In 2017, Bouygues Construction generated 3% of its sales with the EDF group (versus 2.2% in 2016 and 2.6% in 2015). In January 2017, EDF awarded the contract for construction of the buildings housing two EPR-technology nuclear reactors at the Hinkley Point C plant in the UK to Bouygues Construction subsidiary Bouygues Travaux Publics, in a joint venture with British contractor Laing O'Rourke. The Bouygues Construction share in the deal amounts to over €1.7 billion. However, the Board takes the view that those business relationships do not impair the independence of Colette Lewiner, in light of the factors described below. • There is no relationship of economic dependence, exclusivity or dominance in the sectors in which the groups in question have business relationships with the Bouygues group. • The business relationships arise in the normal course of business and in an ordinary competitive environment. • For the most part, those business relationships do not involve Bouygues SA directly, but only certain subsidiaries or sub-subsidiaries. • The Bouygues Board of Directors in no way interferes in those business relationships. • Colette Lewiner has no operational role within the entities in question. She has no decision-making power over the selection of service providers or the awarding, implementation or management of the contracts involved in the business relationships. • She receives no remuneration from and has no personal interest in the contracts in question.
Helman le Pas de Sécheval	<p>Helman le Pas de Sécheval is General Counsel of the Veolia group (since 2012). He is a member of the Board of the AMF (since 2015).</p> <p>The Selection and Remuneration Committee took account of the following factors:</p> <ul style="list-style-type: none"> • Business relationships exist between Bouygues group entities and entities of the Veolia group, but the sales and volume of purchases generated by those business relationships represent only a very small proportion of the business of the groups in question. • There is no relationship of economic dependence, exclusivity or dominance in the sectors in which the Veolia group has business relationships with the Bouygues group. • The business relationships arise in the normal course of business and in an ordinary competitive environment. • Those business relationships do not involve Bouygues SA directly, but only certain subsidiaries or sub-subsidiaries. • The Bouygues Board of Directors in no way interferes in those business relationships. • Helman le Pas de Sécheval has no operational role within the entities in question. He has no decision-making power over the selection of service providers or the awarding, implementation or management of the contracts involved in the business relationships. • He receives no remuneration from and has no personal interest in the contracts in question.
Rose-Marie Van Lerberghe	<p>Rose-Marie Van Lerberghe chairs the Board of Directors of Orchestre des Champs-Élysées (since 2015). She is also a director of Fondation Hôpital Saint-Joseph (since 2011), a member of the supervisory board of Klépierre (since 2012), a director of CNP Assurances (since 2013), and Senior Advisor to BPI group. She was appointed Vice-Chairwoman of Klépierre in June 2017.</p> <p>The Selection and Remuneration Committee took account of the following factors:</p> <ul style="list-style-type: none"> • Business relationships exist between Bouygues group entities and entities of the CNP Assurances, BPI group, and Klöpierre groups, but the sales and volume of purchases generated by those business relationships represent only a very small proportion of the business of the groups in question. • There is no relationship of economic dependence, exclusivity or dominance in the sectors in which the groups in question have business relationships with the Bouygues group. • The business relationships arise in the normal course of business and in an ordinary competitive environment. • Those business relationships do not involve Bouygues SA directly, but only certain subsidiaries or sub-subsidiaries. • The Bouygues Board of Directors in no way interferes in those business relationships. • Rose-Marie Van Lerberghe has no operational role within the entities in question. She has no decision-making power over the selection of service providers or the awarding, implementation or management of the contracts involved in the business relationships. • She receives no remuneration from and has no personal interest in the contracts in question.

In light of the above, the Board takes the view that the business relationships described above are not, by reference to the aforementioned quantitative and qualitative criteria, of a material nature such as to create conflicts of interest or impair the independence of the five directors in question. In any event, if the Board were to examine a transaction involving any of the entities concerned, the director in question would refrain from taking part in the deliberations and voting on that matter, in accordance with the Rules of Procedure of the Board of Directors and with the Conflicts of Interest Compliance Programme, the provisions of which are summarised in section 5.3.5.2 below.

45.5% of independent directors

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

At 21 February 2018, the Board of Directors had 11 members (excluding directors representing employees or employee shareholders, as required by paragraph 8.3 of the Afep-Medef Code). Of those 11 directors, five were independent, a proportion of 45.5%. This is a higher proportion than a year ago (41.6%).

According to paragraph 8.3 of the Afep-Medef Code, in widely held companies with no controlling shareholder one half of Board members must be independent directors. In companies with a controlling shareholder (within the meaning of Article L. 233-3 of the Commercial Code), at least one third of Board members must be independent directors. Directors representing employee shareholders and directors representing employees are not included when calculating the proportion of independent directors.

In response to a comment from the High Committee for Corporate Governance on this point, Martin Bouygues pointed out that the company is not "controlled" within the meaning of Article L. 233-3 of the Commercial Code, but nor is its capital "widely held". At 31 December 2017, SCDM held 21% of the share capital and 29.4% of the voting rights of Bouygues; at the

same date, the employee share ownership funds (long-term investors) held 17.6% of the share capital and 23.9% of the voting rights. The Board also pays close attention to the quality of independent directors whose appointment is submitted for approval by the Annual General Meeting. Consequently, the Board of Directors takes the view that a 45.5% proportion of independent directors is appropriate to the capital structure of Bouygues and sufficient to prevent any conflicts of interest and ensure the proper governance of the company.

The Board is nonetheless committed to ensuring that the balance recommended by the Afep-Medef Code is maintained. As current terms of office expire, the Board will ensure that it changes its composition so as to respect the proportion of 50% of independent directors.

5.3.3 Conditions for preparing and organising the Board's work

5.3.3.1 Rules of Procedure of the Board of Directors

In 2002, the Board adopted Rules of Procedure to clarify the conditions under which its work is prepared and organised. The Rules of Procedure are reviewed regularly and have been amended on several occasions to comply with changes in laws and regulations, and to reflect recommendations issued by the AMF and changes to the Afep-Medef Code and to Bouygues' own internal control principles. The main rules contained in the Rules of Procedure are summarised in the present report. The full text can be downloaded from the company's website www.bouygues.com under Group, Corporate governance, Board of Directors.

5.3.3.2 Powers of the Board of Directors

The powers and duties of the Board of Directors are laid down by law. In addition, the Rules of Procedure of the Board of Directors specify the following:

- the Board of Directors, with the assistance of an ad hoc committee if needed, determines the company's strategic priorities, and examines and makes decisions on transactions of real strategic importance;
- the strategic priorities, business plans and financing policy for the business segments and the Group are presented to the Board for approval;
- the Board must give its prior approval for any transaction regarded as being of major significance for the Group including investments in organic growth, external acquisitions, disposals, or internal restructuring, particularly where the transaction is outside the scope of the company's stated strategy;
- Board authorisation is required for major financing transactions through public offerings or private placements as well as for the principal guarantees and major commitments;
- the Board oversees the quality of the information supplied to shareholders and to the markets, in particular through the financial statements and in connection with major transactions.

In addition, Bouygues has over the last few years implemented a number of practices to promote good corporate governance and limit the powers

of the Chairman and Chief Executive Officer. In this respect, the following best practices can be cited:

- the existence 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 three specialised committees tasked with preparing the work of the Board in the following areas: selection and remuneration of senior executives; accounting and audit; and ethics, CSR and patronage;
- the presence of a significant proportion of independent directors on the Board and on each of the committees (see section 5.3.2);
- the presence on the Board and on each committee of directors representing employee shareholders or employees;
- annual meetings of directors without executive directors or internal directors being present;
- the existence of a Code of Ethics and a Code of Conduct for directors;
- the existence, at the initiative of the Ethics, CSR and Patronage Committee, of Compliance Programmes, including one on conflicts of interest and another on financial information and securities trading.

5.3.3.3 Calling of meetings, quorum and majority rules

Under the articles of association, the Board of Directors meets as often as necessary in the interests of the company. Meetings are called by the Chairman and may take place at the registered office or any other venue and may be convened in any way, including orally; they are only quorate when at least half of the Board members are in attendance. Decisions are taken by a majority of the directors present 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. As required by 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.

5.3.3.4 Board meetings

The Board of Directors meets in ordinary session at least five times a year:

- In January, the Board reviews the Group's 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 that are presented to it for approval.
- In February, it closes off the financial statements for the previous financial year.
- In May, it closes off the first-quarter financial statements.
- In August, it closes off the first-half financial statements.
- In November, it closes off the nine-month financial statements.

Other Board meetings are held as the Group's business requires.

Immediately after the January Board meeting a separate session is held at which no Executive Officers are present.

The agenda for meetings held to close the financial statements is in three parts: business review, accounting issues, and legal issues. A detailed file on each part is provided to each director.

The statutory auditors are invited to attend all meetings at which the Board reviews interim or full-year financial statements.

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

5.3.3.5 Information and training

The Chairman must ensure that each director is provided with all the documents and information needed to perform their duties, including:

- information about market trends, the competitive environment and the main challenges facing the company, including corporate social responsibility issues;
- the information needed to monitor the progress of business activities and in particular sales figures and order books;

- the financial position, 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 trends in headcount;
- major risks to the company, any change therein, and the steps taken to control them.

Once each quarter, senior management reports to the Board of Directors on the previous quarter's operations and consolidated results.

Directors may obtain additional information on request. The Chairman and Chief Executive Officer and the Deputy Chief Executive Officers, along with the Chief Financial Officer and General Counsel, are always at the Board's disposal to provide explanations and relevant information.

Directors may also meet with the company's senior executives, and may do so without the Executive Officers present provided that the latter have been informed beforehand.

Committees tasked by the Board of Directors with addressing specific issues shall help to keep the Board well informed through their work and reports (see section 5.3.4).

Directors must always receive any document that the company and its subsidiaries have issued publicly, particularly information for shareholders.

Since May 2017, directors have had the use of a secure digital platform to make it easier for them to access relevant documents and information. This platform can also be accessed by the Works Council representative on the Board.

Directors may request additional training relating to the company, its business segments and the sectors in which it operates. As required by law, the directors representing employees receive at least 20 hours a year of specific training.

5.3.4 Board committees

The committees of the Board of Directors examine issues submitted to them for an opinion by the Board or its Chairman as well as matters assigned to them by the Rules of Procedure or by law. The Bouygues group has three Board committees:

- Accounts Committee;
- Selection and Remuneration Committee;
- Ethics, CSR and Patronage Committee.

Annexes to the Rules of Procedure, the content of which is indicated below, define the composition, remit and rules for the operation of the three committees. Executive Officers and salaried directors of Bouygues (other

than directors representing employees or directors representing employee shareholders) cannot sit on the committees. The committees are chaired by independent directors.

The Board determines the composition and remit of each of the committees, which carry out their activities under the Board's responsibility. The Board appoints the committee members from among the directors.

5.3.4.1 Accounts Committee

The Accounts Committee was formed in 1996.

The Committee comprises the following directors:

CHAIRMAN	Helman le Pas de Sécheval	Independent director
	Clara Gaymard	Independent director
MEMBERS	Anne-Marie Idrac	Independent director
	Michèle Vilain	Director representing employee shareholders

Three members of the Committee have particularly extensive skills and experience in financial matters. Helman le Pas de Sécheval has been head of the Financial Operations and Information department of the Commission des Opérations de Bourse (COB, now the AMF), and Chief Financial Officer of the Groupama group; he is currently on the Board of the AMF. Clara Gaymard

has been an auditor at the Cour des Comptes state audit office and has held executive functions in the General Electric group. Anne-Marie Idrac has been 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).

Remit

The Accounts Committee, acting under the responsibility of the Board of Directors, is responsible for overseeing (i) matters related to the preparation and control of accounting and financial information, (ii) internal control and risk management systems, and (iii) matters related to the statutory auditors. In particular, the Committee is responsible for:

Remit	Detailed description
Oversight of the process for preparing financial information	<ul style="list-style-type: none"> • Reviewing the parent company and consolidated financial statements before they are presented to the Board. • Obtaining assurance that the accounting policies used in drawing up those financial statements are relevant and consistent. • Reviewing any changes that have a material impact on the financial statements. • Reviewing the principal optional treatments applied at the accounting close, key estimates and judgments, and the main changes in the scope of consolidation.
Oversight of the effectiveness of internal control and risk management systems, and of internal audit, as regards procedures for preparing and processing accounting and financial information	<ul style="list-style-type: none"> • Reviewing internal control procedures relating to the preparation of the financial statements, in conjunction with internal departments and qualified advisors. • Reviewing the key accounting and financial risks faced by the company, any changes in those risks, and the arrangements put in place to manage them. • Performing an annual review of the key risks faced by the company, any changes in those risks, and the arrangements put in place to manage them. • Reviewing key information systems risks. • Performing an annual review of the company's internal control assessment.
Oversight of matters related to the statutory auditors	<ul style="list-style-type: none"> • Organising the selection procedure as specified in the relevant laws and regulations with a view to the appointment of the statutory auditors by the Annual General Meeting. • Making recommendations on the statutory auditors proposed for appointment at Annual General Meetings. • Overseeing execution by the statutory auditors of their engagement. • Obtaining assurance that the statutory auditors are in compliance with the independence criteria specified in the applicable laws and regulations, in particular examining the allocation of fees paid by the company itself and by Group companies between each statutory auditor (including members of their networks), including fees paid for services other than the statutory audit of the financial statements. • Approving the provision of any services other than statutory audit that may be provided by the statutory auditors or by members of their networks, having first analysed the risks posed to the independence of the statutory auditors and the protective measures applied by them. • Reporting to the Board of Directors on the outcomes of the statutory audit engagement, the way in which that engagement contributed to the integrity of financial information, and the role played by the Accounts Committee in that process.
Specific tasks	<ul style="list-style-type: none"> • In addition to these general and regular reviews, the Committee may also select specific topics for in-depth review, such as the consequences of disposals or acquisitions. It reviews the accounting treatment of key risks to which Group companies are exposed, in particular country risk, or (for example) risks involved in the execution of certain projects at Bouygues Construction. The Committee pays particular attention to changes in accounting policy and to optional treatments applied at the accounting close.
Reporting to the Board of Directors	<ul style="list-style-type: none"> • The Committee reports to the Board of Directors and issues recommendations on the matters described above, both periodically at accounting closes and whenever warranted by a specific event. It informs the Board promptly of any difficulty encountered.

The Accounts Committee reviews the section on internal control and risk management included in the draft Report on corporate governance, and communicates any observations it may have on that draft.

Operation

At the time of their appointment, Accounts Committee members are provided with information concerning the company's specific accounting, financial and operational characteristics.

Accounts Committee meetings are valid only if two or more of its members, including its Chairman, are in attendance. Meetings are called by the Chairman of the Committee, or at the request of the Chairman of the Board of Directors. The Committee meets at least four times each year to examine the quarterly, first-half and full-year financial statements before they are submitted to the Board. The Committee Chairman draws up the agenda. The opinions issued by the Committee are approved by a simple majority of its members. In the event of a tie, the Committee Chairman has the casting vote.

In carrying 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 with senior executives of the company responsible for

finance, accounting, cash management and internal audit. If the Committee so requests, such meetings must be held without the company's senior management being present.

The Committee may also have recourse to external experts, as provided for in the Afep-Medef Code.

The statutory auditors present to the Accounts Committee a summary of their work and of optional accounting treatments used at the accounting close.

The Committee meets with the statutory auditors at least once a year with no company representative present to ensure that they were given full access to information and that they have all the resources they need to fulfil their duties.

During the examination 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 (in particular, any audit adjustments and significant internal control weaknesses identified during their work), and the optional accounting treatments applied. The Chief Financial Officer provides the Committee with a memorandum describing the company's risk exposure and material off-balance sheet commitments.

The statutory auditors' main recommendations are incorporated in an action plan and a follow-up procedure that are presented to the Accounts Committee and to senior management at least once a year.

The Accounts Committee's discussions and the information provided to it are highly confidential and must not be disclosed outside the Board of Directors, subject to the financial reporting obligations incumbent upon listed companies.

The Accounts Committee reports on its work at the next subsequent Board meeting, indicating the specific actions it has taken, its conclusions, and any recommendations it may have. It informs the Board promptly of any difficulty encountered in performing its duties.

5.3.4.2 Selection and Remuneration Committee

The Selection and Remuneration Committee was formed in April 2016 by merging the Selection Committee (set up in 1997) and the Remuneration Committee (set up in 1995).

The Committee comprises the following directors:

 CHAIRWOMAN	Colette Lewiner	Independent director
 MEMBERS	Francis Castagné	Director representing employees
	Helman le Pas de Sécheval	Independent director

Remit

In accordance with the recommendations of the Afep-Medef Code, the remit of the Selection and Remuneration Committee is as described below:

Remit	Detailed description
Composition of the Board of Directors	<ul style="list-style-type: none"> • Drawing up a succession plan for Executive Officers. • Periodically reviewing issues related to the composition, organisation and operation of the Board of Directors in order to make proposals to the Board. • Reviewing candidates for directorships and non-voting directorships, taking care to ensure that at least one third of Board members are independent directors. The Committee pays particular attention to the mix of skills, experience and knowledge of the Group's businesses that each candidate will need in order to make an effective contribution to the Board's work. • Reviewing proposals to set up Board committees, and proposed lists of their remits and members. • Giving an opinion on proposals presented to the Board to appoint, reappoint or remove from office a director or an Executive Officer.
Remuneration	<ul style="list-style-type: none"> • Submitting proposals annually to the Board of Directors regarding the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the total remuneration and benefits of all kinds to be awarded to Executive Officers, and to this end: <ul style="list-style-type: none"> ■ proposing rules used to set the variable portion of the remuneration of Executive Officers, and ensuring that such rules are consistent with the assessment of their performance and with the company's medium-term strategy; ■ proposing performance conditions for the vesting of Executive Officers' annual defined-benefit pension rights; ■ issuing a recommendation annually on the remuneration and benefits of all kinds paid or awarded to each Executive Officer for the most recently ended financial year; ■ proposing a general policy for awarding stock options, it being stipulated that (i) no discount may be offered on options awarded to Group senior executives and in particular to Executive Officers of the company and (ii) awards must be proportionate to the merits of each executive and fairly allocated between the beneficiaries; ■ examining stock option plans awarded to Executive Officers and employees, and making recommendations to the Board on whether the option plans should involve new or existing shares; ■ proposing remuneration and incentive arrangements for the Group's senior executives; ■ where stock options or performance shares are awarded to an Executive Officer, making proposals on the number of shares resulting from the exercise of stock options or performance share grants that the beneficiary will be required to retain until the end of his or her term of office and proposing performance conditions for the granting and exercise of options or for the granting of performance shares; ■ submitting each year to the Board of Directors drafts of the reports on remuneration of corporate officers, and on stock options and performance shares. • Issuing a recommendation on the overall amount of directors' fees and the arrangements for allocating those fees between the directors.

Operation

Selection and Remuneration Committee meetings are called by the Chairman of the Committee, or at the request of the Chairman of the Board of Directors. Committee meetings are valid only if two or more of its members, including its Chairman, are in attendance. The Committee Chairman draws up the agenda.

The opinions issued by the Committee are approved by a simple majority of its members. In the event of a tie, the Chairman has 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 next subsequent meeting of the Board of Directors. No Executive Officer may be present when the report on the work of the Committee is presented to the Board of Directors.

5.3.4.3 Ethics, CSR and Patronage Committee

The Ethics, CSR and Patronage Committee was set up in 2001, and currently comprises the following directors:

 CHAIRWOMAN	Anne-Marie Idrac	Independent director
	Raphaëlle Deflesselle	Director representing employees
 MEMBERS	Sandra Nombret	Director representing employee shareholders
	Rose-Marie Van Lerberghe	Independent director

Remit

The remit of the Ethics, CSR and Patronage Committee is as follows:

Remit	Detailed description
Ethics	<ul style="list-style-type: none"> Helping define rules of conduct and guiding principles to be followed by senior executives and other employees. Issuing recommendations or opinions on initiatives aimed at promoting best practice in this area. Monitoring compliance with these values and rules of conduct.
CSR	<ul style="list-style-type: none"> Examining at least once a year issues encountered by the Group in terms of environmental, corporate and social responsibility. Giving its opinion to the Board on the CSR report required pursuant to Article L. 225-102-1 of the Commercial Code.
Patronage	<ul style="list-style-type: none"> Setting rules or making recommendations for Bouygues. Giving its opinion to the Chairman of the Board on patronage initiatives proposed by Bouygues when they represent a significant financial investment. Ensuring that its recommendations are implemented and that these initiatives are properly carried out.

Operation

Ethics, CSR and Patronage Committee meetings are called by the Chairman of the Committee, 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 next subsequent meeting of the Board of Directors.

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5.3.5 Ethical conduct

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

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

The Compliance Programmes approved in 2014 by the Board of Directors, then updated and supplemented in 2017, include rules relating to ethical conduct in securities trading and the prevention of conflicts of interest.

5.3.5.1 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 Officers must not hold more than two other directorships in listed companies outside their group, including foreign companies, and must seek the opinion of the Board before accepting a new directorship in a listed company;

- directors must not hold more than four other directorships in listed companies outside their group, including foreign companies. This recommendation applies at the time of their appointment or of the next renewal of their term of office;
- directors must inform the Board of directorships held in other companies, including their involvement in the board committees of those companies, whether French or foreign.

As far as the Board of Directors is aware, all of the directors are in compliance with all these rules.

In 2017, the attendance rate at Board and Committee meetings was:

	Board of Directors	Accounts Committee	Selection and Remuneration Committee	Ethics, CSR and Patronage Committee
Martin Bouygues	6/6 (100%)			
Olivier Bouygues	6/6 (100%)			
Cyril Bouygues	6/6 (100%)			
Edward Bouygues	6/6 (100%)			
François Bertière	2/2 (100%)			
Francis Castagné	6/6 (100%)		2/2 (100%)	
Raphaëlle Deflesselle	6/6 (100%)			5/5 (100%)
Clara Gaynard	6/6 (100%)	6/6 (100%)		
Anne-Marie Idrac	5/6 (83%)	6/6 (100%)		5/5 (100%)
Patrick Kron	6/6 (100%)			
Hervé Le Bouc	2/2 (100%)			
Helman le Pas de Sécheval	5/6 (83%)	6/6 (100%)	2/2 (100%)	
Colette Lewiner	6/6 (100%)		2/2 (100%)	
Sandra Nombret	6/6 (100%)			5/5 (100%)
Alexandre de Rothschild	4/4 (100%)			
Rose-Marie Van Lerberghe	4/6 (67%)			3/5 (60%)
Michèle Vilain	6/6 (100%)	6/6 (100%)		
AVERAGE	96%	100%	100%	83%

5.3.5.2 Rules on preventing and managing conflicts of interest

The Code of Conduct for directors sets forth specific measures on conflicts of interest. These measures are supplemented by a compliance programme on conflicts of interest adopted by the Board of Directors in January 2014. 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 office.

The provisions of the Conflicts of Interest Compliance Programme relating to directors and Executive 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 on so-called "regulated agreements" deal with conflicts of interest that may arise between the company and its senior executives — Chief Executive Officer, Deputy CEOs, directors, chairman of a simplified limited company (Société par Actions Simplifiée – SAS), etc. — or between the company and a shareholder with more than 10% of the company's voting rights (or an entity controlling such a shareholder) as a result of (i) agreements between them and the company; (ii) agreements in

which the senior executive or shareholder may indirectly have an interest; or (iii) agreements between two companies with common senior executives."

"Those regulations 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, even potential, between their duties to the company and their private interests. The chairman of a board may at any time ask directors and non-voting directors to provide a written statement confirming that they are not subject to a conflict of interest."

"7.3. Directors must refrain from voting on any issue that concerns them directly or indirectly. In some cases, this obligation to refrain from voting may even require the relevant person not to attend meetings and not to have sight of the documents about the issue in question."

"7.4. Directors and Executive Officers must not engage in any activity that would place them in a conflict of interest situation and must not hold an interest in a client, supplier or rival company if such an investment might 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.”

As of the date of this report, the company is aware of the following potential conflicts of interest:

- major shareholders of the Group (SCDM, SCDM Participations and Group employee shareholders) are directly or indirectly represented on the Board of Directors by Martin Bouygues, Olivier Bouygues, Edward Bouygues, Cyril Bouygues, Sandra Nombret and Michèle Vilain;
- potential conflicts of interest exist because some of the directors hold functions or directorships in other companies. The list of those functions or directorships is set out above (see section 5.1);
- Martin Bouygues, Olivier Bouygues, Edward Bouygues and Cyril Bouygues have family ties with one another. The company is not aware of other family ties between Board members;
- Sandra Nombret, Michèle Vilain, Raphaëlle Deflesselle and Francis Castagné are bound by employment contracts to Bouygues subsidiaries;
- Martin Bouygues, Olivier Bouygues, Edward Bouygues and Colette Lewiner hold directorships in Bouygues subsidiaries.

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

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

The Auditors' special report on regulated agreements and commitments (see chapter 8, section 8.3 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 actual or potential conflicts of interest.

5.3.5.3 Regulated agreements

The Bouygues group Internal Charter on Regulated Agreements, approved by the Board of Directors, is available on www.bouygues.com. The aim of this Charter is to make it easier for Bouygues group companies to identify agreements which, because they directly or indirectly concern a senior executive or a shareholder, must follow the regulated agreements procedure stipulated by the Commercial Code (prior authorisation from the Board of Directors, auditors' special report, approval by the Annual General Meeting).

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 for approval.

5.3.5.4 Convictions and court orders

As far as the company is aware, during the last five years no member of the Board of Directors has been:

- found guilty of fraud, incriminated or subject to official public sanction by any statutory or regulatory body;
- associated, in the capacity of senior executive, 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.

5.3.5.5 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 own 500 shares in the company.

In addition, when awarding stock options or performance shares, the Board of Directors must determine the number of performance shares or shares arising from exercise of options that Executive Officers are required to retain until they cease to hold office (see section 6.4.1).

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, summarised in section 5.3.5.6 below.

5.3.5.6 Prevention of insider dealing

All Bouygues directors are required to comply with the Code of Conduct rules on the prevention of insider dealing. 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, adopted by the Board in January 2014, sets out and supplements those rules, and was updated in September 2017 to reflect new measures arising from the entry into force in July 2016 of EU Regulation No. 596/2014 of 16 April 2014 on market abuse. In August 2016, the directors were informed in advance of the new measures and the Board of Directors updated the Rules of Procedure accordingly.

5.3.6 Evaluation of the Board of Directors

The Rules of Procedure of the Board of Directors stipulate that the Board should periodically evaluate its ability to meet shareholders' expectations by reviewing its composition, organisation and operation, and by undertaking a similar review of Board committees.

Consequently, every year the Board includes on the agenda of its November meeting a discussion on the way in which the Board operates.

In accordance with the recommendations of the Afep-Medef Code, this formal evaluation has three objectives:

- assess the way in which the Board and its committees operate;
- check that important issues are suitably prepared and debated;
- measure the actual contribution of each director to the Board's work through his or her competence and involvement in discussions.

Shareholders are informed each year in the Registration Document that an evaluation has been performed and what action is being taken as a result.

The main conclusions of the evaluation were as follows:

General evaluation	<ul style="list-style-type: none">• Board and its committees operating well.• Good quality of discussion.• Good level of contribution by each director to the work of the Board.
Progress achieved	<ul style="list-style-type: none">• The observations or wishes expressed by directors in recent years have been taken into account: the number of directors has been reduced, and the proportion of women on the Board and of independent directors has been increased; the annual evaluation of the Board and its committees has since 2017 been carried out under the management of the Selection and Remuneration Committee; and starting in 2017, the Board is given an annual presentation on the Human Resources function and its actions.
Areas for improvement	<ul style="list-style-type: none">• Further increase the proportion of independent directors.

On 15 November 2017, the Board of Directors carried out a formal evaluation of its organisation and operation, based on detailed questionnaires sent to directors and committee members. The questionnaires were prepared in collaboration with members of the Selection and Remuneration Committee, and included questions relating to the self-assessment of the other directors. Directors were also invited to have discussions with the General Counsel to ensure they were as well prepared as possible for the meeting.

The response rate was 100% (versus 87% in 2016). These responses were reviewed by the General Counsel, in liaison with the Selection and Remuneration Committee, and compared with those from previous years in order to assess what progress had been achieved and what still needed to be done.

5.3.7 Work of the Board and committees in 2017

5.3.7.1 Work of the Board

The Board of Directors met six times in 2017. The attendance rate was 96%.

The table below shows the main issues that featured on the agenda of each meeting.

17 January	<ul style="list-style-type: none"> • Three-year strategic priorities and business plans for the Group and its business segments. • Mapping of the Group's major risks. • Consultation of the Works Council on strategic orientations. • Report of the Ethics, CSR and Patronage Committee. • Review of the principal claims and litigation involving the Group. • Review of ongoing regulated agreements. • Update of the Rules of Procedure of the Board of Directors. • Meeting of non-executive directors without the executive directors or internal directors present, in particular to carry out an assessment of the Executive Officers and consider future management arrangements.
22 February	<ul style="list-style-type: none"> • 2016 business activity, outlook and objectives of the Group and business segments for 2017. • Position of the Group's business segments compared with their main competitors. • Report of the Accounts Committee. • Opinion of the statutory auditors. • Closing off the consolidated and parent company financial statements for the 2016 financial year, accounting documents and forecasts, consolidated financial statements, proposed appropriation of profits, and management report. • Reports of the Selection and Remuneration Committee. • Report on the remuneration of corporate officers, special report on stock options. • Description of the share buyback programme. • Approval of the Report by the Chairman on corporate governance and internal control. • Proposal to appoint Alexandre de Rothschild as a director. • Proposal to renew the term of office of Helman le Pas de Sécheval as a director. • Composition of the Board committees after the Annual General Meeting of 27 April 2017. • Setting the variable remuneration of senior executives for the 2016 financial year and establishment of rules for determining the remuneration of senior executives for the 2017 financial year. • Convening of the Combined Annual General Meeting; finalisation of the agenda, the draft resolutions and the reports submitted to the general meeting. • Delegation of financial authority to Martin Bouygues and Olivier Bouygues in relation to corporate bonds. • List of companies that fall within the scope of the group tax election. • Approval of regulated agreements. • Press release.
16 May	<ul style="list-style-type: none"> • Business activity and financial statements for the first quarter of 2017. • Alstom group: results for the 2016/17 financial year, and outlook. • Comparisons between the Bouygues group and its competitors. • Action plans, outlook and objectives for the Group and its business segments. • Report of the Accounts Committee and opinion of the statutory auditors. • Closing off the first-quarter financial statements. • Human Resources policy. • Renewal of the term of office of Martin Bouygues as Chairman and Chief Executive Officer. • Stock option plan. • Embargoes and Export Restrictions Compliance Programme. • Status report on training for directors representing employee shareholders and directors representing employees. • Digitisation of the Board of Directors. • Regulated agreements. • Press release.
30 August	<ul style="list-style-type: none"> • Key figures and business activity for the first half of 2017. • Comparison between the Group and its competitors, outlook and objectives for 2017. • Report of the Accounts Committee and opinion of the statutory auditors. • Closing off the first-half financial statements and approval of the Half-year Financial Report. • Report of the Selection and Remuneration Committee. • Renewal of the term of office of Olivier Bouygues as Deputy Chief Executive Officer. • Renewal of the authority granted to the Chairman and Chief Executive Officer to give guarantees, endorsements and sureties. • Press release.
26 September	<ul style="list-style-type: none"> • Review of the proposed merger of the rail businesses of Alstom and Siemens.
15 November	<ul style="list-style-type: none"> • Business activity and financial statements for the first nine months of 2017, sales objectives for the 2017 financial year. • Terms and conditions of capital increase reserved for employees (Bouygues Confiance n°9) and adoption of supplementary report. • Evaluation of the Board. • Gender parity in terms of career development and pay. • Approval of regulated agreements. • Press release.

5.3.7.2 Work of the Accounts Committee

The Accounts Committee met six times in 2017. The attendance rate was 100%.

The Accounts Committee reviewed the full-year parent company financial statements, the quarterly, first-half and full-year consolidated financial statements and the corresponding draft press releases, as well as the "Internal control and risk management procedures" section of the draft Report by the Chairman. The Committee also reviewed other issues, including:

13 January 2017	<ul style="list-style-type: none"> • Implementation of regulatory changes on audit and the Accounts Committee's role. • Mapping of the Group's major risks. • Principal claims and litigation to which the Group is a party.
20 February 2017	<ul style="list-style-type: none"> • Valuations of the principal equity interests held by the Group. • Internal audit and internal control issues. • Statutory auditors' assignments. • Impact of the Bouygues Confiance n°8 employee share ownership plan and the sale of the equity interest in Adelaç on the Group's financial statements and financial position. • Activity review of key projects and of certain subsidiaries of Bouygues Construction, Bouygues Immobilier and Colas. • Impact on the Colas financial statements of the closure of the Dunkirk refinery (Société de Raffinerie de Dunkerque), the sale of equity interests, and a dispute in Canada. • Impact on the TF1 financial statements of transformation costs, the acquisition of Newen Studios, and LCI's migration to freeview. • Impact on the Bouygues Telecom financial statements of the agreements with Cellnex. • Auditors' fees. • Overview of internal audit assignments and internal control outcomes for 2016.
12 May 2017	<ul style="list-style-type: none"> • Valuations of the principal equity interests held by Bouygues SA. • Terms and conditions of the Alstom share options held by Bouygues SA. • Results of key projects at Bouygues Construction. • Activity review on key projects at Bouygues Construction and Colas. • Dispute involving Colas in Canada. • Acquisitions and divestment by TF1 and Bouygues Telecom. • Auditors' fees. • Overview of internal control activities. • Insurance policies contracted by the Group.
28 and 30 August 2017	<ul style="list-style-type: none"> • Valuations of the principal equity interests held by Bouygues SA. • Activity review on major projects. • Ongoing litigation. • Impact of the divestment by TF1 of its equity interest in Groupe AB. • Bouygues Telecom-Cellnex agreement. • Services provided by the statutory auditors and regulatory changes. • Overview of internal audit activities. • Fraud reporting and implementation of the Sapin 2 law. • Presentation by the statutory auditors. • Presentation about a fraud case in the international operations of Colas.
13 November 2017	<ul style="list-style-type: none"> • Valuations of the principal equity interests held by Bouygues SA. • Merger deal between Alstom and Siemens. • Activity review of major projects and of certain subsidiaries of Bouygues Construction, Bouygues Immobilier and Colas. • Bouygues Telecom-Cellnex agreement. • Impact of new international financial reporting standards on the consolidated financial statements. • Audit reform, and the consequences for the statutory auditors' report to the Accounts Committee. • Services provided by the statutory auditors and forecasts for 2017. • Internal audit plan for 2018.

In furtherance of its remit the Accounts Committee interviewed Philippe Marien, Deputy CEO of the Group (in particular on material risks and off-balance sheet commitments of the company), the Accounts and Audit Director, the head of consolidation and the statutory auditors, without the Executive Officers being present.

In accordance with paragraph 15.3 of the Afep-Medef Code, the company ensures that Committee members are supplied with the relevant files sufficiently far in advance (between one-and-a-half and four days ahead of each Committee meeting) for them to have time to examine those files properly before the Committee meeting. A digital platform was put in place in February 2017 to make it easier to access documents on a timely basis.

5.3.7.3 Selection and Remuneration Committee

The Selection and Remuneration Committee met twice in 2017. The attendance rate was 100%.

14 and 17 February 2017	<ul style="list-style-type: none"> • Review of the composition of the Board and its committees. • Positive opinion on the independent director status of Clara Gaymard, Anne-Marie Idrac, Helman le Pas de Sécheval, Colette Lewiner and Rose-Marie Van Lerberghe. • Proposal to renew the term of office of Helman le Pas de Sécheval as a director and to appoint Alexandre de Rothschild as a director. • Review of the corporate governance section of the draft Report by the Chairman. • Proposed calculation of 2016 remuneration of Executive Officers. • Proposed calculation method for 2017 remuneration of Executive Officers. • Proposal to create medium-term multi-year remuneration arrangements for Executive Officers. • Review of the terms of the defined-benefit pension scheme, and proposal to introduce performance conditions. • Review of the remuneration of business segment heads. • Proposed award of an employee stock option plan in May 2017. • Review of the drafts of the reports on remuneration of corporate officers, and on stock options and performance shares. • Proposal to raise the level of directors' fees.
16 May 2017	<ul style="list-style-type: none"> • Proposal that the Board renew the option to combine the offices of Chairman and Chief Executive Officer, renew the terms of office of Martin Bouygues as Chairman and as Chief Executive Officer for a further one-year period; and reiteration of the Board decisions of 22 February 2017 on his remuneration for the 2017 financial year. • Review of the 2017 stock option plan (principal beneficiaries). • Update on the Annual General Meeting of 27 April 2017.

5.3.7.4 Work of the Ethics, CSR and Patronage Committee

The Ethics, CSR and Patronage Committee met four times in 2017. The attendance rate was 90%.

17 January 2017	<ul style="list-style-type: none"> • Non-compliant practices at a foreign subsidiary.
13 March 2017	<ul style="list-style-type: none"> • Review of the 2016 CSR report – Overview of the Annual Report and the conclusions of Ernst & Young on the Group's CSR actions. • CSR strategies and outcomes at Bouygues Telecom. • Positive opinion on requests for new or continuing support for health, education and humanitarian initiatives.
12 May 2017	<ul style="list-style-type: none"> • Opinion on patronage initiatives. • Ethical issues. • Embargoes and Export Restrictions Compliance Programme; updates of other Compliance Programmes; incorporation of the Compliance Programmes into the Rules of Procedure.
30 August 2017	<ul style="list-style-type: none"> • Non-compliant practices at a foreign subsidiary.
15 November 2017	<ul style="list-style-type: none"> • Update on the issue discussed on 30 August. • Findings of the audit on CSR reporting. • Patronage.

5.3.8 Delegations of authority to increase the share capital conferred on the Board of Directors

As required by paragraph 3 of Article L. 225-37-4 of the Commercial Code, the table below summarises financial authorisations to increase the share capital conferred on the Board of Directors by the Annual General Meeting and currently in force, and the use made of such authorisations during 2017.

Only the authorisations to award stock options and increase share capital for the benefit of employees were used during the 2017 financial year.

Purpose	Maximum nominal amount	Expiry/ Duration	Use in 2017
1. Increase share capital with pre-emptive rights for existing shareholders (AGM of 27 April 2017, Resolution 18)	<ul style="list-style-type: none"> Capital increase: €150 million Issue of debt securities: €7 billion 	27 June 2019 (26 months)	None
2. Increase share capital by incorporating share premiums, reserves or earnings into capital (AGM of 27 April 2017, Resolution 19)	€4 billion	27 June 2019 (26 months)	None
3. Increase share capital by way of public offering without pre-emptive rights for existing shareholders (AGM of 27 April 2017, Resolution 20)	<ul style="list-style-type: none"> Capital increase: €85 million^a Issue of debt securities: €4 billion^a 	27 June 2019 (26 months)	None
4. Increase share capital by way of private placement (AGM of 27 April 2017, Resolution 21)	<ul style="list-style-type: none"> Capital increase: 20% of the share capital over 12 months and €70 million^a Issue of debt securities: €3 billion^a 	27 June 2019 (26 months)	None
5. Set the price for immediate or future issues of equity securities by way of public offering or private placement, without pre-emptive rights for existing shareholders (AGM of 27 April 2017, Resolution 22)	10% of the share capital in any 12-month period	27 June 2019 (26 months)	None
6. Increase the number of securities to be issued in the event of a capital increase with or without pre-emptive rights for existing shareholders (AGM of 27 April 2017, Resolution 23)	15% of the initial issue	27 June 2019 (26 months)	None
7. Increase share capital as consideration for contributions in kind consisting of another company's equity securities or securities giving access to capital, outside of a public exchange offer (AGM of 27 April 2017, Resolution 24)	10% of the share capital ^a <ul style="list-style-type: none"> Issue of debt securities: €1.5 billion^a 	27 June 2019 (26 months)	None
8. Increase share capital as consideration for securities tendered to a public exchange offer initiated by Bouygues (AGM of 27 April 2017, Resolution 25)	<ul style="list-style-type: none"> Capital increase: €85 million^a Issue of debt securities: €4 billion^a 	27 June 2019 (26 months)	None
9. Issue shares following the issue by a Bouygues subsidiary of securities giving access to shares in Bouygues (AGM of 27 April 2017, Resolution 26)	Capital increase: €85 million ^a	27 June 2019 (26 months)	None
10. Increase share capital for the benefit of employees or corporate officers who are members of a company savings scheme (AGM of 27 April 2017, Resolution 27)	5% of the share capital	27 June 2019 (26 months)	4,725,897 new shares were issued on 27 December 2017 as part of the Bouygues Con fiance n°9 share ownership plan
11. Grant options to acquire new or existing shares (AGM of 27 April 2017, Resolution 28)	2% of the share capital (Executive Officers: 0.25% of the share capital)	27 June 2019 (26 months)	2,570,800 stock options granted to 841 beneficiaries on 1 June 2017
12. Allot existing or new bonus shares (i.e. free shares) (AGM of 21 April 2016, Resolution 21)	5% of the share capital (Executive Officers: 0.1% of the share capital)	21 June 2019 (38 months)	None
13. Issue equity warrants during the period of a public offer (AGM of 27 April 2017, Resolution 29)	<ul style="list-style-type: none"> Capital increase: €85 million and 25% of the share capital The number of warrants is capped at one quarter of the number of existing shares 	27 October 2018 (18 months)	None

(a) To be deducted from the overall ceiling referred to in point 1.

5.4 REMUNERATION OF CORPORATE OFFICERS

This section contains the reports required by the Commercial Code, and the tables recommended in the Afep-Medef Corporate Governance Code and in AMF pronouncements on information to be included in the registration documents of listed companies about the remuneration of corporate officers.

5.4.1 Remuneration for 2017

Information required under Articles L. 225-37-3 and L. 225-100 paragraph II of the Commercial Code, and reiterating the principles and criteria covered by the twelfth resolution of the Annual General Meeting of 27 April 2017.

5.4.1.1 Principles and rules for determining remuneration awarded to Executive Officers in 2017

The Board of Directors has consistently applied the successive changes to the Afep-Medef Corporate Governance Code, including those in the application guidance issued by the High Committee for Corporate Governance in October 2016 and the revised version of the Code issued in November 2016.

The principles and rules currently applied by the Board, and used to determine remuneration for the 2017 financial year, are described below. As required by Article L. 225-37-2 of the Commercial Code, the Board submitted the principles and criteria for determining, allocating and awarding the remuneration components of Executive Officers for 2017 to a shareholder vote at the Annual General Meeting of 27 April 2017. The remuneration policy was approved when the twelfth resolution of the Annual General Meeting was passed with 90.13% in favour.

A. General preliminary remarks

- None of the four Executive Officers holds an employment contract. Prior to their appointment as Deputy Chief Executive Officers, Philippe Marien and Olivier Roussat were employees of Bouygues SA, but their employment contracts were suspended effective from the date of their appointment, i.e. 30 August 2016.
- The Board of Directors has not granted them any entitlement to severance compensation or non-competition indemnity in the event that they leave the company.
- They were not awarded any deferred annual variable remuneration or exceptional remuneration in 2017.
- A new medium-term remuneration component was introduced in 2017, in the form of multi-year variable remuneration subject to performance conditions.

- The overall remuneration package awarded to Executive Officers takes account of the existence of a capped supplementary pension benefit, and of the fact that they are not entitled to any severance compensation or non-competition indemnity.

- Apart from directors' fees (see Table 4 below), no Group subsidiary pays any remuneration to Martin Bouygues, Olivier Bouygues or Philippe Marien.

In parallel with his role as Deputy Chief Executive Officer of Bouygues, Olivier Roussat also holds office as Chairman and Chief Executive Officer of Bouygues Telecom. Consequently, his remuneration is charged 60% to Bouygues and 40% to Bouygues Telecom.

B. General structure of 2017 remuneration of Executive Officers

Fixed Remuneration (FR)
Performance-related annual variable remuneration
Performance-related multi-year variable remuneration ^a
Directors' fees
Benefits in kind
Performance-related supplementary pension

(a) Awarded only to Martin Bouygues and Olivier Bouygues in 2017.

C. 2017 fixed remuneration

The rules used to determine Fixed Remuneration (FR) were established in 1999 and have been applied consistently ever since. Fixed remuneration is determined according to the level and complexity of the person's responsibilities, experience in the post and length of service with the Group, and practices followed by groups or companies carrying on comparable businesses.

D. 2017 benefits in kind

Benefits in kind consist of the use of a company car, and in the case of Martin Bouygues and Olivier Bouygues the part-time assignment of a personal assistant and a chauffeur/security guard for their personal needs.

E. 2017 annual variable remuneration

General description of method used to determine the 2017 annual variable remuneration of Martin Bouygues, Olivier Bouygues, Olivier Roussat and Philippe Marien

The Board has defined five variable remuneration criteria for Martin Bouygues, Olivier Bouygues, Olivier Roussat and Philippe Marien.

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

In the case of those portions of variable remuneration linked to a quantitative criterion, if an objective is exceeded or not attained the variable portion is adjusted on a straight line basis within a specified range. The variable portion is subject to an upper limit, and is reduced to zero if the objective falls below a lower limit.

The sum total of the five variable portions calculated on this basis cannot under any circumstances exceed the overall cap, set in 2017, of 160% of each Executive Officer's fixed remuneration (see below).

The five criteria used to determine the 2017 annual variable remuneration of Martin Bouygues, Olivier Bouygues, Olivier Roussat and Philippe Marien

For 2017, the variable remuneration of Martin Bouygues, Olivier Bouygues, Olivier Roussat and Philippe Marien is based on the performance of the Group, determined by reference to four key quantitative criteria and to qualitative criteria (P1, P2, P3, P4 and P5):

- P1 = Current operating profit (COP) for the year / Objective = COP per the 2017 plan
- P2 = Consolidated net profit attributable to the Group (CNP) for the year (excluding exceptional items) / Objective = CNP per the 2017 plan
- P3 = Consolidated net profit attributable to the Group (CNP) for the year / Objective = CNP for the previous year
- P4 = Change in net debt (CND) during the year (excluding external growth not built into the plan) / Objective = CND per the 2017 plan

- P5 = Qualitative criteria set by the Board (performance in CSR and compliance)

The quantitative objectives (P1, P2, P3 and P4) and the qualitative criterion (P5) were established with precision but are not disclosed for confidentiality reasons.

The method used to determine the annual variable remuneration of the Executive Officers for 2017 is as follows:

(FR = Fixed Remuneration)

The effective weight of each criterion used to determine each variable portion awarded (P1, P2, P3, P4 and P5) reflects the actual performance achieved during the year.

Each of the P1, P2, P3 and P4 components is calculated as follows:

- 1) If actual performance is more than 10% below the Objective: the component concerned (P1, P2, P3 or P4) = 0
- 2) If actual performance is in the range between (Objective - 10%) and the Objective:
P1 = 0% to 40% of FR
P2 = 0% to 40% of FR
P3 = 0% to 30% of FR
P4 = 0% to 20% of FR
- 3) If actual performance is higher than the Objective:
P1 = 40% to 70% of FR
P2 = 40% to 70% of FR
P3 = 30% to 50% of FR
P4 = 20% to 30% of FR

Between these limits the effective weight of each component is determined by linear interpolation.

The P5 component is determined on the basis of CSR and compliance performance as assessed by the Board, and is capped at 30% of FR.

The sum of the five components P1, P2, P3, P4 and P5 calculated according to the above method may never exceed a **cap of 160% of FR (i.e. €1,472,000)**.

The table below summarises the method used to determine annual variable remuneration.

		Variable remuneration calculation method		
Objective		Theoretical annual variable remuneration if objective is attained	Maximum theoretical annual variable remuneration if objective is exceeded	Annual variable remuneration awarded based on 2017 performance
		Cap (% of FR)	(% of FR)	(% of FR)
P1	Current operating profit for the year per the 2017 plan	40%	70%	47.5%
P2	Consolidated net profit for the year per the 2017 plan	40%	70%	70%
P3	Actual consolidated net profit for the previous year (2016 CNP)	30%	50%	50%
P4	Change in net debt per the 2017 plan	20%	30%	30%
P5	Qualitative criteria (CSR and compliance)	30%	30%	30%
		Total = 160% of FR	Total = 250% of FR Reduced to 160%	Total = 227.5% of FR Reduced to 160%
Cap		160%	160%	160%

FR: Fixed Remuneration.

F. 2017 multi-year variable remuneration

Martin Bouygues and Olivier Bouygues were awarded multi-year variable remuneration in 2017. Olivier Roussat and Philippe Marien having been appointed in 2016, they were not awarded multi-year variable remuneration in 2017.

The 2017 multi-year variable remuneration of Martin Bouygues and Olivier Bouygues is based on medium-term performance, determined by reference to two quantitative criteria potentially giving entitlement to two components (P6 and P7):

- P6 = Average of actual consolidated current operating profit (COP) of the Group for 2017, 2016 and 2015 / Average COP figures for 2017, 2016 and 2015 set as objectives in the business plan.
- P7 = Average of actual consolidated net profit (CNP) of the Group for 2017, 2016 and 2015 / Average CNP figures for 2017, 2016 and 2015 set as objectives in the business plan.

These quantitative objectives were established with precision but are not disclosed for confidentiality reasons.

The method used to determine the 2017 multi-year variable remuneration of Martin Bouygues and Olivier Bouygues is as follows:

(FR = Fixed Remuneration)

- P6: If the Objective is attained P6 = 0

If the Average of the three actual COP figures is 20% or more above the Objective => P6 = 15% of FR

- P7: If the Objective is attained P7 = 0

If the Average of the three actual CNP figures is 20% or more above the Objective => P7 = 15% of FR

Between these limits the effective weight of each component is determined by linear interpolation, in the range from 0% to 15%.

Consequently, 2017 multi-year variable remuneration is capped at 30% of FR (i.e. at €276,000).

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The table below summarises the method used to determine multi-year variable remuneration:

Multi-year variable remuneration (MYVR) calculation method				
Objective	Theoretical MYVR		MYVR awarded based on 2017 performance	
	If the Objective is attained	If actual performance is ≥ 20% above the Objective		
P6: Average of 2017, 2016 and 2015 COP per the plan	0% of FR	Linear interpolation ↔ between 0% and 15%	15% of FR	4.5% of FR
P7: Average of 2017, 2016 and 2015 CNP per the plan	0% of FR	Linear interpolation ↔ between 0% and 15%	15% of FR	15% of FR
Cap			30%	30%
2017 MYVR				19.5%

FR: Fixed Remuneration.

G. Exceptional remuneration

In exceptional circumstances, the Board of Directors may, on the advice of the Selection and Remuneration Committee, grant an exceptional bonus.

H. 2017 directors' fees

Martin Bouygues and Olivier Bouygues receive and retain the directors' fees paid by Bouygues and by certain Group subsidiaries. Philippe Marien and Olivier Roussat retain the directors' fees paid by certain subsidiaries (see sections 5.4.1.2 and 5.4.1.3 below).

I. 2017 supplementary pension

The four Executive Officers are entitled, subject to certain conditions, to a supplementary pension when they retire.

The table below summarises the method used to determine pension rights for 2017:

Supplementary pension scheme

Annual cap on vesting of pension rights = 0.92% of the 2017 reference salary (Fixed + Annual Variable)

Performance conditions

Objective = plan average – 10% (average of CNP figures per the 2017 and 2016 plans)	If the Average of actual CNP figures for 2017 and 2016 is more than 10% below the Objective Pension rights = 0	If the Average of actual CNP figures for 2017 and 2016 is \geq the Objective Pension rights = 0.92%

Overall cap on pension rights = 8 times social security ceiling (giving a cap of €313,824 in 2017).

Note: Annual pension rights for 2017 are contingent on CNP performances for 2017 and 2016. In 2018, annual pension rights would be contingent on CNP performances for 2018, 2017 and 2016.

Those performances were achieved by Philippe Marien and Olivier Roussat in 2017. Consequently, their pension rights would be 0.92% of their reference salary.

Information provided by the company on pension commitments or other lifetime benefits pursuant to Articles L. 225–37–3 (paragraph 3) and D. 225–104–1 of the Commercial Code

The characteristics of the supplementary pension scheme awarded to the Group's senior executives are as follows:

1. Title of the commitment: defined-benefit collective pension scheme.
2. Reference to legal provisions identifying the scheme: Article L. 137–11 of the Social Security Code.
3. Conditions for joining the scheme and other eligibility conditions. The beneficiary must:
 - be a member of the Group Management Committee on the date of voluntary or compulsory retirement;
 - have at least ten years' service with the Bouygues group at the date of voluntary or compulsory retirement;

Performance conditions for the supplementary pension in 2017

Under Article 229 of the law of 6 August 2015, vesting of the pension rights of Executive Officers of listed companies in respect of a given financial year must now be subject to performance conditions.

Martin Bouygues and Olivier Bouygues cannot acquire any supplementary pension rights in 2017 since the rights vested in them to date have reached the cap set by the Board of Directors (eight times the annual social security ceiling).

Philippe Marien and Olivier Roussat having been appointed Deputy Chief Executive Officers, the Board of Directors has set performance conditions that must be met if they are to acquire pension rights for 2017.

- have definitively ended his or her professional career at one of the Group companies (this condition is fulfilled when the employee is part of the workforce at the date of voluntary or compulsory retirement);
 - be at least 65 years old at the date of voluntary or compulsory retirement;
 - fulfil the eligibility criteria for pension benefits under the basic social security pension scheme and the mandatory supplementary schemes (ARRCO and AGIRC);
 - meet the performance conditions set by the Board of Directors.
4. Method of determining the reference salary specified by the scheme and used to calculate the rights of beneficiaries:
The reference salary must be equal to the average gross salary of the three best calendar years of the Executive Officer or employee at the Bouygues group during his or her period on the Group Management Committee, adjusted to reflect changes in the value of pension entitlement points under the AGIRC scheme, on the date the term of office ends or the employment contract is terminated. The reference gross salary is that used to calculate social security contributions in accordance with Article L. 242–1 of the Social Security Code.
 5. Pattern of vesting of rights: annual.
 6. Annual cap on vesting of pension rights: 0.92% of reference salary.
 7. Overall cap (amount and calculation method): eight times the annual social security ceiling, giving a cap of €313,824 in 2017.

8. Terms and conditions for funding the benefit: outsourced to an insurance company, to which a contribution is paid each year.
9. Estimated amount of annual annuity at the end of the reporting period:

Name	Annual annuity €
Martin Bouygues	310,074
Olivier Bouygues	222,174
Philippe Marien	174,263
Olivier Roussat	237,922

Note: The annual annuities of Martin Bouygues and Olivier Bouygues would each amount to eight times the annual social security ceiling once the contributions paid into the scheme by SCDM, calculated on a pro rata basis for the time spent on SCDM business each year by the person concerned, are taken into account.

Note: Before being appointed as Deputy Chief Executive Officers, Philippe Marien and Olivier Roussat were already members of the Group Management Committee and as such were entitled to benefit from the defined-benefit pension scheme described above.

10. Tax and social security charges borne by the company: the contributions paid into the scheme by the company are not subject to employers' social security charges or to the CSG or CRDS levies. However, the company is required to pay a levy set at 24% of those contributions.

J. Other information on remuneration

The remuneration of 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 as approved under the regulated agreements procedure. Those invoices strictly reflect the amounts of remuneration as determined by the Bouygues Board of Directors. The agreement between Bouygues and SCDM was approved by the Annual General Meeting of 27 April 2017 (fourth resolution) under the regulated agreements procedure.

Olivier Bouygues spends part of his time on SCDM business. The Board of Directors has ensured that his remuneration reflects how he splits his time. His operational responsibilities within SCDM do not significantly reduce his availability and do not give rise to a conflict of interest.

As mentioned above, because Olivier Roussat holds office as Chairman and Chief Executive Officer of Bouygues Telecom in parallel with his office as Deputy Chief Executive Officer of Bouygues, 60% of his remuneration is charged to Bouygues and 40% to Bouygues Telecom.

K. Combined Annual General Meeting of 27 April 2017 – Say on Pay

The Annual General Meeting of 27 April 2017 expressed a favourable opinion on the remuneration components awarded in respect of the 2016 financial year to Martin Bouygues (eighth resolution, passed with 98.29% in favour), Olivier Bouygues (ninth resolution, 98.27% in favour), Philippe Marien (tenth resolution, 97.48% in favour) and Olivier Roussat (eleventh resolution, 97.48% in favour).

5.4.1.2 Remuneration of Executive Officers in respect of the 2017 financial year

Description of the remuneration of Martin Bouygues, Chairman and Chief Executive Officer, in respect of the 2017 financial year

I. Remuneration components due or awarded in respect of the 2017 financial year and submitted to the Annual General Meeting of 26 April 2018 for approval (Resolution 7)

	Quantity/ accounting value €	Comments
Fixed remuneration	920,000	Martin Bouygues' fixed remuneration has not changed since 2003.
Change versus 2016	0%	
Annual variable remuneration	1,472,000	Variable remuneration criteria (2017 financial year): see 5.4.1.1 (E) above.
Change versus 2016	+6.67%	
Variable/fixed ^a	160%	
Cap ^b	160%	
Multi-year variable remuneration	179,400	Medium-term remuneration introduced by the Board for the first time in 2017.
Deferred variable remuneration		No deferred variable remuneration.
Exceptional remuneration		No exceptional remuneration.
Value of stock options, performance shares or any other long-term remuneration awarded in respect of the year		No stock options, performance shares or other long-term remuneration awarded in respect of the year.
Directors' fees	90,200 • of which Bouygues: 70,000 • of which subsidiaries: 20,200	
Value of benefits in kind	31,892	Company car. Part-time assignment of personal assistant and chauffeur/security guard for personal needs.

II. For information: remuneration components due or awarded in respect of the 2017 financial year and approved by the Annual General Meeting under the regulated agreements procedure (AGM of 27 April 2017, Resolution 4)

	Quantity/ accounting value €	Comments
Severance compensation		No severance compensation.
Non-competition indemnity		No non-competition indemnity.
Supplementary pension scheme		Martin Bouygues, on the same basis and subject to the same conditions as the other members of the Group Management Committee, belongs to a supplementary pension scheme giving entitlement to an annual pension equal to 0.92% of the reference salary (average of the three best years) per year in the scheme, capped at eight times the social security ceiling (giving a cap of €313,824 for 2017). Because he has reached this cap, Martin Bouygues cannot acquire any further rights. Entitlement to this supplementary pension is acquired only after ten years' service with the Bouygues group and is contingent on the beneficiary being a member of the Group Management Committee at the date of retirement. If he had retired in 2017, taking into account his length of service, Martin Bouygues would have been entitled to an annual pension of €310,074 (although the €313,824 cap would have been reached because Martin Bouygues has also acquired pension rights through the office he holds at SCDM). In accordance with the Afep-Medef Code, this does not exceed 45% of his reference income.
TOTAL	2,693,492	
Change versus 2016	+12.16%	

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

(b) Cap on variable remuneration, set at a percentage of fixed remuneration.

Description of the remuneration of Olivier Bouygues, Deputy Chief Executive Officer, in respect of the 2017 financial year

I. Remuneration components due or awarded in respect of the 2017 financial year and submitted to the Annual General Meeting of 26 April 2018 for approval (Resolution 8)

	Quantity/ accounting value €	Comments
Fixed remuneration	500,000	Olivier Bouygues' fixed remuneration has not changed since 2009.
Change versus 2016	0%	
Annual variable remuneration	800,000	Variable remuneration criteria (2017 financial year): see 5.4.1.1 (E) above.
Change versus 2016	+6.67%	
Variable/fixed ^a	160%	
Cap ^b	160%	
Multi-year variable remuneration	97,500	Medium-term remuneration introduced by the Board for the first time in 2017.
Deferred variable remuneration		No deferred variable remuneration.
Exceptional remuneration		No exceptional remuneration.
Value of stock options, performance shares or any other long-term remuneration awarded in respect of the year		No stock options, performance shares or other long-term remuneration awarded in respect of the year.
Directors' fees	90,417 • of which Bouygues: 40,000 • of which subsidiaries: 50,417	
Value of benefits in kind	11,631	Company car. Part-time assignment of personal assistant and chauffeur/security guard for personal needs.

II. For information: remuneration components due or awarded in respect of the 2017 financial year and approved by the Annual General Meeting under the regulated agreements procedure (AGM of 27 April 2017, Resolution 4)

	Quantity/ accounting value €	Comments
Severance compensation		No severance compensation.
Non-competition indemnity		No non-competition indemnity.
Supplementary pension scheme		Olivier Bouygues, on the same basis and subject to the same conditions as the other members of the Group Management Committee, belongs to a supplementary pension scheme giving entitlement to an annual pension equal to 0.92% of the reference salary (average of the three best years) per year in the scheme, capped at eight times the social security ceiling (giving a cap of €313,824 for 2017). Because he has reached this cap, Olivier Bouygues cannot acquire any further rights. Entitlement to this supplementary pension is acquired only after ten years' service with the Bouygues group and is contingent on the beneficiary being a member of the Group Management Committee at the date of retirement. If he had retired in 2017, taking into account his length of service, Olivier Bouygues would have been entitled to an annual pension of €222,174 (although the €313,824 cap would have been reached because Olivier Bouygues has also acquired pension rights through the office he holds at SCDM). In accordance with the Afep-Medef Code, this does not exceed 45% of his reference income.
TOTAL	1,499,548	
Change versus 2016	+12.19%	

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

(b) Cap on variable remuneration, set at a percentage of fixed remuneration.

Description of the remuneration of Olivier Roussat, Deputy Chief Executive Officer, in respect of the 2017 financial year

I. Remuneration components due or awarded in respect of the 2017 financial year and submitted to the Annual General Meeting of 26 April 2018 for approval (Resolution 10)

	Quantity/ accounting value €	Comments
Fixed remuneration	552,000	Corresponds to 60% of Olivier Roussat's fixed remuneration, the remainder being charged to Bouygues Telecom.
Change versus 2016	not applicable	Olivier Roussat was appointed as a Deputy CEO of Bouygues on 30 August 2016 (see comments at "TOTAL" below).
Variable remuneration	883,200	Corresponds to 60% of Olivier Roussat's variable remuneration, the remainder being charged to Bouygues Telecom.
Change versus 2016	not applicable	Variable remuneration criteria (2017 financial year): see 5.4.1.1 (E) above.
Variable/fixed ^a	160%	
Cap ^b	160%	
Multi-year variable remuneration		No multi-year variable remuneration.
Deferred variable remuneration		No deferred variable remuneration.
Exceptional remuneration		No exceptional remuneration.
Value of stock options, performance shares or any other long-term remuneration awarded during the period in respect of the year		No stock options, performance shares or other long-term remuneration awarded in respect of the year.
Directors' fees	Directors' fees – subsidiaries: 34,550	
Value of benefits in kind	16,504	Company car and unemployment insurance.

II. For information: remuneration components due or awarded in respect of the 2017 financial year and approved by the Annual General Meeting under the regulated agreements procedure (AGM of 27 April 2017, Resolution 4)

	Quantity/ accounting value €	Comments
Severance compensation		No severance compensation.
Non-competition indemnity		No non-competition indemnity.
Supplementary pension scheme		Olivier Roussat, on the same basis and subject to the same conditions as the other members of the Group Management Committee, belongs to a supplementary pension scheme giving entitlement to an annual pension equal to 0.92% of the reference salary (average of the three best years) per year in the scheme, capped at eight times the social security ceiling (giving a cap of €313,824 for 2017). Entitlement to this supplementary pension is acquired only after ten years' service with the Bouygues group and is contingent on the beneficiary being a member of the Group Management Committee at the date of retirement. If he had retired in 2017, Olivier Roussat would have been entitled, taking into account his length of service, to an annual pension of €237,922. In accordance with the Afep-Medef Code, this does not exceed 45% of his reference income.
TOTAL	1,486,254	Olivier Roussat was appointed as a Deputy CEO of Bouygues on 30 August 2016. The total amount of his remuneration components for the last four months of 2016 was €476,037 (60% being charged to Bouygues, the remaining 40% being charged to Bouygues Telecom).

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

(b) Cap on variable remuneration, set at a percentage of fixed remuneration.

Description of the remuneration of Philippe Marien, Deputy Chief Executive Officer, in respect of the 2017 financial year

I. Remuneration components due or awarded in respect of the 2017 financial year and submitted to the Annual General Meeting of 26 April 2018 for approval (Resolution 9)

	Quantity/ accounting value €	Comments
Fixed remuneration	920,000	Philippe Marien was appointed as a Deputy CEO of Bouygues on 30 August 2016 (see comments at "TOTAL" below).
Change versus 2016	not applicable	
Variable remuneration	1,472,000	Variable remuneration criteria (2017 financial year): see 5.4.1.1 (E) above.
Change versus 2016	not applicable	
Variable/fixed ^a	160%	
Cap ^b	160%	
Multi-year variable remuneration		No multi-year variable remuneration.
Deferred variable remuneration		No deferred variable remuneration.
Exceptional remuneration		No exceptional remuneration.
Value of stock options, performance shares or any other long-term remuneration awarded in respect of the year		No stock options, performance shares or other long-term remuneration awarded in respect of the year.
Directors' fees	Directors' fees – subsidiaries: 78,400	
Value of benefits in kind	8,533	Company car.

II. For information: remuneration components due or awarded in respect of the 2017 financial year and approved by the Annual General Meeting under the regulated agreements procedure (AGM of 27 April 2017, Resolution 4)

	Quantity/ accounting value €	Comments
Severance compensation		No severance compensation.
Non-competition indemnity		No non-competition indemnity.
Supplementary pension scheme		Philippe Marien, on the same basis and subject to the same conditions as the other members of the Group Management Committee, belongs to a supplementary pension scheme giving entitlement to an annual pension equal to 0.92% of the reference salary (average of the three best years) per year in the scheme, capped at eight times the social security ceiling (giving a cap of €313,824 for 2017). Entitlement to this supplementary pension is acquired only after ten years' service with the Bouygues group and is contingent on the beneficiary being a member of the Group Management Committee at the date of retirement. If he had retired in 2017, Philippe Marien would have been entitled, taking into account his length of service, to an annual pension of €174,263. In accordance with the Afep-Medef Code, this does not exceed 45% of his reference income.
TOTAL	2,478,933	Philippe Marien was appointed as a Deputy CEO of Bouygues on 30 August 2016. The total amount of his remuneration components for the last four months of 2016 was €640,016.

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

(b) Cap on variable remuneration, set at a percentage of fixed remuneration.

Table 1 – General summary of legal status of Executive Officers: Restrictions on combining corporate office with employment contract – Supplementary pension – Severance compensation – Non-competition indemnity

Executive Officer	Employment contract		Supplementary pension scheme		Compensation or other benefits due or liable to become due on cessation or change of office		Non-competition indemnities	
	yes	no	yes	no	yes	no	yes	no
Martin Bouygues Office: Chairman and CEO		X	X			X		X
Olivier Bouygues Office: Deputy CEO		X	X			X		X
Olivier Roussat Office: Deputy CEO		X ^a	X			X		X
Philippe Marien Office: Deputy CEO		X ^a	X			X		X

(a) Employment contracts suspended with effect from 1 September 2016.

Table 2 – General summary of remuneration, benefits in kind and options awarded to the four Executive Officers in 2017

€	Martin Bouygues (Chairman and CEO)		Olivier Bouygues (Deputy CEO)		Olivier Roussat (Deputy CEO)		Philippe Marien (Deputy CEO)	
	in 2017	in 2016	in 2017	in 2016	in 2017	in 2016	in 2017	in 2016
Remuneration due in respect of the year or period (see details in Table 3 and Table 4)	2,693,492	2,401,522	1,499,548	1,336,631	1,486,254	476,034	2,478,933	640,116
Value of options awarded during the year or period ^a								
Value of performance shares awarded during the year or period ^b								
TOTAL	2,693,492	2,401,522	1,499,548	1,336,631	1,486,254	476,034	2,478,933	640,116
CHANGE 2017 VS 2016	+12.16%		+12.19%		not applicable		not applicable	

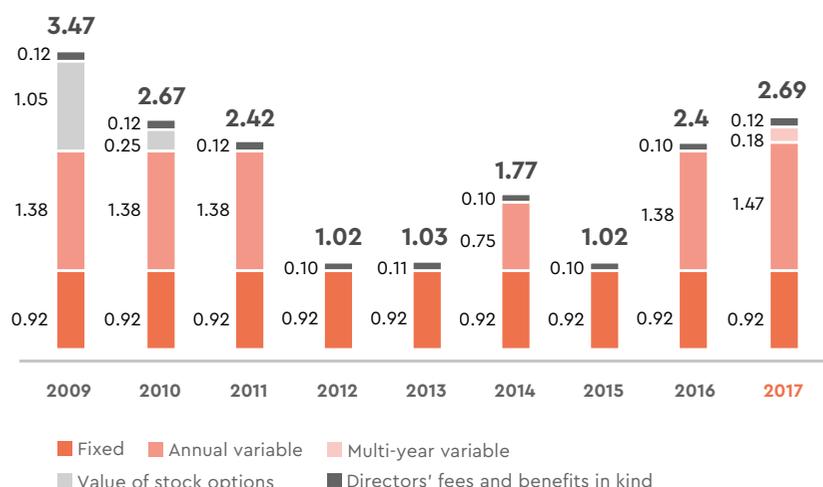
(a) No options were awarded to either Martin Bouygues or Olivier Bouygues in 2016 or 2017. Olivier Roussat and Philippe Marien were each awarded 80,000 options in May 2016 prior to their appointment as Deputy Chief Executive Officers. They were not awarded any options in 2017.

(b) Bouygues has not awarded any performance shares.

Martin Bouygues – Chairman and Chief Executive Officer

Number of options awarded in 2017: 0

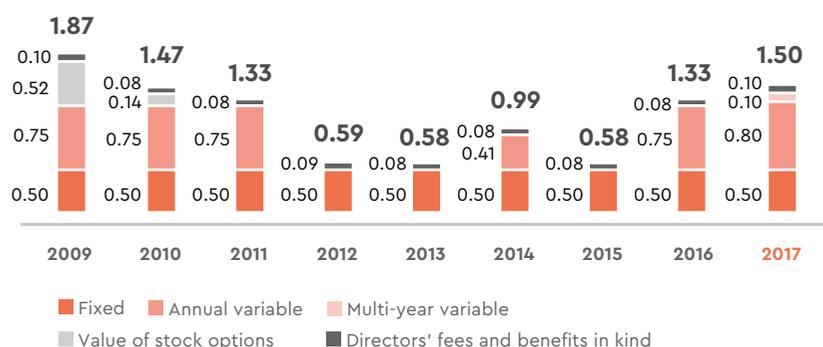
€ million



Olivier Bouygues – Deputy Chief Executive Officer

Number of options awarded in 2017: 0

€ million



Note: Because Olivier Roussat and Philippe Marien were appointed as Deputy Chief Executive Officers on 30 August 2016, 2016/2017 comparisons are not meaningful. The year-on-year change in their remuneration will be reported in the 2018 Registration Document.

Table 3 – Detailed breakdown of remuneration awarded to the four Executive Officers in respect of the 2017 financial year

The Selection and Remuneration Committee has carried out an assessment of the attainment level of the variable remuneration criteria for the four Executive Officers.

Office held and length of service with the Group	Remuneration ^a	Amounts ^b in respect of 2017 €		Amounts ^b in respect of 2016 €		Variable remuneration criteria ^f (2017)
		due ^c	paid	due ^c	paid	
Martin Bouygues Chairman and CEO (44 years)	Fixed	920,000	920,000	920,000	920,000	<ul style="list-style-type: none"> P1 = Current operating profit versus plan (40%) P2 = Consolidated net profit^g versus plan (40%) P3 = Change in consolidated net profit^g versus 2016 (30%) P4 = Change in net debt versus plan (20%) P5 = Qualitative criteria: CSR and compliance (30%)
	• Change	0%	0%	0%	0%	
	Variable	1,472,000	1,380,000	1,380,000		
	• Change	+6.67%				
	• Variable/fixed ^d	160%		150%		
	• Cap ^e	160%		150%		
	Multi-year variable	179,400				
Exceptional						
Directors' fees		90,200	90,200	70,200	70,200	
Benefits in kind		31,892	31,892	31,322	31,322	
Total		2,693,492	2,422,092^h	2,401,522	1,021,522	
Olivier Bouygues Deputy CEO (44 years)	Fixed	500,000	500,000	500,000	500,000	<ul style="list-style-type: none"> P1 = Current operating profit versus plan (40%) P2 = Consolidated net profit^g versus plan (40%) P3 = Change in consolidated net profit^g versus 2016 (30%) P4 = Change in net debt versus plan (20%) P5 = Qualitative criteria: CSR and compliance (30%)
	• Change	0%	0%	0%	0%	
	Variable	800,000	750,000	750,000		
	• Change	+6.67%				
	• Variable/fixed ^d	160%		150%		
	• Cap ^e	160%		150%		
	Multi-year variable	97,500				
Exceptional						
Directors' fees		90,417	90,417	75,875	75,875	
Benefits in kind		11,631	11,631	10,756	10,756	
Total		1,499,548	1,352,048^h	1,336,631	586,631	

See footnotes to table on following page.

Office held and length of service with the Group	Remuneration ^a	Amounts ^b in respect of 2017 €		Amounts ^b in respect of the last four months of 2016 €		Variable remuneration criteria ^f (2017)	
		due ^c	paid	due ^c	paid		
Olivier Roussat Deputy CEO (23 years)	Fixed	552,000	552,000	184,000	184,000	<ul style="list-style-type: none"> • P1 = Current operating profit versus plan (40%) • P2 = Consolidated net profit^g versus plan (40%) • P3 = Change in consolidated net profit^g versus 2016 (30%) • P4 = Change in net debt versus plan (20%) • P5 = Qualitative criteria: CSR and compliance (30%) 	
	• Change	not applicable		not applicable			
	Variable	883,200	276,000	276,000			
	• Change	not applicable					
	• Variable/fixed ^d	160%					
	• Cap ^e	160%					
	Exceptional						
Directors' fees	34,550	34,550	11,517	11,517			
Benefits in kind	16,504	16,504	4,517	4,517			
Total		1,486,254	879,054	476,034	200,034		
Philippe Marien Deputy CEO (37 years)	Fixed	920,000	920,000	306,667	306,667	<ul style="list-style-type: none"> • P1 = Current operating profit versus plan (40%) • P2 = Consolidated net profit^g versus plan (40%) • P3 = Change in consolidated net profit^g versus 2016 (30%) • P4 = Change in net debt versus plan (20%) • P5 = Qualitative criteria: CSR and compliance (30%) 	
	• Change	not applicable		not applicable			
	Variable	1,472,000	306,667	306,667			
	• Change	not applicable					
	• Variable/fixed ^d	160%		100%			
	• Cap ^e	160%		150%			
	Exceptional						
Directors' fees	78,400	78,400	25,567	25,567			
Benefits in kind	8,533	8,533	1,215	1,215			
Total		2,478,933	1,313,600	640,116	333,449		
TOTAL FOR THE FOUR EXECUTIVE OFFICERS			8,158,227	5,966,794	4,854,303	2,141,636	

- (a) Subject to remuneration awarded to Olivier Roussat in his capacity as Chairman and CEO of Bouygues Telecom (see page 216), no remuneration other than that mentioned in the table was paid to the Executive Officers by Bouygues group companies.
- (b) Amounts due = all amounts awarded in respect of the financial year. Amounts paid = all amounts paid during the financial year (bearing in mind that up until 2017 the variable portion awarded for any one financial year was actually paid in the first quarter of the following financial year), and that as from 2018, the variable portion will be paid after and subject to the approval of the Annual General Meeting.
- (c) Amounts due - Change: the percentages shown under the amount of fixed and variable remuneration indicate the change relative to the previous financial year.
- (d) Variable remuneration expressed as a percentage of fixed remuneration.
- (e) Cap on variable remuneration, set at a percentage of fixed remuneration.
- (f) Variable remuneration criteria: the percentages shown indicate the weight attached to each criterion in determining total variable remuneration.
- (g) Consolidated net profit = consolidated net profit (attributable to the Group) for Bouygues (excluding exceptional items).
- (h) The difference versus 2016 is due to the decision by the Annual General Meeting of 27 April 2017 to increase directors' fees for 2017 and subsequent years. There was also a small increase in benefits in kind during the financial year.

5.4.1.3 Directors' fees

The thirteenth resolution of the Annual General Meeting of 27 April 2017 set the total amount of directors' fees payable to Bouygues directors at €1,000,000 for each financial year, leaving it to the Board of Directors to determine how this amount should be allocated.

The thirteenth resolution was passed with 98.96% of votes in favour.

Directors' fees comprise (i) a fixed portion of 30% and (ii) a variable portion of 70% calculated in proportion to the actual presence of each director at the five periodic Board meetings held each year and (for committee members) at committee meetings.

The Board of Directors changed the amount of directors' fees in 2017 to bring it into line with the amounts paid by comparable companies.

- Chairman and CEO €70,000 (€50,000 before 2017)
- Directors €40,000 (€25,000 before 2017)
- Accounts Committee members €16,000 (€14,000 before 2017)
- Members of other committees (Selection and Remuneration; Ethics, CSR and Patronage) €12,000 (€7,000 before 2017)

Table 4 – Directors' fees paid in respect of the 2017 financial year

€		Source (Notes 1 & 2)	2017	2016
M. Bouygues	Chairman and CEO	Bouygues Subsidiaries	70,000 20,200	50,000 20,200
O. Bouygues	Deputy CEO	Bouygues Subsidiaries	40,000 50,417	25,000 50,875
SUB-TOTAL – EXECUTIVE OFFICERS			BOUYGUES SUBSIDIARIES SUB-TOTAL	75,000 71,075 146,075
C. Bouygues	Director	Bouygues	40,000	16,125
E. Bouygues	Director	Bouygues Subsidiaries	40,000 12,500	16,125
R. Deflesselle	Director	Bouygues	40,000 12,000	25,000 7,000
F. Castagné	Director	Bouygues	40,000 12,000	16,125 4,025
C. Gaymard	Director	Bouygues	40,000 16,000	16,125 9,030
A.-M. Idrac	Director	Bouygues	34,400 28,000	21,500 17,080
P. Kron	Director	Bouygues	40,000	25,000
C. Lewiner	Director	Bouygues Subsidiaries	40,000 12,000 32,000	21,500 7,000 26,400
H. le Pas de Sécheval	Director	Bouygues	34,400 28,000	25,000 21,000
S. Nombret	Director	Bouygues	40,000 12,000	25,000 7,000
Alexandre de Rothschild ^a	Director	Bouygues	25,800	
R.-M. Van Lerberghe	Director	Bouygues	28,800 8,640	25,000 7,000
M. Vilain	Director	Bouygues	40,000 16,000	25,000 14,000
SUB-TOTAL – OTHER DIRECTORS (NOTE 3)			BOUYGUES SUBSIDIARIES SUB-TOTAL	350,635 26,400 377,035
GRAND TOTAL OF DIRECTORS' FEES EXECUTIVE OFFICERS AND DIRECTORS (NOTE 4)			BOUYGUES SUBSIDIARIES TOTAL	536,610 164,875 762,460

(a) Appointed as a director on 27 April 2017.

Note 1: Bouygues = directors' fees paid for attendance as a member of the Bouygues Board of Directors. The first line shows fees paid for attendance at Board meetings. The second line shows fees paid for attendance at one or more committee meetings.

Note 2: Subsidiaries = Directors' fees paid by Group companies, within the meaning of Article L. 233-16 of the Commercial Code (mainly Colas, Bouygues Telecom and TFI).

Note 3: The "Other directors" sub-total for 2016 is not a valid comparison since five directors left the Board during 2016.

Note 4: For 2017, each grand total includes directors' fees (Bouygues or subsidiaries) paid to François Bertière (Bouygues €17,200, subsidiaries €24,000)

and Hervé Le Bouc (Bouygues €17,200, subsidiaries €20,000), both of whom left the Board in 2017. For 2016, each grand total includes directors' fees paid to the five directors who left the Board in 2016.

Directors representing employee shareholders and directors representing employees

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

5.4.2 Report on the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the total remuneration and benefits of all kinds payable to the Chairman and CEO and Deputy CEOs

Information required under Articles L. 225-37-2 of the Commercial Code, and covered by the eleventh resolution of the Annual General Meeting of 26 April 2018.

Payment of the variable and exceptional components described below is subject to approval by an Ordinary General Meeting of the remuneration components of the person concerned under the conditions set forth in Article L. 225-100 of the Commercial Code.

5.4.2.1 General principles

The Board of Directors laid down the following 12 general principles on the basis of which the 2018 remuneration and benefits of the Executive Officers of Bouygues will be determined.

1. Compliance with Afep-Medef Code recommendations.
2. No employment contract with Executive Officers during their term of office; existing employment contracts suspended on appointment as Executive Officer.
3. No severance benefit or non-competition indemnity on leaving office.
4. Level of remuneration taking into account the existence of a capped supplementary pension and the fact that no severance benefit or non-competition indemnity has been granted.
5. Remuneration commensurate with the level and difficulty of each Executive Officer's responsibility. Remuneration commensurate with each Executive Officer's experience in the position held and length of service with the Group.
6. Remuneration takes account of the practices applied in groups or enterprises carrying on comparable activities.
7. An incentivising remuneration structure comprising the following:
 - fixed remuneration;
 - annual variable remuneration;
 - multi-year variable remuneration;
 - directors' fees;
 - limited benefits in kind;
 - supplementary pension;
8. No deferred annual variable remuneration.
9. Discretion left to the Board of Directors to decide to pay exceptional remuneration but reserved for truly exceptional circumstances.
10. No other remuneration paid to any Executive Officer by a Group subsidiary apart from directors' fees (with the caveat that Olivier Roussat's remuneration will be charged 60% to Bouygues and 40% to Bouygues Telecom, reflecting how he splits his time between the two companies).
11. No stock options or performance shares awarded to Executive Officers in 2018.

12. For the first time, inclusion of multi-year remuneration arrangements determined on the basis of medium-term performance in the remuneration packages of Olivier Roussat and Philippe Marien (Martin Bouygues and Olivier Bouygues became eligible for this multi-year remuneration for the first time in 2017).

The aim is to incentivise the four Executive Officers to exceed the objectives set for them.

Given that Bouygues is run by an Executive Officer drawn from the founding family and reference shareholder, the appointment of two Deputy Chief Executive Officers who are not major or reference shareholders was regarded as the right time to introduce this type of multi-year remuneration determined by reference to actual performances over the medium term rather than the performance of the most recent financial year.

5.4.2.2 Criteria and methods used in 2018 by the Board of Directors to determine, allocate and award the fixed, variable and exceptional components of the total remuneration and benefits of all kinds of each Executive Officer (Martin Bouygues, Olivier Bouygues, Philippe Marien and Olivier Roussat)

The criteria and methods agreed by the Board of Directors to determine, allocate and award the fixed, variable and exceptional components of the total remuneration and benefits of all kinds of each Executive Officer for 2018 are described below. Changes were made to those criteria and methods in 2017 with the introduction of multi-year variable remuneration (medium-term remuneration). In general, however, the Board of Directors considered it advisable to retain the majority of the existing criteria and methods, which have been applied for many years.

1. Fixed remuneration

- €920,000 (Martin Bouygues – Philippe Marien)
- €552,000 (Olivier Roussat)
- €500,000 (Olivier Bouygues)

The rules used to determine fixed remuneration were established in 1999 and have been applied consistently ever since. Fixed remuneration is determined according to the level and complexity of the person's responsibilities, experience in the post and length of service with the Group, and practices followed by groups or companies carrying on comparable businesses.

2. Annual variable remuneration

Capped at 160% of fixed remuneration, i.e. a cap of €1,472,000 for Martin Bouygues and Philippe Marien, €883,200 for Olivier Roussat and €800,000 for Olivier Bouygues.

The annual variable remuneration would be determined by applying five criteria (three of them referring to the three-year business plan), opening up the possibility of receiving five variable components: P1, P2, P3, P4 and P5.

- P1** Actual consolidated current operating profit (COP) of the Group for the year / Objective = COP per 2018 plan
- P2** Actual consolidated net profit (CNP) of the Group for the year / Objective = CNP per 2018 plan
- P3** Actual CNP for the year (excluding exceptional items) / Objective = CNP for the previous year (excluding exceptional items)
- P4** Change in net debt (excluding external growth not built into the plan) / Objective = Change in net debt per 2018 plan
- P5** Qualitative criteria: performance in CSR ^a and compliance and overall qualitative assessment – Overall downward adjustment in the event of a serious adverse event during the year

Method for determining annual variable remuneration for 2018

The method for determining the annual variable remuneration of the Executive Officers would be based on five separate variable components: P1, P2, P3, P4 and P5.

(FR = Fixed Remuneration)

P1, P2, P3 AND P4

The effective weight of each criterion determining the payment of each of the three components P1, P2 and P4 is dependent on the performance achieved during the financial year relative to the business plan.

P3 is determined by reference to the performance for the previous financial year.

The four variable components P1, P2, P3 and P4 are calculated as follows:

- 1)** If actual performance is more than 10% below the Objective, the component concerned (P1, P2, P3 or P4) = 0
- 2)** If actual performance is between (Objective – 10%) and the Objective:
 - P1 = 0% to 40% of FR
 - P2 = 0% to 40% of FR
 - P3 = 0% to 30% of FR
 - P4 = 0% to 20% of FR
- 3)** If actual performance is higher than the Objective:
 - P1 = 40% to 70% of FR
 - P2 = 40% to 70% of FR
 - P3 = 30% to 50% of FR
 - P4 = 20% to 30% of FR

Between these limits the effective weight of each component is determined by linear interpolation.

P5

The Board of Directors determines the effective weight of P5, subject to a strict cap of 30% of FR. Each of the CSR, compliance and overall qualitative assessment criteria is subject to a cap of 15%. The Board of Directors reserves

(a) Corporate Social Responsibility.

the right to make an overall downward adjustment that would reduce or eliminate P5 in the event of a serious adverse event during the year.

CAP

The sum of the five components P1, P2, P3, P4 and P5 calculated according to the above method may never exceed a **cap of 160% of FR**.

3. Multi-year variable remuneration (medium-term remuneration)

Each Executive Officer would be entitled to multi-year variable remuneration, i.e. a medium-term remuneration arrangement determined by reference to two criteria derived from the three-year business plan:

- P6** Actual consolidated current operating profit (COP) of the Group for the last three financial years (2018, 2017 and 2016) for Martin Bouygues and Olivier Bouygues, and for the last two financial years (2018 and 2017) for Olivier Roussat and Philippe Marien / the COP figures set as objectives in the business plan.
- P7** Actual consolidated net profit (CNP) of the Group for the last three financial years (2018, 2017 and 2016) for Martin Bouygues and Olivier Bouygues, and for the last two financial years (2018 and 2017) for Olivier Roussat and Philippe Marien / the CNP figures set as objectives in the business plan.

Multi-year variable remuneration would be determined as follows:

(FR = Fixed Remuneration)

P6: Objective = average of the current operating profit figures for the financial years set as objectives in the business plan.

- If the objective is attained, P6 = 0
 - If the COP figures are 20% or more above the objective, P6 = 15% of FR
- Between these lower and upper limits, P6 is determined by linear interpolation on the basis of the actual profit figure achieved.

P7: Objective = average of the consolidated net profit figures for the financial years set as objectives in the business plan.

- If the objective is attained, P7 = 0
- If the CNP figures are 20% above the objective, P7 = 15% of FR

Between these lower and upper limits, P7 is determined by linear interpolation on the basis of the actual profit figure achieved.

Multi-year variable remuneration is therefore capped at 30% of fixed remuneration.

Martin Bouygues and Olivier Bouygues were already entitled to benefit from this new remuneration component on completion of the 2017 financial year. Philippe Marien and Olivier Roussat could benefit from it for the first time on completion of the 2018 financial year, with the 2017 and 2018 financial years used as reference points.

On completion of the 2019 financial year and each subsequent financial year, the reference points for all four Executive Officers would be the three previous financial years.

4. Directors' fees

Directors' fees paid by Bouygues or a subsidiary of the Group would be retained by the Executive Officer.

5. Benefits in kind

Each Executive Officer would be allocated a company car.

Martin Bouygues and Olivier Bouygues would receive an additional benefit in the form of the part-time assignment of a personal assistant and chauffeur/ security guard for their personal needs.

(A chauffeur is made available to Philippe Marien and Olivier Roussat for business purposes).

6. Supplementary pension scheme

Each Executive Officer would be eligible for a defined benefit collective pension scheme governed by Article L. 137-11 of the Social Security Code. This pension scheme would have the following characteristics:

1. Conditions for joining the scheme and other eligibility conditions. The beneficiary must:
 - be a member of the Group Management Committee on the date of voluntary or compulsory retirement;
 - have at least ten years' service with the Bouygues group at the date of voluntary or compulsory retirement;
 - have definitively ended his or her professional career at one of the Group companies (this condition is fulfilled when the employee is part of the workforce at the date of voluntary or compulsory retirement);
 - be at least 65 years old at the date of voluntary or compulsory retirement;
 - fulfil the eligibility criteria for pension benefits under the basic social security pension scheme and the mandatory supplementary schemes (ARRCO and AGIRC).
2. Reference salary equal to the average gross salary of the Executive Officer's three best calendar years at the Bouygues group during his or her period on the Group Management Committee, adjusted to reflect changes in the value of pension entitlement points under the AGIRC scheme, on the date of cessation of office or termination of employment contract.

The reference gross salary is that used to calculate social security contributions in accordance with Article L. 242-1 of the Social Security Code.

3. Pattern of vesting of rights: annual.
4. Annual cap on vesting of pension rights: 0.92% of reference salary.
5. Overall cap: eight times the annual social security ceiling (giving a cap of €317,856 in 2018).
6. Financing outsourced to an insurance company outside the Group to which a contribution is made annually.
7. Performance conditions:

a) Executive officers concerned

Martin Bouygues and Olivier Bouygues cannot acquire any further supplementary pension rights since the rights vested in them to date exceed the cap set by the Board of Directors (eight times the annual social security ceiling).

However, Philippe Marien and Olivier Roussat may acquire pension rights subject to attainment of the performance conditions described below.

b) Definition of the performance objective (the "Objective")

For 2018: Objective = that the average of the consolidated net profit figures for 2018, 2017 and 2016 ("Average CNP") is no more than 10% below the average of the consolidated net profit figures specified in the plans for 2018, 2017 and 2016.

c) Terms for determining the vesting of performance-based pension rights:

- if average CNP is equal to or above the Objective:

Annual pension rights = 0.92% of the reference salary

- if average CNP is more than 10% below the Objective:

Annual pension rights = 0

Between those lower and upper limits pension rights will vary on a straight-line basis between 0% and 0.92% of the reference salary.

5.5 OTHER INFORMATION

5.5.1 Factors likely to have an impact on any public tender offer price

Pursuant to Article L. 225-37-5 of the Commercial Code, the factors likely to have an impact on the offer price in any potential tender offer or public exchange offer relating to Bouygues' shares are set out below:

- **capital structure:** information relating to Bouygues' capital structure and voting rights is set out below (sections 6.2 and 6.3 of this Registration Document). The main shareholders of Bouygues are SCDM and company employees. In view of their respective weight, the votes of these shareholders could have an impact on the outcome of any public tender offer for the capital of Bouygues;
- **restrictions in the articles of association on the exercise of voting rights and the transfer of shares:** Article 8.3 of the articles of association, summarised below in section 6.1.2.5, makes provision to suspend the voting rights of shareholders who fail to declare that they have crossed a threshold of at least 1% (or a multiple of 1%) of the capital or voting rights. This restriction could have an impact in the event of a public tender offer;
- **direct or indirect holdings in the share capital** of which Bouygues is aware, pursuant to Articles L. 233-7 and L. 233-12 of the Commercial Code: the relevant information is set out below in section 6.3.1;

- **a list of owners of any security with special control right, with a description of those rights:** in accordance with law, double voting rights are granted subject to the conditions stipulated by law to shares that can be shown to have been registered for at least two years in the name of the same shareholder;
- **control mechanisms stipulated within employee share ownership plans:** the regulations of the various employee share ownership funds created by Bouygues stipulate that voting rights are exercised by the Supervisory Boards of those funds and not directly by employees. Those employee share ownership funds held 23.9% of the voting rights at 31 December 2017;
- **agreements between shareholders** of which Bouygues is aware and which could result in restrictions on the transfer of shares and in the exercise of voting rights: not applicable;
- **rules applicable to the appointment and replacement of members of the Board of Directors:** see above in section 5.3.1;
- **rules applicable to changes in the company's articles of association:** Article L. 225-96 of the Commercial Code specifies that only an extraordinary general meeting has the power to change the articles of association. Any clause to the contrary is deemed null and void;
- **powers of the Board of Directors with respect to issuance of shares:** refer to the table summarising financial authorisations in section 5.3.8. It is specified that the Combined Annual General Meeting of 27 April 2017 (Resolution 29) delegated powers to the Board of Directors to issue equity warrants during a public tender offer for the company's shares. The nominal amount of any capital increase that may result from the exercise of such equity warrants may not exceed €85 million and 25% of the share capital. The Combined Annual General Meeting convened for 26 April 2018 will be asked to replace this delegation by a further delegation with the same purpose.
In addition, the Board of Directors is authorised by law, during the period of a public tender offer, to take any measures that are within its prerogative and in the interest of the company to frustrate such an offer;
- **powers of the Board of Directors with respect to share buybacks:** the Combined Annual General Meeting of 27 April 2017 (Resolution 16) authorised the Board of Directors to trade in the company's shares, including during a public tender offer for the company's shares, representing up to 5% of the company's share capital at the date on which the authorisation is used. The Combined Annual General Meeting convened for 26 April 2018 will be asked to replace this authorisation by a further authorisation with the same purpose (see section 6.2.4.2);
- **agreements entered into by Bouygues, which will be modified or expire in the event of a change of control of Bouygues:** the 20-year sterling bonds maturing in 2026, the 8-year bonds maturing in 2018, the 9-year bonds maturing in 2019, the 10-year bonds maturing in 2022, the 10-year bonds maturing in 2023, and the ten-and-a-half year bonds maturing in 2027 all include a change of control clause providing for the early redemption of the bonds in the event of a change of control of Bouygues, accompanied by a rating downgrade,
In addition:
 - a change in the capital structure of Bouygues could potentially jeopardise TFI's licence to operate a national terrestrial television broadcasting service. Article 41-3-2 of the Act of 30 September 1986 governing audiovisual media specifies that any natural or legal person who controls, within the meaning of Article L. 233-3 of the Commercial Code, any company that holds such a licence, or that has placed a company holding such a licence under its authority or dependency, is deemed to be the holder of that licence. Article 42-3 adds that the licence may be withdrawn without notice if there is any substantive change in the circumstances on the basis of which the licence was granted, including changes in capital structure,
 - all the decisions and orders licensing Bouygues Telecom to establish and operate its wireless network and provide services to the public (the decision of 5 November 2009 relating to the 900 and 1800 MHz bands, the order of 3 December 2002 relating to the 2.1 GHz band, and the decisions of 11 October 2011 relating to the 2.6 GHz band, of 17 January 2012 relating to the 800 MHz band and of 8 December 2015 relating to the 700 MHz band) stipulate that Arcep (the French telecommunications regulator) must be informed immediately of any change to any of the information contained in the licence application, so that the regulator can check whether that change is compatible with the terms of the licence. The information contained in the licence application includes the share ownership structure of the company (or companies) that directly or indirectly controls (or control) the licence-holder. In addition, any change in the capital or voting rights of Bouygues that results in a single individual or entity controlling the combined bandwidth of two operators could lead Arcep to re-examine the validity of the licences awarded to Bouygues Telecom;
- **agreements entitling members of the Board of Directors or employees to compensation if they resign or leave the company without real and serious cause, or if their employment comes to an end as a result of a public tender offer:** not applicable.

5.5.2 Rules on shareholder participation in general meetings of shareholders

As required by Article L. 225-37-4 of the Commercial Code, the rules on shareholder participation in general meetings as contained in Article 19 of the Bouygues articles of association are reproduced below.

"Article 19: Holding general meetings of shareholders

19.1. Ordinary and extraordinary general meetings, and any special meetings, shall be convened and held and shall deliberate on the conditions stipulated by law.

Meetings shall be held in Paris or at Challenger, 1 Avenue Eugène Freyssinet, 78280 Guyancourt (France).

Meetings shall be chaired by the Chairman of the Board of Directors or, in his absence, by a director specially empowered for the purpose by the Board of Directors. Failing that, the meeting shall elect its own Chairman.

19.2. Any shareholder may attend meetings on the conditions stipulated by law.

19.3. Any shareholder satisfying the conditions required for attendance at meetings may alternatively choose to be represented on the conditions stipulated by law.

19.4. Any shareholder may alternatively vote by correspondence on the conditions stipulated by law. Postal vote forms shall be accepted only if actually received by the company at its registered office or at an address determined in the Notice of Meeting and the Convening Notice published in the Balo (Bulletin des Annonces Légales Obligatoires) no later than the third day preceding the meeting.

If the Board of Directors so decides, shareholders may take part in the meeting by videoconference or any other means of telecommunication that enables them to be identified on the conditions stipulated by the applicable regulations. In such cases the company will accept electronic remote vote forms that must be received no later than 3.00pm (CET) on the day preceding the general meeting.

19.5. Owners of company shares who are not resident on French territory may be shareholders of record and may be represented at general meetings by any intermediary registered on their behalf and holding a general authorisation to manage securities, provided that such intermediary declared that it was acting as an intermediary holding securities for third parties when it opened its account either with the company or with the account-holding financial intermediary, in accordance with the applicable law and regulations.

The company shall be entitled to ask intermediaries that are registered on behalf of shareholders not resident on French territory and that hold a general authorisation to manage securities to provide a list of the shareholders they represent and whose voting rights may be exercised at the meeting.

Votes or proxies shall not be counted if they are cast by an intermediary that has failed to declare itself as such in accordance with the applicable law and regulations or with the present articles of association or that has not disclosed the identity of the owners of the securities."

5.5.3 Agreements entered into by senior executives or shareholders of Bouygues with subsidiaries or sub-subsidiaries

Under Article L. 225-37-4 of the Commercial Code, the Report on corporate governance must disclose any agreements (other than those covering day-to-day operations carried out under normal business conditions) entered into directly or through a third party between:

- a corporate officer of Bouygues or a shareholder with more than 10% of the voting rights of Bouygues;
- a company of which Bouygues directly or indirectly holds more than 50% of the share capital.

The company is not aware of any such agreements.

However, in the interests of full disclosure, shareholders are hereby informed that in April 2012, Actifly (in which SCDM holds an indirect interest of 85%)

entered into an agreement with Airby (a subsidiary in which Bouygues holds an indirect interest of 85%) setting out the conditions under which Actifly can use an aircraft owned or operated by Airby on the same financial terms as Bouygues and its subsidiaries. This agreement is renewable automatically from year to year.

Amounts (before taxes) invoiced by Airby to Actifly under this agreement during the last three financial years:

- 2017: €508,200
- 2016: €698,250
- 2015: €108,983