2019 INTEGRATED REPORT

MAKING PROGRESS BECOME REALITY
Contents

1 Bouygues group overview
What we do, our businesses, corporate culture and 2019 results p. 2-11

2 Our ecosystem
The major underlying trends that impact our business segments p. 12-17

3 The strategy of the Group and of its business segments
Strategies adapted to a long-term vision p. 18-31

4 Our pledges
What drives us forward in our transformation p. 32-49

5 Our governance
A governance that supports our long-term strategy p. 50-59

Foreword by the Chairman and CEO

In the last few weeks, the world has been hit hard by the Covid-19 pandemic. I share in the grief and suffering of all those affected by this disease. My thoughts go out especially to our employees, customers, suppliers, partners and other stakeholders harmed by this scourge.

In the midst of this crisis, the Group is working hard to ensure business continuity wherever possible and is implementing action plans to mitigate the impact on its sales and profitability. In this context, Bouygues intends to act above all as a responsible corporate citizen.

We have prioritised the health and safety of our employees, service providers, suppliers and customers. It is also our intention to maintain our employees’ level of remuneration and roll out teleworking on a mass scale. In France, we have taken the necessary measures to ensure that essential services continue to be provided to the population, such as good quality telecoms networks, suitable media content and facility management at critical sites such as hospitals. We have also decided to withdraw the resolution setting a dividend, to have been proposed to the Annual General Meeting, pending a decision by the Board of Directors in August. Furthermore, we have taken a number of initiatives in support of healthcare services in and outside France and we are adapting payment terms for the Group’s microbusiness and SME partners.

Bouygues is fully prepared to deal with this unprecedented crisis. In the long term, all our business segments are able to drive growth because they meet essential and constantly changing needs for housing, transportation, communication, information and entertainment. The diversity of our businesses, the stability of our ownership structure and the strength of our balance sheet are all major strengths. Our strategy draws on robust fundamentals and is not undermined by this pandemic.

The Group’s Climate strategy is based on a wide range of low-carbon solutions and a reduction in the greenhouse gas emissions generated by our activities. A target compatible with the Paris Agreement (to keep the global increase in temperatures to below 1.5°C), supported by an action plan, will be defined by the end of the year, with a view to cutting the Group’s greenhouse gas emissions by 2030.

We regard our human resources policy as a priority, with its first pledge being to promote the career development of all our employees. The encouraging results achieved this year in the area of health & safety are tangible proof of this. The Group is ranked in four international Socially Responsible Investment indices known for their very selective admissions process.

I know I can count on the commitment of each person in the Group and I would like to thank our customers and shareholders for their confidence.

23 April 2020
Martin Bouygues

“Our strategy draws on robust fundamentals. Bouygues is fully prepared to deal with this unprecedented crisis.”
BOUYGUES GROUP OVERVIEW

Bouygues is a diversified services group. Operating in strong growth potential markets and present in over 90 countries, the Group draws on the expertise of its people and on the diversity of its business activities to provide innovative solutions that meet essential needs.
BOUYGUES AT A GLANCE

It is the Bouygues group’s firmly-held belief that meeting essential day-to-day needs with an ethical and responsible attitude helps drive improvement for society as a whole. Each and every solution offered by the Group is designed to enhance people’s lives. Bouygues’ mission, spearheaded by its dedicated workforce, is to make life better every day. Motivated by challenge and genuine passion, our people apply their talents and expertise through three sectors of activity.

One mission, three sectors of activity

SIMPLIFIED ORGANISATION CHART
at 31 December 2019

As a developer, builder and operator, Bouygues is active in building and civil works, energy and services, property development and transport infrastructure. Its operations span over 90 countries, and it is the sixth-largest construction group in the world.

As France’s leading media group, TF1 provides an extensive content offer and range of associated services. The group is also an established player in the TV production and digital sectors.

Bouygues Telecom is a major player in the French telecommunications market providing BtoC and BtoB connectivity solutions. It provides networks, products and services adapted to the needs of its 22 million customers.

Operating in over 90 countries, the Bouygues group stands out due to the great diversity of its business activities and expertise. In this photo, the Ocean Cay worksite in the Bahamas.

FIND OUT MORE
> The Group’s 2019 Universal Registration Document
FUNDAMENTALS OF OUR CULTURE

At Bouygues, people are the Group’s most important resource. This means that their mindset, just as much as their skills, is key to our success and progress. The fundamentals of the Group’s culture provide the framework through which each business segment expresses its own values and specific culture. They are the cornerstone – encouraging commitment and a personal touch from all our employees.

Respect

Respect is a key value for the Group. Respect fosters dedication and cohesion among Bouygues’ employees – an essential component of the Group’s success. It shines through in our staff’s exemplary conduct, their commitment to keeping their word and to ethical behaviour, and in the care they take to ensure everyone’s safety. For the Group, each and every person is important.

Imparting expertise

Bouygues’ success depends on the skills and expertise of its people, which are developed over time. Learning, developing and imparting knowledge are what drive the relations between people at the Bouygues group. They also allow our employees to progress and develop their talents. On worksites, imparting experience also enables teams to identify the best response to potential risks. This culture of imparting expertise, which strengthens intergenerational bonds, is a key source of pride.

Trust

Trust is essential to the running of Bouygues, since its business segments enjoy a large amount of freedom in conducting business and managing operations. Closely related to respect, trust flourishes where there is attentiveness, sincerity and transparency at all levels of the company. It promotes job satisfaction and efficiency among employees, enabling them to work more independently and empowering them, resulting in better recognition and more fulfilling career paths.

Creativity

Creativity is what drives the Group towards ever greater innovation. It leads to innovative solutions that not only meet our customers’ expectations but also reinforce our competitiveness in increasingly complex environments. In addition, creativity enriches our employees’ work and galvanises motivation, commitment and sense of initiative.

Spans the entire value chain

In order to maintain direct contact with their customers, the Group’s business segments employ their standards of operational excellence and efficiency to span the entire value chain. As a result, they have become highly skilled in incorporating the best internal and external expertise into the Group, engaging with partners of all sizes, ranging from start-ups and SMEs to major groups.

130,500 dedicated employees

Every day, the women and men of Bouygues bring an unparalleled sense of dedication, passion and duty to their responsibilities. Drawing on a strong Group culture, they openly embrace challenge and adhere to high standards of quality for the benefit of customers, both individually and as part of a team.

High value-added products and services

Each business segment aims to stand out from the competition by offering high value-added solutions and user experiences. This has made Bouygues a benchmark in complex infrastructure and sustainable construction projects. But more than that, it strives to be a “creator of better living” in housing, urban environments and mobility, or by simplifying the digital experience for its telecoms customers. Within its media businesses, the Group helps boost the effectiveness of advertisers’ campaigns by providing tailored target audiences.

A selective long-term presence worldwide

In addition to its strong presence in France, Bouygues has pursued long-term expansion into international markets. It has done so in a selective manner, for example establishing itself in Australia, Canada, the US, the UK and in Switzerland by taking advantage of only those growth opportunities that meet its risk-management standards. Today the Group operates in over 90 countries. International business accounts for half of its construction businesses’ sales.
2019 GROUP KEY FIGURES

People are at the heart of the Bouygues group

130,500 employees worldwide

No.1

The CAC 40 company with the highest level of employee share ownership (19.3% of the share capital)

84% Turnout in workplace elections in France

70% of the subsidiaries outside France have an official employee representative body

19.2% Women managers in the Group (+0.7 points)

Robust financial performance

€37,929m Sales

€1,676m Current operating profit

€1,184m Net profit attributable to the Group

€2,222m Net debt

€815m Free cash flow after WCR\(^b\)
  (excluding Alstom dividends\(^c\))

SALES AND HEADCOUNT OF THE CONSTRUCTION BUSINESSES BY REGION

<table>
<thead>
<tr>
<th>Region</th>
<th>Sales</th>
<th>Headcount</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>€4.5bn</td>
<td>10,131</td>
</tr>
<tr>
<td>Europe (excl. France)</td>
<td>€14.3bn</td>
<td>54,380</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>€1.2bn</td>
<td>12,814</td>
</tr>
<tr>
<td>Africa and Middle East</td>
<td>€6.6bn</td>
<td>15,684</td>
</tr>
<tr>
<td>Americas</td>
<td>€3bn</td>
<td>12,814</td>
</tr>
</tbody>
</table>

\(^{a}\) Versus 2018.

A strong environmental commitment

A-

The Group’s score in the Carbon Disclosure Project’s Climate Change A list in 2019

3rd

The Group’s ranking in France by the Low-Carbon Building Association (BBCA)

Construction businesses continue to grow internationally

92 countries

54% International headcount of the construction businesses

52% International sales of the construction businesses

A socially-responsible Group

€64m spent on patronage and sponsorship

889 students awarded a grant by the Francis Bouygues Foundation (of which 418 graduates)

\(^{a}\) Since the launch of the Francis Bouygues Foundation in 2005.

\(^{b}\) Net cash flow (determined after (i) cost of net debt, (ii) interest expense on lease obligations and (iii) income taxes paid), minus net capital expenditure and repayments of lease obligations. It is calculated after changes in working capital requirements (WCR) related to operating activities and excluding 5G frequencies.

\(^{c}\) €341 million in 2019.
The redistribution of the financial flows generated by the Bouygues group has a positive impact on regional economic development and appeal. Investing in the Group’s future growth contributes to sustaining this positive impact.

### Financial flows generated by the Group in 2019

- **Capital increase**: 182
- **Sales**: 37,929
- **Net investment**: 1,926
- **Disposal of financial assets and other**: 1,549
- **Increase in net cash**: 1,390
- **Flows redistributed to stakeholders**: 39,660
- **Financial and extra-financial ratings**

#### 2019 full-year results

The Bouygues group achieved its full-year targets in 2019 with robust results in its three sectors of activity and a high level of cash generation.

**STRONG COMMERCIAL MOMENTUM**

The backlog in the construction businesses remained stable at a very high level of €33 billion at end-2019. International business represented 62% of the backlog at Bouygues Construction and Colas. TF1’s audience share of key targets stabilised at a high level in 2019, with 38.8% of women under 50 who are purchasing decision-makers. Bouygues Telecom maintained strong commercial momentum, adding 653,000 new mobile plan customers (excluding MtoM) during the year. The number of FTTH customers reached 1 million, out of 3.9 million fixed line customers in total.

**ROBUST RESULTS WITH FULL-YEAR TARGETS ACHIEVED**

The Group’s sales were up 7% year-on-year to €37.9 billion, driven by all businesses. As expected, Group profitability improved: current operating profit increased €112 million to €1,676 million versus 2018. Current operating margin adjusted for Axione* rose by 0.3 of a percentage point to 4.4%. Net profit attributable to the Group was down €124 million year-on-year to €1,384 million due to a decline in non-current income, mainly at Bouygues Telecom. Group free cash flow rose €553 million to €1,379 million. It notably benefited from the increase in dividends from Alstom* and from the €109 million increase in free cash flow generation at Bouygues Telecom, which achieved its target of €300 million in 2019. Group free cash flow after WCR of €815 million excluding the Alstom dividends increased two-fold versus 2018. Finally, the Group strengthened its financial structure. Net debt came to €2.2 billion at end-2019, versus €3.6 billion at end-2018, benefiting from the positive €1.4 billion impact of Alstom (dividends and sale of 13% of share capital).

### Outlook for 2020

On 1 April 2020, the Bouygues group published a press release to inform the financial markets that the unprecedented health crisis caused by the Covid-19 pandemic would have a significant impact on its 2020 results. As a result, it appears that the 2020 guidance for the Group, the construction businesses and TF1 cannot be achieved. The guidance was as follows:

- for the Group, free cash flow generation after WCR of €1 billion in 2020, with the contribution from all three sectors of activity;
- for the construction businesses, an expected improvement in the current operating margin in 2020 versus 2019;
- for TF1, a double-digit current operating margin and cost of programs at €985 million in 2020.

However, it is too early to give any new guidance at this point. Due to Covid-19’s limited impact on its activity to date, Bouygues Telecom has suspended its 2020 guidance (growth in sales from services of around 5%, free cash flow of over €300 million, with increasing investment expected to be between €1.1 and €1.2 billion excluding frequencies) until there is far greater visibility on the duration of the health crisis in France. Finally, the Group confirmed its 2030 greenhouse gas emissions reduction target. In 2020, it will define a target compatible with the Paris Agreement* and the Group’s five business segments will prepare an action plan.

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* Includes alstom dividends.
* In addition to the financial flows redistributed to stakeholders, net investment and the increase in net cash, this figure also includes the income between income taxes owed and income taxes paid, the change in the working capital requirement and other items totaling €605 million.
* Includes income tax, social security contributions and other taxes.
* 2018 dividends paid in 2019, of which €77 million paid to employees.
* Cost of debt and other charges.
* 2018 dividends paid in 2019, of which €77 million paid to employees.
* 2018 dividends paid in 2019, of which €77 million paid to employees.
* Cost of net debt, interest expense on lease obligations and income taxes paid.
* Income from the positive €1.4 billion impact of Alstom (dividends and sale of 13% of share capital).
* Increase in dividends from Alstom and from the €109 million increase in free cash flow generation at Bouygues Telecom, which achieved its target of €300 million in 2019. Group free cash flow after WCR of €815 million excluding the Alstom dividends increased two-fold versus 2018. Finally, the Group strengthened its financial structure. Net debt came to €2.2 billion at end-2019, versus €3.6 billion at end-2018, benefiting from the positive €1.4 billion impact of Alstom (dividends and sale of 13% of share capital).
Bikes are available to the residents of Le Jardin de Flore, in Saint-Aunès, Southern France.

2 OUR ECOSYSTEM

The Bouygues group has pinpointed four major underlying trends that have a significant impact on its activities. By focusing on these trends and maintaining regular contact with its stakeholders, it is in a better position to seize opportunities in a rapidly changing world.
MAJOR UNDERLYING TRENDS PROVIDING OPPORTUNITIES

Bouygues’ business is shaped by four major underlying trends affecting the world today: population growth and urbanisation, climate change, digital and technological transformation, and changing user behaviour. The Group responds to these challenges as a responsible corporate citizen, but it also considers them to be major business opportunities.

Population growth and urbanisation

In 2050, the world’s population will reach 9.8 billion individuals, 66% of whom will be living in urban environments and 21% aged over 60. The success of mass urbanisation will depend on the ability to:
- increase urban density whilst creating the green spaces vital for people’s well-being at the same time;
- facilitate mobility by promoting viable alternatives to polluting vehicles;
- upgrade and share infrastructure on a large scale to reduce energy wastage and boost usage, and ensure that urban environments produce some of the resources that they need (energy, heating, food, etc).

Climate change

To keep global warming within 1.5°C out to 2100, as stipulated by the Paris Agreement, greenhouse gas emissions must be cut by 76% by 2030, equating to a 7.6% yearly reduction. This will require:
- A change in energy efficiency regulations and policies in all areas of activity.
- The replacement of fossil fuels with renewable sources of energy.

Measures to adapt to the impacts of climate change are already needed, for example:
- A sharper focus on the effects of climate change when designing infrastructure and building-related projects.
- Finding ways of harnessing natural resources – water, fossil fuels and raw materials – that are compatible with protecting ecosystems.

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Digital and technological transformation

Thanks to the development of digital infrastructure, over 60% of the world’s population will be on-line by 2025 and there will be over 25 billion connected objects (up from 9.1 billion in 2018). These new technologies – ranging from connected objects and artificial intelligence to augmented reality – are revolutionising behaviour at work and home while also changing the way companies do business.
- Easy and immediate access to information, products and services.
- Huge amounts of data are being generated, harvested and processed.
- Newcomers capable of shaking up long-established value chains are ramping up.

Changing user behaviour

In line with the advent of digital technologies and current societal challenges, consumer expectations and habits are also changing.
- Products and services need to be more adaptable and customised.
- The concept of use is becoming increasingly important, alongside ownership, resulting in the increased sharing of goods and services.
- People have greater expectations as regards social well-being and inclusion.

In addition to these macrotrends, rising public debt around the world is leading governments and local authorities to find new funding solutions for development projects, such as infrastructure.

WHAT IS YOUR PERSPECTIVE ON THE MANY CHALLENGES FACING COMPANIES TODAY?

Humanity is facing an unprecedented situation in which several peaks are converging: population, debt, greenhouse gas emissions and the erosion of biodiversity. To meet these challenges, it will not be enough to merely continually improve the products and services currently on offer. We will have to think creatively and therefore change our business models.

HOW IS IT POSSIBLE TO RECONCILE MAKING PROFITS AND CHANGING BUSINESS MODELS?

To stand the test of time, companies need to be profitable, but that is no longer enough on its own. What attracts people to work for us and then motivates them is the high quality socially and environmentally responsible projects and services we offer our customers. That’s what being a contributive company means.

And if the tangible and intangible value we create continues to be seen positively by our employees and stakeholders, we will continue to generate profits for a long time to come.

WHAT ROLE CAN BOUYGUES PLAY IN THIS CONTEXT?

First of all, as a provider of solutions. Bouygues’ business activities meet people’s vital needs, such as housing, transportation, communication and entertainment, thus making everyday life easier and more enjoyable. For example, they are working together with customers and end-users to develop new commercial solutions that meet their requirements. Often pioneering, as illustrated by the construction of the first positive-energy office buildings, the Group has for the past 15 years been developing a wide range of low-carbon and climate-friendly solutions alongside attractive digital products and services.

Concurrently, some of our business activities are energy and resource intensive. The Group therefore has a responsibility to lessen its environmental impact wherever it operates.

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“... To stand the test of time, companies need to be profitable, but that is no longer enough on its own.”
LISTENING TO OUR STAKEHOLDERS

As part of its corporate social responsibility policy and to better ensure the future viability of its business model, the Bouygues group maintains constant dialogue with its stakeholders. Dialogue takes place at Group and business segment level as well as locally, serving as an important source of input when identifying the priority CSR challenges, while also fostering the creativity of Bouygues’ teams.

The Bouygues group’s stakeholders

**OUR CUSTOMERS AND USERS**

- Employees and trade unions
  - How we dialogue: employee consultation bodies in operations worldwide, an extranet site dedicated to career development at Bouygues, in-house social media, annual appraisals, employee perception surveys and more besides

- Infrastructure and service users, public and private-sector customers, retail customers
  - How we dialogue: customer relations team, satisfaction surveys, customer committees, collaborative platforms, external social media, blogs and trade fairs

**EMPLOYEES**

- Industrial partners, large groups, SMEs and start-ups
  - How we dialogue: contractual relations, supplier and subcontractor CSR-performance assessments, and co-innovation and co-development partnerships with suppliers and subcontractors

**SUPPLIERS AND SUBCONTRACTORS**

**THE FINANCIAL COMMUNITY**

- Shareholders and investors, banks, analysts and credit rating agencies
  - How we dialogue: tailored presentations, meetings, investor conferences and roadshows, AGMs, regulated literature, business reports and answering questions from financial and extra-financial rating agencies

**CIVIL SOCIETY**

- Citizens, local residents, charities and NGOs, academia and science, public authorities and the media
  - How we dialogue: charitable foundations, conferences, and partnerships with NGOs, community and skills patronage, active engagement in research and education, participation in think tanks and non-profit organisations

Our ecosystem

Our four main CSR challenges

Updated in 2019, the Bouygues group’s materiality matrix prioritises its main CSR challenges based on their importance for external and internal stakeholders and their impact on its business operations.

Those marked with an asterisk (*) are priorities whose impact is set to increase in the coming years.

**THE BOUYGUES GROUP’S MATERIALITY MATRIX**

- Climate risk: the Group has identified the impacts of climate change on its business operations and has responded with a comprehensive, coherent strategy (see p. 22-25).
- Health & safety: Bouygues offers customers and users a simplified and enjoyable experience (see p. 42-45).
- Business ethics: Bouygues undertakes to comply with the strictest standards when doing business (see p. 56-57).
- Climate risk: the Group has identified the impacts of climate change on its business operations and has responded with a comprehensive, coherent strategy (see p. 22-25).
- Customer and user experience: Bouygues offers customers and users a simplified and enjoyable experience (see p. 42-45).
- Health & safety and quality of life at work: health & safety is among the Group’s highest priorities. Another is keeping up with employees’ changing needs (see p. 36-37).
- New uses and adaptability of business models*:

**Bouygues’ contribution to sustainable development goals**

It is Bouygues’ policy to help attain the UN Sustainable Development Goals (SDG) with a focus on the following four, which are tightly connected with its core businesses.
The Group and its business segments roll out long-term strategies aimed at seizing the growth opportunities related to the four major underlying trends that impact their operations.
GROUP STRATEGY

The Bouygues group aims to create value over the long term and share it with its stakeholders. To do this, the Group draws on its stable ownership structure and has defined a strategic framework through which its business segments roll out their operational strategies.

The virtuous circle of the Group’s strategy

CREATING VALUE OVER THE LONG TERM AND SHARING IT WITH STAKEHOLDERS

Growing the Group and sharing value

Businesses that provide growth over the long term and diversification of activities

Strong financial structure

Recurrent free cash flow generation

A STABLE OWNERSHIP STRUCTURE THAT SECURES THE LONG-TERM VISION

The Group has made several distinctive and specific choices in order to create and share value over the long term. Its business segments are able to provide growth since they all satisfy constantly evolving and essential needs such as housing, transportation, communication, information and entertainment. Furthermore, their diversity helps to cushion the impact of the less positive business cycles that some may experience from time to time.

By combining these two features, Bouygues can generate free cash flow over the long term. The value created can then be reinvested to grow the Group and shared with its stakeholders. Bouygues also strives to maintain a robust financial structure in order to ensure its independence and preserve its model over time. For example, the Group’s construction businesses tie up a small amount of capital and generate a high level of cash. As a result, Bouygues’ gearing, corresponding to net debt over shareholders’ equity, stood at 19% at end-2019 (vs. 33% at end-2018). This strategy can be rolled out over the long term thanks to the stability of Bouygues’ ownership structure.

Two core shareholders

Bouygues’ ownership structure is based on two long-standing core shareholders:
- SCDM (a company controlled by Martin and Olivier Bouygues), and;
- its employees, through a number of dedicated mutual funds.

At 31 December 2019, 54,600 employees owned shares in the Group, making Bouygues the CAC 40 company with the highest level of employee share ownership. For half a century, the Group has been offering innovative, long-term mechanisms for employee share ownership, as recognised by the “Grand Prix FAS 2019” award on 11 December 2019.

OWNERSHIP STRUCTURE
31 December 2019

Main shareholders
37,818,112 shares

Voting rights
509,048,266 voting rights

- SCDM*
- Employees
- Other French shareholders
- Foreign shareholders

* SCDM is a company controlled by Martin and Olivier Bouygues.

Dividend policy forms part of a long-term strategy

DIVIDEND
(Euro per share)

1998 0.26 0.26 0.36 0.36 0.36 0.36 0.36 0.36 0.5 0.75 0.9 1.2 1.5 1.6 1.6 1.6 1.6 1.6 1.6 1.7 1.7


1.6 1.6 1.6 1.6 1.6 1.6 1.6 1.7 1.7

DIVIDEND YIELD *

2015 4.4% 2016 4.7% 2017 3.9% 2018 5.4%

* Dividend per share relative to the closing price of the previous year.

In the midst of the major health crisis caused by the Covid-19 pandemic and given the resulting uncertainty, Bouygues naturally intends to act responsibly and show its solidarity with the major efforts asked of the Group’s stakeholders, particularly its employees. As a result, the Board of Directors decided to withdraw its proposal to pay out a dividend at the Combined Annual General Meeting of 23 April 2020. The Board of Directors will meet in August in order to reassess the situation and review the opportunity of proposing the pay-out of a dividend in respect of the 2019 financial year.
The strategy of the Group and of its business segments

The Bouygues group has established two priorities as it seeks to comply with the Paris Agreement and its target of limiting global warming to 1.5°C by 2100: offer customers a range of low-carbon solutions, and reduce the carbon footprints of its own operations.

Reducing the carbon footprint

The Group’s carbon intensity, which is defined as sales relative to greenhouse gas (GHG) emissions, declined by 0.3 of a percentage point in 2019 relative to the previous year. For Scopes 1, 2 and 3a, Bouygues’ carbon footprint was 17.4 million tonnes of CO2 equivalent in 2019. Most emissions are attributable to purchases by the Group, namely the materials and other components used for the structures it builds. These account for two-thirds of total emissions. Emissions linked to the energy consumption of worksites and other installations account for 15%. The construction businesses account for a decisive part of this result.

In 2019, Bouygues Construction extended its carbon audit to include Scope 3b, which provides a broader view of its carbon impact downstream. Based on this revised scope, the Group’s carbon footprint totalled 24.1 million tonnes of CO2 equivalent.

Strategies

Each business segment is working hard to reduce the Group’s carbon footprint. One way is to develop new building methods; another is to make use of the circular economy.

DECARBONISATION STRATEGIES

• Develop sustainable construction methods and use lower-carbon materials instead
• Train employees and enhance their skills
• Help suppliers and subcontractors progress in their climate strategies and integrate low-carbon solutions into our projects
• Inform customers and stakeholders about new low-carbon solutions and co-design them together

EXAMPLES OF CURRENT INITIATIVES

• Experiments involving industrial solutions for modular timber construction, material reuse and recycling platforms, use of bio-sourced materials, use of low-carbon concrete and bioclimatic design of structures etc.
• A new timber centre of excellence at Bouygues Construction and a ‘mobility of the future’ testing centre opened by Colas
• Drawing up of a new catalogue of low-carbon solutions, forging operations-based and R&D partnerships with specific reference to climate and energy issues
• The use of participatory initiatives to help co-design sustainable urban projects

When did Bouygues start working on its climate strategy?

For over 13 years, the Group has been striving to make climate issues an integral part of its strategy. We started by raising awareness among managers and pinpointing our main sources of GHG emissions to understand how we could reduce them. Soon afterwards we worked alongside our business partners to develop low-carbon solutions that marked us out from the competition. We were also instrumental in setting up the Specialised Master’s degree course in sustainable housing and construction with ENSAM® and ESTP® to speed up knowledge acquisition in low-carbon technologies.

How do you market these low-carbon solutions to customers when they are often more expensive than conventional ones?

Selling low-carbon solutions means explaining beforehand the advantages of factoring in the full carbon cost over a project’s entire lifecycle. Insulating buildings better, incorporating renewable power generation, installing energy-management systems within buildings: all these choices result in higher design and production costs which are easily offset afterwards by lower running expenses and higher property values.

Can you give us some examples?

In 2011, Bouygues Immobilier handed over the first positive-energy building in Meudon. A concept known as Green Office, this building annually produces more renewable energy than it uses, testifying to the fact that we know how to integrate sustainable construction methods. And because we wanted to lead the way ourselves, in 2009 we started the renovation of the Bouygues Construction headquarters, Challenger, which became the first positive-energy building renovation in France. Since then, we have carried out hundreds of projects which contribute to the energy transition, both in infrastructure and for new builds and property renovations. We recently launched several solutions, including our own start-ups, in the fields of integrated electric mobility, right from the building design stage, and of embedded digital technology for urban environments.

What are the next steps in your climate strategy?

To bring it into line with the 1.5°C target as soon as possible. We need to keep designing new solutions that cut GHG emissions, both ours and our customers’, and adapt our products and services to the climate change that is already noticeable today.

Olivier Bouygues
Deputy CEO, Bouygues group

We need to continue designing new solutions for lowering our GHG emissions and those of our customers.”
Developing our portfolio of low-carbon solutions

The Bouygues group has been building up an extensive portfolio of sustainable construction solutions for over 15 years.

It has focused its climate strategy on seeking innovative, low-carbon solutions for its customers as well as reducing the greenhouse gas emissions associated with its activities.

**SOLUTIONS**

- **Low-carbon construction**
- **Low-carbon concrete, timber-framed structures, biosourced/recycled materials**
- **Warm asphalt mixes**
- **Eco-friendly bitumen**

- **Energy renovation**: EnergieSprong, Habitat Réhabilité, Rénovation Privée

- **Photovoltaic road surfacing**: Wattway Pack

- **Solar farms, offshore wind turbines**

- **Buildings that generate energy**

- **Energy renovation**: EnergieSprong, Habitat Réhabilité, Rénovation Privée

- **Energy and services management**: Wizom, Embix, Citybox, Objenious

- **Positive Economy Hybrid Building**: Autonomous Building for Citizens (ABC)

- **Energy performance contract**: Aveltys

- **Smart City**

- **Construction of public transport infrastructure**

- **Building-Mobility convergence**: Moov’Hub, Flexy Moov, Alizé

- **Dynamic road-marking**: Flowell

- **Recycling, repurposing and re-use of deconstruction materials**: Premys, Elan

- **Soil decontamination**: Colas Environnement

- **Reversibility**: the first reversible building (Office Switch Home)

- **Recycling and re-use of mobile handsets and home gateways**

**TECHNICAL AND COMMERCIAL PARTNERS**

- **RESEARCH PARTNERS**

  - Smart Buildings Alliance, The International Biodiversity & Property Council, The Shift Project, École des Ponts, ESTP Paris

  - Massachusetts Institute of Technology, Ideas Laboratory, France’s National Solar Energy Institute (INES)

  - The French building technology research centre (CSTB), Side Walks Labs, WWF, Science Based Targets

**FIND OUT MORE**

bouyguesdd.com
A STRATEGY OF INNOVATION FOR THE BENEFIT OF USERS

Bouygues’ strategy in the field of innovation is based on delivering services that provide real benefits to users. The aim is to make the daily lives of the Group’s customers, partners and employees simpler. It is also to improve the Group’s productivity and boost stakeholder satisfaction by creating sustainable solutions.

DIVERSE BUSINESS ACTIVITIES THAT CONFER UNIQUE STRENGTH

The diversity of the Group’s business segments unlocks synergies when working on cross-disciplinary themes that aim to address a variety of future services. This unique structure is an advantage that bolsters the Group’s competitive position.

Bouygues believes that the emergence of artificial intelligence will have an impact on the activity of its five business segments. For this reason, it has set up an AI Factory, which will help to roll out the new services on a large scale.

5G offers an opportunity to leverage the synergies between the Group’s segments. An in-house accelerator, SmartX-5G, groups together all Bouygues’ initiatives relating to 5G technology in order to develop services that will improve quality of life for everyone.

FOUR PROMISING TECHNOLOGIES

Bouygues has pinpointed four technologies that have an impact on its activities:

- **Artificial Intelligence (AI)** can provide effective decision-support to many of the Group’s business segments. For instance, by analysing physical data from a site, as well as regulations and environmental factors, AI can optimise the building potential of land and facilitate interaction between the stakeholders in a property development project (developers, architects, consultancy firms and local authorities).

- **The Internet of Things, combined with Big Data**, can harvest and analyse data on an enormous scale for the predictive identification of high-risk areas on road networks through the analysis of vehicle behaviour.

- **With virtual and augmented reality, it is possible to interact in real time with digital elements that have been added to a live view. For example, brands can insert advertising into a television show without interrupting it. With IH3 (Building Information Modelling), 3D can be used to represent a whole range of data used in the design and construction of a structure and simulate its behaviour.**

- **Finally, blockchain will facilitate the creation of new services by simplifying transaction processes. For instance, it is currently being used to ensure more secure, transparent and faster signing of complex contracts.**

A RICH ECOSYSTEM OF PARTNERS

To boost its innovation potential, Bouygues can call on its vast global ecosystem, spanning over 90 countries and bringing together internal and external partners.

- **Two technology intelligence offices (Winnovation in San Francisco and Bouygues Asia in Tokyo).**

- **Partnerships with the best universities worldwide such as MIT.**

- **Active dialogue with over 1,300 start-ups.**

- **Participation in forward-looking, innovative initiatives such as Futura Mobility, which brings together companies operating along the mobility value chain, and Impact AI, a think-and-action tank that investigates the ethical and societal issues posed by artificial intelligence and sponsors innovative, difference-making projects.**

This structure is fertile ground for generating fresh ideas and developing new types of business.

CONNECTED URBAN ENVIRONMENTS

The Bouygues group’s five business segments are innovating to make urban environments smarter, more vibrant, collaborative and eco-friendly, in order to make life better.

The Smart city

Dijon has become the first smart and connected metropolitan authority in France with the help of Bouygues Energies & Services. A solution called Dijon’ANIS provides centralised management of the public amenities and all the connected urban infrastructure for the authority’s 26 municipalities. It is able to modernise and improve the performance of public services, stimulate the area’s digital economy and improve its pulling power.

The connected road

Mob’Hub by Colas is a comprehensive and dynamic solution rolled out at the Paris-Saclay campus that turns mobility into a driver of urban development by managing car movements and parking, optimising urban spaces and offering a multi-modal service that supports users. The ANAIS® solution detects potential danger zones and sends warnings thanks to users who become voluntary contributors to their own road safety. ANAIS® is a tool that makes recommendations for remedial work on infrastructure and provides decision-support for preventive management of a road network.

RESEARCH AND DEVELOPMENT

GOALS: to improve and develop new products

EMPLOYEE-LED INNOVATION

GOALS: to share best practices and contribute to continuous improvement

PARTNERSHIPS

GOALS: to co-develop new products and services and to enhance existing products and services through a broad range of partnerships

ACQUISITION OF COMPANIES

GOALS: to develop and expand the business segments’ activities with new technologies and innovative business models

INTRAPRENEURSHIP

GOALS: to develop new ground-breaking activities as well as complimentary products and services

SIX SOURCES OF INNOVATION

(1) A French acronym for Acquire, Digitise, Analyse, Inform and Make Safe.

(2) A blockchain is a decentralised, distributed and public digital ledger that is used to record transactions (Wikipedia definition).

(3) Massachusetts Institute of Technology in Cambridge, US.
THE STRATEGIC PRIORITIES OF THE BOUYGUES GROUP’S BUSINESSES

Construction businesses

Bouygues is the sixth-largest construction group in the world. As a developer, builder and operator, it is active in building and civil works, energy and services, property development and transport infrastructure. Population growth, urbanisation and new environmental imperatives are generating significant needs worldwide in terms of complex buildings and infrastructure (new build and renovation). In line with the advent of digital technologies, consumer expectations and habits are also changing. As a result, Bouygues is in a good position to provide full-service solutions as well as innovative and high-value-added services. Its positioning and many strengths mean that it continues to be a key partner for its customers.

A STRONG PRESENCE IN GROWING COUNTRIES WITH A LOW-RISK PROFILE

The Bouygues Group’s strategic priorities in its construction businesses are the following:

LEAD THE MARKETS FOR THE CONSTRUCTION AND RENOVATION OF BUILDINGS AND INFRASTRUCTURE

Bouygues builds, upgrades and maintains all types of infrastructure in order to meet the needs arising from urbanisation and population growth. This includes buildings of all sizes and uses, transport infrastructure, and power and telecommunications networks. Furthermore, in order to cope with ageing infrastructure, the Group develops expertise in renovating assets, even whilst they remain in operation.

HELP CUSTOMERS ACHIEVE BETTER ENERGY EFFICIENCY AND DESIGN LESS CARBON-INTENSIVE CONSTRUCTION METHODS

The Group works to optimise the energy efficiency of structures throughout their entire lifecycle.

Customers are offered the option of bioclimatic design, bio-sourced materials and embedded technologies generating renewable energy from solar, wind or other sources, leading to lower running costs and in some cases generating a profit.

LEAD THE MARKET FOR URBAN DESIGN AND DEVELOPMENT – FROM INDIVIDUAL HOUSING UNITS TO NEIGHBOURHOODS AND SMART CITIES

The Group consults customers and local residents, and works hand in hand with local stakeholders to develop projects that promote:

- well-being;
- harmonious living (soft mobility, services, etc.);
- the safeguarding of the environment via measures such as protecting biodiversity, recycling waste and preserving water.

OFFER CUSTOMERS AN ENHANCED, PERSONALISED EXPERIENCE AND SCALABLE PRODUCTS THAT CAN ADAPT TO CHANGING NEEDS

The Group’s strategy is to develop a range of personalised products and services in tune with customers’ needs such as connected buildings, modular and reversible housing units, which evolve in line with occupants’ changing needs, and collaborative and shared workplaces (Wojo).

EMBODY A COMPREHENSIVE CIRCULAR-ECONOMY POLICY

Aware of how important it is to safeguard natural resources and the increasing difficulty of accessing primary deposits, the Group is implementing a circular-economy strategy as a way of securing supply and protecting the environment. This policy will save on materials, reduce haulage needs and lead to lower fossil-fuel consumption as well as lowering building costs.

2019 KEY FIGURES

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Headcount</td>
<td>117,090</td>
</tr>
<tr>
<td>Sales</td>
<td>€29.6bn</td>
</tr>
<tr>
<td>Current operating profit</td>
<td>€910m</td>
</tr>
<tr>
<td>Current operating margin</td>
<td>3.1%</td>
</tr>
<tr>
<td>Backlog</td>
<td>€33bn</td>
</tr>
<tr>
<td>Net cash</td>
<td>€2.5bn</td>
</tr>
</tbody>
</table>

End of report.
Telecoms

For over 20 years, the teams at Bouygues Telecom have made every effort to ensure that technology brings friends and family closer together, thus strengthening ties and creating new ones.

Bouygues Telecom has a four-pronged strategy:

- **Provide customers with a simple and seamless experience**
  Bouygues Telecom has made a sharp customer focus and a simple experience the pillars of its strategy. It drives further increases in customer satisfaction by offering intuitive and efficient digitised services, and personalised support from 3,800 customer and sales advisers.

- **Offer excellent quality mobile and fixed networks**
  Bouygues Telecom is ranked No.1 mobile operator in rural areas and No.2 on average for the whole of France, and its 4G network covers 99% of the population. In its fixed business, it is ramping up the roll-out of fibre and had 12 million premises marketed at end-2019 and is aiming for 22 million in 2022.

- **Make services available in the less densely populated areas**
  By sharing mobile infrastructure and rolling out fibre, Bouygues Telecom can offer its services to new customers throughout France, particularly in its least densely populated regions. To this end, it is also gradually bolstering its local distribution channels from 2020.

- **Ensure a complete range of fixed and mobile solutions for businesses**
  The third-ranked BtoB operator in France, Bouygues Telecom acquired Keyyo and Nermir at the beginning of 2019 in order to accelerate its expansion in the market serving micro-businesses, SMEs and intermediate-size businesses.

Media

TF1 wants to positively inspire society by informing and entertaining as many people as possible. As France’s leading TV media group, it keeps pace with the way people view and consume content (catch-up TV, enhanced services, and, soon, the subscription-based video-on-demand service Salto). It has strengthened its presence across the entire value chain investing in new growth-potential sectors such as content production and digital media.

Télévisions, M6 and TF1 groups.

- **Video-on-demand service operated by the France Télévisions, M6 and TF1 groups.**

- **Salto**
  Salto is an OTT (over-the-top) subscription-based video-on-demand service that will enable it to:
  - propose an additional offer based on web-origin content via recognised brands able to engage active communities, and
  - strengthen its offering for advertisers to boost their effectiveness and regain value in a growing digital advertising market via the launch of the media sales unit, Unify Advertising.

**Current operating profit**

- **Newen backlog**
  Newen is aiming to boost its backlog, particularly through the diversification of its customer base and continued international development, as underlined by the recent acquisitions of stakes in Belgian (De Mensen) and Canadian (Reel One) companies.

**Consolidate its position in production and accelerate its growth in digital media.**

In TV production, TF1 draws on Newen, which boasts recognised expertise. TF1 wants to positively inspire society by informing and entertaining as many people as possible. As France’s leading TV media group, it keeps pace with the way people view and consume content (catch-up TV, enhanced services, and, soon, the subscription-based video-on-demand service Salto). It has strengthened its presence across the entire value chain investing in new growth-potential sectors such as content production and digital media.

**The strategy of the Group and of its business segments**

**2019 KEY FIGURES**

- **Headcount**
  - 3,686

- **Sales**
  - €2,337m

- **Current operating profit**
  - €255m

- **Target audience share**
  - 32.6%

- **Hours**
  - >1,500

**2019 KEY FIGURES**

- **Headcount**
  - 8,937

- **Sales**
  - €6,058m

- **EBITDA after Leases**
  - €1,411m

- **EBITDA margin after Leases**
  - 30.7%
OUR PLEDGES
To meet its main CSR challenges, underpin long-term growth and guide its transformation, the Bouygues group has signed up to four key pledges: promote each employee’s career development; develop sustainable solutions with and for customers; simplify everyday life; and help build harmonious communities.
Thanks to the diversity of its business activities, the Bouygues group can offer varied and inspiring career paths in France and further afield. Employees can over time build up varied skill sets and pursue satisfying careers.

Employability is a key component of our employees’ sense of fulfilment and success. The Group’s human resources policy strengthens employability through promotion, training and job mobility.

Internal job mobility, particularly between the five business segments, is an outstanding opportunity for Bouygues staff to develop their talents by working in very different environments. The Group is aware that, to enrich its employees’ careers, it must leverage its unique structure. A more dynamic and purposeful policy is therefore being implemented, as illustrated in 2019 by the release of an upgraded version of Mobyclic, containing more features. This application helps employees take advantage of internal job opportunities. Other initiatives included the Opportunity forum, devoted to internal mobility, and the holding of Group career workshops, through which employees can define and plan their desired career path.

True to its corporate culture, the Group also seeks to spur employee creativity by encouraging innovation through intrapreneurship programmes that support home-grown projects and initiatives. This increases employee buy-in, bringing out the best in them and giving meaning to what they do.

Offer rewarding career paths

3,350 employees changed jobs within the Group in 2019, equating to an increase of 20% versus 2018

1,300 internal job vacancies were available at any given time for employees to consult on

83,612 employees received training in 2019, equating to an increase of 25% versus 2018

To inspire its people and attract new talent, the Bouygues group aims to:
• offer rewarding careers;
• adapt to changes in the world of work;
• speed up the advancement of women within its companies.
Adapt to changes in the world of work

Employees today expect their workplace to support enhanced well-being, a better work-life balance and new types of organisational structures. The Group is proposing new, tangible responses to these demands. Ergonomic principles are used for employee health & safety, reducing the level of arduous work and offering a choice of work equipment that enhances safety in production-related professions. For example, Colas provides exoskeletons that improve workers’ posture when laying asphalt manually. Bouygues Construction is working with partners to develop portable power tools that meet the highest safety standards, such as the new ultra-safe grinder that will be introduced on all worksites in 2021.

Office spaces are being redesigned to adapt to the latest working methods, which are now more collaborative and agile. Special attention is also paid to workplace and workforce organisation. For example, certain business segments are increasing accommodating arrangements that allow employees to work from home or other remote locations. Furthermore, in addition to raising awareness about the “right to switch off”, they regularly conduct anonymous employee satisfaction surveys. For Bouygues, these are essential steps for improving both individual and team performance. It therefore wants to expand these practices and extend them to all business segments.

700

1 coworking spaces are now available to Bouygues Bâtiment France Europe employees, as a way of improving working conditions

8th

most attractive employer (Bouygues) in France according to LinkedIn’s Top Companies ranking in 2019

Bouygues and its business segments were once again recognized as one of the Top Employers France in 2019. It is the only group in France to receive this certification and is a positive-energy building designed to facilitate interaction and collaborative work. 

Office spaces are being redesigned to adapt to the latest working methods, which are now more collaborative and agile. Special attention is also paid to workplace and workforce organisation. For example, certain business segments are increasing accommodating arrangements that allow employees to work from home or other remote locations. Furthermore, in addition to raising awareness about the “right to switch off”, they regularly conduct anonymous employee satisfaction surveys. For Bouygues, these are essential steps for improving both individual and team performance. It therefore wants to expand these practices and extend them to all business segments.

At Bouygues UK, collaborative working lies at the heart of our transformed corporate culture. The methods deployed in the various entities – from agile thinking and collective intelligence to employee training and the creation of learning communities – are varied, but the goal is the same. This is a groundswell movement that is spreading through the Group. We also use these methods with our customers.”

Aurélie MÉRAIS MACHURAT
Director of Digital Transformation, Innovation and Marketing, Bouygues UK

Since 2019, Bouygues has participated in the “Women’s Forum for the Economy & Society”. In 2019, a women’s delegation representing Bouygues Construction and Colas attended the forum in Asia (Singapore) for the first time.

The fourth women’s soccer tournament organized by the Bouygues Construction women’s network, Welink.

Speed up the advancement of women within the Group

Bouygues firmly believes that gender balance fosters creativity and cohesion, thereby significantly improving performance and accelerating the Group’s transformation.

The Group’s workforce counts more men than women, given the predominance of its construction businesses. Hence Bouygues operates a proactive gender balance policy, with a view to closing the gap, especially for jobs where they are currently under-represented.

The results from 2019 show that the increase in the proportion of women in the Group’s headcount has been insufficient. Fresh measures will be carried out in 2020 to bring us closer to our target. These include raising awareness amongst the Executive Committees of the business segments in France and abroad and bolstering recruitment campaigns in order to attract more women to our activities and retain them (mentoring programmes, expansion of mixed and women’s networks within the Group, equal opportunities, fighting gender stereotypes).

645

women mentored since the launch of the Group’s mentoring programmes

TOP 20 worldwide

TFI ranks in the top 20 companies recognised for their gender equality policy

The mentoring programme gave me a different type of insight into my strengths, my talents and the reasons I do what I do. I learnt how to be more assured, while continuing to be myself.”

Safintra MIAHIDI
Director of Development, Bouygues Immobilier, Seine-Saint-Denis branch

The fourth women’s soccer tournament organized by the Bouygues Construction women’s network, Welink.

Stop au sexisme !

To mark International Women’s day, on 8 March the Bouygues group launched an in-house campaign aimed at raising staff awareness about everyday sexism.

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Safintra MIAHIDI
Director of Development, Bouygues Immobilier, Seine-Saint-Denis branch
Our pledges

2 DEVELOP SUSTAINABLE SOLUTIONS WITH AND FOR OUR CUSTOMERS

Tackling environmental issues is key to the Bouygues group’s strategy. Taking them into account is vital to the Group’s long-term prospects. Beyond that, it represents an opportunity for the Group to position itself as a provider of solutions that respond to the global challenges of climate disruption and resource scarcity.

The Group translates its commitment into action by constructing energy-saving housing units, choosing innovative and environmentally friendly materials such as wood, producing energy (through positive-energy buildings, for example), and adapting the principles of the circular economy. Bouygues is also a major player in the design and development of sustainable neighbourhoods, and factors biodiversity into its projects.

Its commercial offerings, which are increasingly co-designed with customers, demonstrate the Group’s ability to meet their expectations while at the same time complying with the environmental standards applicable to its business activities.

Consequently, wherever permitted by tendering rules, Bouygues consistently offers even higher-performing solutions than those required by law.

In developing its sustainable solutions, the Bouygues group aims in particular to:

- support customers in moving towards energy transition;
- safeguard resources, and;
- protect biodiversity.

Support customers in moving towards energy transition

Bouygues offers customers a broad range of solutions for reducing their carbon footprint.

Low-carbon construction is a priority area for the Group, which is raising customer awareness about the issue of energy consumption and promoting the highest sustainable-construction standards.

For example, there are millions of poorly insulated buildings that represent an opportunity for the Group, which has developed its own solutions and is a recognised expert in energy renovation. Bouygues Immobilier and Bouygues Construction offer renovation services through Rehagreen and Wizom Réhabilitation, respectively. These include smart systems that reduce energy consumption while improving the comfort of residents.

Since 2007, Bouygues and its business partners have also offered solutions for producing renewable energy. Several innovations have made it to the market, including positive-energy buildings, low-carbon buildings, passive-energy buildings and Wattway solar road surfacing.

Bouygues also helps local authorities introduce sustainable mobility solutions. The Group develops transport infrastructure (tram lines, cycle paths, etc.) and incorporates soft mobility right from the building design stage (electric vehicle charge points, electric vehicle sharing, shared parking spaces, etc.).

The first autonomous building concept in France, ABC (Autonomous Building for Citizens), was developed by Bouygues Construction’s R&D unit. The Grenoble Demonstrator will be integrated in 2020 by teams from Bouygues in Polynésie, south-east France.

Objectives

2019 Objectives

<table>
<thead>
<tr>
<th>Objective monitoring:</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>TARGET</th>
<th>Target date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce Bouygues Immobilier’s GHG emissions by 10% by 2030 versus 2017</td>
<td>556 Kt CO₂ eq.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>349 Kt CO₂ eq.</td>
<td>2030</td>
</tr>
<tr>
<td>Increase the level of recycled pavement in asphalt mix production at Colas</td>
<td>15.5%</td>
<td>15%</td>
<td>16%</td>
<td>18%</td>
<td>2024</td>
</tr>
<tr>
<td>Increase the proportion of Colas quarries and gravel pits working to promote biodiversity</td>
<td>51%</td>
<td>51%</td>
<td>52%</td>
<td>45%</td>
<td>2026</td>
</tr>
<tr>
<td>Carry out assessment of all workstations eligible* for the Top Site label (&quot;1st CSR label in construction industry)</td>
<td>n.a.</td>
<td>11.3%</td>
<td>20.1%</td>
<td>100%</td>
<td>2020</td>
</tr>
</tbody>
</table>

* Workstations eligible for this label must last for more than six months and generate over €3 million in sales.

n.a. Not applicable.

Marc DELESTANG
Director of Product structuring and Production, UrbanEra (Bouygues Immobilier)

Through its UrbanEra eco-neighbourhoods, Bouygues Immobilier and its business partners can offer local authorities an integrated approach combining sustainable construction, energy efficiency, functional diversity, soft mobility and biodiversity.”

ED A

Bouygues Immobilier’s EDA project (low-carbon, positive-energy building) wins the contract, following the ‘Invent the Grand Paris Metropolitan Area 2’ call for projects

2,000 housing units and 160,000m² of office space are now covered by Issy Grid, the first operational smart grid in France.

Colas began marketing the first application of a photovoltaic road surfacing, Wattway Pack.

Aerial view of Otrogel, the first floating solar farm in France and also the largest in Europe, handed over by teams from Bouygues in Polynésie, south-east France.

Floatgen, the floating solar farm developed by Bouygues Construction’s R&D unit Wattway Pack.

The first autonomous building concept in France, ABC (Autonomous Building for Citizens), was developed by Bouygues Construction’s R&D unit. The Grenoble Demonstrator will be integrated in 2020 by teams from Bouygues in Polynésie, south-east France.

Réhabilitation, respectively. These include smart systems that reduce energy consumption while improving the comfort of residents.
Our pledges

Safeguard resources

The construction industry generates 70% of the 324 million tonnes of waste produced in France. The increasing scarcity and rational use of natural resources are therefore particularly important issues for the Group. Bouygues is therefore rethinking its processes, products and services to incorporate the principles of the circular economy and reap the environmental and economic benefits that this will afford.

The Group’s construction businesses are implementing solutions centred around four priorities. The first is selecting sustainable and easily recyclable materials during the design phase. The second is reducing the amount of resources used during construction. The third is recovering and re-using materials on site, and the fourth is recycling waste material from construction worksites or demolition projects. Colas is one of the world’s five biggest recyclers across all sectors and types of material.

In 2019, Bouygues Construction unveiled its innovative “Office Switch Home” in Lyon, the first-ever reversible office building. This concept increases the longevity of an office building by including – right from the design phase – the possibility of repurposing it as housing at a later date. Bouygues Construction is also trialling alternatives to concrete and developing expertise in the use of timber – the building material with the smallest carbon footprint.

Our ambition is to offer circular solutions at all project phases, across our business lines. Three successful examples are an office building that can be transformed into housing, underground electrical cables not requiring sand-based filling materials, and recycled-concrete road structures.”

Stéphanie BARRAULT
Circular-economy R&D project manager, Bouygues Construction

Promote biodiversity

Biodiversity is under threat from our current way of life and therefore needs to be protected and enhanced. Aware of the impact that infrastructure projects can have, the Group is working hard to limit the environmental footprint of its structures and provide solutions for safeguarding natural ecosystems right from the design stage.

Bouygues Construction and Colas both have environmental engineering units. For several years, they have been running R&D programmes investigating biodiversity in infrastructures (measures to stop invasive species, offsetting mechanisms, encouragement of marine biodiversity, etc.) and urban biodiversity (green roofs, biodiversity in property development, etc.).

Bouygues Construction helped create “BiodiverCity”, the first international label to recognise construction and renovation projects that take urban biodiversity into consideration. Colas has developed an environmental engineering entity offering biodiversity protection solutions, such as the creation of fish passages and waterways as well as quarry rehabilitation. With the help of a specialist consultancy, Bouygues Immobilier has started looking at ways to add even more greenery to its developments.

Over 800 production units, installations and worksites worldwide enable Colas to produce 16 million tonnes of recycled materials.

47% of Bouygues Construction’s non-hazardous waste is recycled worldwide.

Over 180 Colas quarries and gravel pits worldwide have committed to safeguarding and developing biodiversity measures.

23% of Bouygues Construction’s major projects include biodiversity measures.

“Drawing on its expertise in earthworks, hydraulic works and civil engineering, Colas has developed an environmental engineering solution that restores ecological continuity, rehabilitates vulnerable natural areas and controls invasive plant species.”

Jean-Claude FONTENILLE
Director of Sales, France
Colas
The Bouygues group improves the lives of customers and end-users through the innovative solutions developed by its business segments.

All of its products and services are designed to make everyday life easier and more enjoyable, whether at home, neighbourhood or city level, or in transport, communication, news or entertainment.

To simplify everyday life, the Bouygues group commits to:
• streamlining the experience of residential property customers;
• making it easier to access communication networks and media content, and;
• facilitating mobility in both urban and rural areas.

GROUP OBJECTIVES

2019 Objectives:

- At Bouygues Construction, incorporate "Wizom Connected" into 20% of housing units built worldwide
- 12 million households covered by Bouygues Telecom’s fibre optic network by end-2019
- Start marketing Wattway Pack, the first use of the Wattway photovoltaic road surface from Colas

Objective monitoring:

- At Bouygues Immobilier, fit all housing units with Flexom digital technologies in 2020
- Open 1,200 Wojo coworking spaces in France and Europe, including 80 proprietary Wojo locations, by 2023

RESULTS

- The Wizom Connected solution has been fitted to around 10% of new builds.
- Close to 12 million households were covered at the end of 2019.
- Wattway Pack was launched at the French local government trade fair, in November 2019.

2017 2018 2019 TARGET Target date

- At Bouygues Immobilier, fit all housing units with Flexom digital technologies in 2020
  1% 34% 70% 100% 2020

- Open 1,200 Wojo coworking spaces in France and Europe, including 80 proprietary Wojo locations, by 2023
  7 sites 10 sites 11 sites 80 sites 2023

- At Bouygues Construction, incorporate "Wizom Connected" into 20% of housing units built worldwide

Objective monitoring:

- At Bouygues Immobilier, fit all housing units with Flexom digital technologies in 2020
  1% 34% 70% 100% 2020

- Open 1,200 Wojo coworking spaces in France and Europe, including 80 proprietary Wojo locations, by 2023
  7 sites 10 sites 11 sites 80 sites 2023

- Star marketing Wattway Pack, the first use of the Wattway photovoltaic road surface from Colas

To simplify everyday life, the Bouygues group commits to:
• streamlining the experience of residential property customers;
• making it easier to access communication networks and media content, and;
• facilitating mobility in both urban and rural areas.

Climate change, today’s energy transition, the new possibilities offered by digital technology and the need for greater ease of use are reshaping the expectations of our customers in relation to the housing that we are developing.

Aware of these changes, the Group is designing buildings that strike a balance between energy efficiency and user-friendliness while adapting to occupants’ needs.

For example, the Group’s connected homes solutions offer them the following:
• more convenience, thanks to central and remote control of lighting, heat and rolling shutters;
• increased energy savings and performance. Because residents can monitor their consumption in real time and remotely control devices, they can reduce their utility bills and save water, gas and electricity;
• safety and security thanks to sensors that can detect leaks, fires, open windows, doors not closed or locked properly, and more besides;
• good health through sensors that indicate indoor air quality.

Technology is therefore used to make life better every day. Bouygues also offers housing units that can be adapted to meet the changing needs of its residents, precipitated for example by a new baby or the need for home healthcare.

Offer a quality experience to residential customers

20% rent reduction for future tenants of socially responsible housing units built by Bouygues Construction in Stains, near Paris

118 homes for owner-occupiers were equipped with Wizom Connected services as part of the Chapelle International project, in the summer of 2019

Bouygues Immobilier has opened 52 Stores, where potential buyers can immerse themselves in their future home using a suite of digital tools.

Sensations is a Bouygues Immobilier residential project in which consideration was given to ways of improving indoor air quality in the apartments by using materials with low pollutant emission levels.

Julien Schmid
Director of Strategic Marketing, Bouygues Construction

Our adaptable housing solution, “Wizom for Life”, which won the 2019 Netexplo Change award, supports occupants at every stage of their lives (new baby, retirement, etc.). Several trials in France demonstrated the effectiveness of this concept.”
Make it easier to access communication networks and media content

Communication is a fundamental societal need and how we go about it is rapidly changing. People today expect to be able to access tailored content and services instantly—anywhere, any time and on any device. Data consumption requires top-quality service. In addition, consumers are being offered increasingly personalised content.

The Group strives to deliver a customer experience that everyone, even people living in less densely populated areas, have equal access to all of its services.

To do so, it continues to invest in expanding the availability, quality and reliability of its very-high-speed fixed and mobile networks. It is also streamlining and simplifying access to content at home or on mobile devices, at all times of the day.

In addition, the Group is working to ensure that everyone, even people living in less densely populated areas, have equal access to all of its services.

...
Our pledges

HELP BUILD HARMONIOUS COMMUNITIES

Modern society is becoming more and more collaborative, driven by the development of new technologies. At the local level, people are increasingly wanting closer social ties. Energised by its vision of making life better, Bouygues serves as a key contributor to societal change.

This is because Bouygues believes that strengthening ties and dialogue helps make life better every day. The Group wants to bring people together whenever it can to promote mutual assistance, harmonious relationships and community cohesion, thereby fostering a greater sense of social inclusion.

Motivated by this vision, the Group and its business segments design products and services that provide positive inspiration and cultivate a sharing mindset. Neighbourhoods and residential developments are built around spaces that serve as social hubs, where residents can meet up and enjoy shared services.

GROUP OBJECTIVES

2019 objectives:

<table>
<thead>
<tr>
<th>RESULTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>At Bouygues Immobilier, incorporate the “Entre Voisins” app into every multi-unit housing development marketed in 2019. All occupants of Bouygues Immobilier residences are able to download the “Entre Voisins” app for free to their smartphones, tablets and/or PC. At end-2019, this app was available in 6,521 housing units.</td>
</tr>
<tr>
<td>Within the future “Les Fabriques” eco-neighbourhood in Marseille, a “Fab Lab” has been developed that includes France’s largest makerspace, run by Cité Marseille. This is a huge collaborative and socially responsible makerspace that will involve local businesses, designers, artisans and artists and will have a major focus on digital and technological innovation.</td>
</tr>
<tr>
<td>At TF1, help fight cyberbullying by partnering with Respect Zone, a charity. The news mediator’s website, as with all other websites and social media accounts operated by the TF1 group, now has a link to the Code of Conduct published by Respect Zone, an NGO with which it has signed a partnership agreement. Respect Zone exists to promote good online behaviour, and its Code of Conduct calls not only for respect, but for digital spaces and content to be moderated.</td>
</tr>
<tr>
<td>At Bouygues Construction, encourage the use of CityPlay to increase the proportion of property developments designed in consultation with local stakeholders. CityPlay has already made its mark on over 30 projects, including La Maillerie in Lille (urban planning), Les Fabriques in Marseille (creation of new activities within a ‘makerspace’), Share in Tours (‘serious game’), and the Smart city projects of Bouygues Energies &amp; Services.</td>
</tr>
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Objective monitoring:

<table>
<thead>
<tr>
<th>Objective monitoring: Increase the number of Collas production sites working to promote dialogue with local communities</th>
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<tbody>
<tr>
<td>2017</td>
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<tr>
<td>47%</td>
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</table>

10.7m viewers tuned in to watch the France-USA match on TF1 during the 2019 Women’s World Cup soccer championship, the best audience score of 2019.

Construction businesses build spaces for everyday interaction between people and social groups. Social diversity is therefore a key consideration when designing eco-neighbourhoods. On a smaller scale, shared spaces and services within apartment buildings energise relationships between residents, as do neighbourhood social-media platforms.

The Group today believes it has a duty to reinforce social cohesion by fighting discrimination and fostering mutual assistance and harmonious co-existence. In November 2019, it signed the manifesto for the occupational integration of people with disabilities. At the initiative of the French government and Salon du handicap, this charter of operational commitments aims to ensure people with disabilities are better catered for in the world of work.

Bringing people closer together

All the Bouygues group’s business segments leverage their specific characteristics to help strengthen ties and create an environment of harmonious co-existence. This is especially true for TV programmes which spark debate, promote worthwhile causes and enable people to share in soul-stirring events together. TF1’s channels want to positively inspire society. They work hard to ensure they represent diversity in all its forms and provide an arena for all types of opinion and difference to be heard.

Telecommunications, by their very nature, bring people closer together by connecting them in a way that negates the physical distance between them. Its 5G network is set to open at the end of 2020.

Digital technology - a powerful driver for bringing people closer together - adds a further dimension. As a media group, TF1 takes seriously its responsibility to break down social barriers and shine a spotlight on the benefits of diversity.

To help build harmonious communities, the Bouygues group commits to:
• bringing people closer together;
• opening up dialogue and co-design efforts to residents and customers;
• encouraging local initiatives that help others within the community.

“Moteur!”, by Bouygues Telecom’s new corporate slogan

In this podcast, I talk to people with inspiring stories who have started projects that make a real difference to society by tackling climate-related or social issues.”

Sylvia Amicone
host of LCI’s Impact Positif podcast

Les Fabriques, an eco-neighbourhood project by Bouygues Immobilier and Linkcity in Marseille, aims to promote the usage economy, bring people closer together, and create shared living spaces and connected services.

Scan this QR code and visit www.impactpositif.com for more information about Sylvia Amicone’s podcast.

“Ce que nous faisons nous rassemble” – Bouygues Immobilier’s new corporate slogan

To help build harmonious communities, the Bouygues group commits to:
• bringing people closer together;
• opening up dialogue and co-design efforts to residents and customers;
• encouraging local initiatives that help others within the community.

Papa, tu peux garder Lea ce matin ?

Green Office Expo, the first positive-energy, timber-framed building.
Open up dialogue and co-design efforts to residents and customers

Bring together all stakeholders whether elected officials, local residents, students, senior citizens or first-time buyers – before a project is launched provides an opportunity to design and offer more suitable and more broadly accepted solutions. For this reason, all the Group’s business segments welcome dialogue and consultation, making every effort to listen to the ideas and concerns voiced.

The Group’s construction businesses make it a priority to listen to residents’ expectations and place them at the centre of projects. They are involved at all stages – before, during and after handover.

A range of different solutions is offered: meetings, dedicated apps and co-design methods for its property developments. One example is Sollys, a collaborative housing project in Lyon Confluence.

Bouygues Telecom involves customers in the continuous improvement of its products and services. For the second consecutive year, it held an open day called “Rendez-vous Clients” at each of its six customer relations centres, during which around 100 customers were able to learn about what being a customer advisor entails and listen in on a session.

These initiatives have proven effective and will be held again.

3 neighbourhood projects have benefited from the Micacity initiative. An idea by Bouygues Construction, a sociologist is brought in to talk to local residents and identify the preferences of each social class as regards accommodation and the neighbourhood

800 people took part in the “Cœur de chantier” initiative, with the support of Bouygues Immobilier, in Nanterre. The objective was to help work towards urban transformation by involving the entire neighbourhood in the design of a collective work of art to energise the neighbourhood

Around 400 Colas production units have pledged to conduct an official dialogue exercise with local residents, elected representatives and authorities

Encourage initiatives that help others within the community

Patronage policy is implemented at Bouygues group level, within business segments and through community initiatives. The patronage policy of the parent company, Bouygues SA, focuses on three themes: education, health and social initiatives. Each of the Group’s five business segments also carries out its own patronage initiatives.

The Group helps and supports all kinds of initiatives, small-scale or otherwise, giving priority to long-term actions. It does so around the world, wherever it operates, participating in local life and paying particular attention to projects supported by its employees.

1,165 volunteer employees from the Bouygues Telecom corporate foundation are involved in patronage initiatives during their work hours

152 not-for-profit organisations are supported by TFI in the areas of community action, promotion of diversity and sustainable development

889 students supported by the Francis Bouygues Foundation since its launch
Our Governance

Bouygues enjoys a stable governance adapted to the structure of a diversified group. As a result, it can implement its value-creation strategy over the long term. Reflecting its culture, the Group focuses on trust and empowerment, as well as on dialogue between the parent company and the business segments.
Our governance

A BOARD OF DIRECTORS SERVING A LONG-TERM VISION

Composition of the Board of Directors

After the AGM of 23 April 2020

- Martin Bouygues, Chairman and CEO
- Olivier Bouygues, Deputy CEO
- Charlotte Bouygues, Standing representative of SCDM
- William Bouygues, Standing representative of SCDM Participations
- Benoît Maes
- Clara Gaymard
- Raphaëlle Deflesselle
- Alexandre de Rothschild
- Francis Castagné
- Raphaëlle Deflesselle
- Michèle Vilain
- Anne-Marie Idrac
- Colette Lewiner
- Rose-Marie Van Lerberghe
- François Delattre
- Charlotte Bouygues
- William Bouygues
- Raphaëlle Deflesselle
- Alexandre de Rothschild
- Francis Castagné
- Raphaëlle Deflesselle
- Michèle Vilain

_NUMBER OF DIRECTORS_ 17

50% Independent directors
58% Female Board members
56.4 Average age of directors
38% of directors have HR and/or CSR expertise

SENIORITY
- 6 Under 5 years
- 5 From 5 to 9 years
- 2 10 years and over

VARIED AND COMPLEMENTARY EXPERIENCE AND SKILL SETS
Given the diversity of the Group’s business segments, its Board members must represent a broad range of skills.

Sector-specific skills
- France – International
- Civil service, Industry, Media, Telecoms

Professional skills
- Digital media – Finance – Senior executive in a large group – Corporate Social Responsibility – International experience

Work of the Board and its committees in 2019

WORK BY THE BOARD ON THE GROUP’S MAJOR STRATEGIC CHALLENGES

The Board ensures the Group’s strategy is followed. All major strategic decisions affecting Bouygues and its business segments are reviewed at the meetings. For example, plans to sell part of Bouygues’ stake in Alstom were reviewed by the Board of Directors in 2019.

THE WORK OF THE THREE SPECIAL COMMITTEES IN 2019

Audit Committee

- Halman le Pas de Sècheval, Chairman
- Oversees the financial statements and financial information preparation process
- Verifies the effectiveness of internal control and risk management systems
- Reviews the risk map and major litigation
- Organises the selection of auditors and monitors their work and the main litigations

Ethics, CSR and Patronage Committee

- Anne-Marie Idrac, Chair
- Ensures compliance with the Group’s values and rules of conduct
- Monitors issues relating to compliance, CSR and changes to business models
- Tracks implementation of sustainable development roadmaps by the business segments
- Gives its opinion on patronage actions to the board
- Approves new compliance programmes and revisions to the Code of Ethics and to existing compliance programmes

Selection and Remuneration Committee

- Colette Lewiner, Chair
- Gives its opinion to the board on appointments and term-of-office renewals of the directors, the CEO and Deputy CEOs
- Gives its opinion on the composition of committees
- Presents proposals to the Board of Directors on remuneration policy and the amount of remuneration paid to corporate officers
- Recommends policy for stock option awards

100% average attendance
5 meetings in 2019
3 meetings in 2019
5 meetings in 2019
4 meetings in 2019
Our governance

MANAGEMENT TEAM AND REMUNERATION PRINCIPLES

The Group’s senior management team

The Group Management Committee is comprised of the four Executive Officers of the parent company and the five heads of the business segments, who all have vast experience within the Bouygues group.

Each business segment defines its own business strategy within the framework of the overall vision as determined by the parent company. As such, the business segments work to meet the major challenges facing the Group whilst retaining a great deal of freedom in managing their own operations. Continuous and constructive dialogue between the parent company and the business segments is pivotal in ensuring harmonisation and coordination at the highest level.

SELF-STANDING SUBSIDIARIES COORDINATED BY THE PARENT COMPANY AND BUSINESS-SEGMENT HEADS INVOLVED IN THE GROUP’S SENIOR MANAGEMENT

at 31 December 2019

Bouygues SA:
The parent company has a significant presence on the boards of each of the Group’s five business segments, enabling it to help define their strategy and play an active part in making their important decisions.

The business segments’ senior management team:

Each business-segment head attends all Bouygues group Board meetings.

In line with practices at the parent company, the Boards of Directors of each business segment are supported by committees that enhance their decision-making in areas such as audit, business ethics and remuneration.

Remuneration linked closely to performance

The remuneration policy, which is tailored to each employee and based on merit, is an integral part of the Group’s culture. Because remuneration underpins business development and performance, Bouygues wants it to be central to operations in all its entities, in every country. Where personal and team targets have been met or surpassed, this is rewarded.

In 2019, a Group Remuneration & Benefits unit was set up to centralise and implement best remuneration practices.

GENERAL REMUNERATION PRINCIPLES

The remuneration policy at the Group has four major components:

Giving employees a share in the company’s profits

– In France, 99% of employees benefit from compulsory or voluntary profit-sharing agreements.
– Specific adapted agreements are in force in international businesses.
– Employee savings incentives are offered in France and internationally.
– Capital increases are regularly reserved for employees (some 54,600 are Group shareholdings).

Ensuring fair pay

– Decisions on pay are made by all parties involved: local management, the HR manager, employee representatives and senior management.
– Internal wage levels are analysed from different angles throughout the year by business line to ensure equal treatment, especially regarding equal pay for women and men.
– The remuneration systems of all business segments factor in performance criteria linked to results and potential.

Offering a comprehensive package

– Aside from pay rises, the Group offers other benefits such as high-grade healthcare insurance, personal risk coverage, agreements promoting work-life balance and quality of life at work, supplementary pension benefits and training.

Tailoring remuneration policies to professions, specific profiles and geographies

– Policies are calibrated to take into account geographical area, economic context, labour market, rare skills and newness of professions, in keeping with the Group’s standards as mentioned above.

REMUNERATION OF EXECUTIVE OFFICERS

Aside from regular salaries, the remuneration of Bouygues SA Executive Officers comprises an annual variable portion and, in the case of Olivier Roussat and Philippe Marien, a multi-year component consisting of a conditional award of existing Bouygues shares.

Annual variable remuneration

This may attain 160% of fixed remuneration, subject to:

56% Business performance: achievement of business plan targets.

25% Balance sheet strength: change in net debt relative to the business plan.

19% Extra-financial goals: meeting targets relating to health & safety (lower accident frequency than in previous year), the climate (roll-out of a climate policy compatible with the targets of the Paris Agreement), compliance and managerial performance.

Long-term remuneration

In 2019, multi-annual variable remuneration was discontinued for Martin Bouygues, Olivier Bouygues, Olivier Roussat and Philippe Marien, from which they had benefited since 2017. This was superseded – for Olivier Roussat and Philippe Marien – by long-term variable remuneration (for the three-year period 2019–2020–2021). It takes the form of a conditional award of existing Bouygues shares (limited to 40,000 shares per beneficiary) and aims to ensure that the interests of the Group’s Executive Officers are far more closely aligned with those of other shareholders. This mechanism provides no benefits to Martin Bouygues or Olivier Bouygues as their personal circumstances ensure that their own and shareholders’ interests are aligned.

The share award will be subject to the following conditions:

Share-price outperformance (up to 35%)

Long-term remuneration is split evenly between a cash award (based on the opening price on the day before the award) and a share award. Lastly, 60% of the shares awarded are held in registered form until they represent the equivalent of 1.5 times the fixed remuneration of Olivier Roussat and Philippe Marien. The shares awarded are locked up until their term of office ends. It was proposed at the Combined Annual General meeting of 23 April 2020 to continue this mechanism over the period 2020–2022 for Olivier Roussat.

FIND OUT MORE

BOUYGUES’ 2019 Universal Registration Document, section 5.4

(6) Philippe Marien resigned from office as Deputy Chief Executive Officer on 19 February 2020. He remains a member of the Group Management Committee.
Our governance

ETHICS AND COMPLIANCE: A PERMANENT COMMITMENT BY THE GROUP

In 2006, the Bouygues group introduced a Code of Ethics, which sets out the essential values to which the Group and its employees are expected to adhere in performing their professional duties. It is intended to help employees make decisions in real-life situations by reference to clear and precise principles.

Certain major themes have since been expanded on in full compliance programme documents. The Ethics, CSR and Patronage Committee, a driving force within this domain, is systematically informed whenever serious shortcomings are observed and monitors the remedial measures.

CODE OF ETHICS

The Code of Ethics is available at bouygues.com.

5 COMPLIANCE PROGRAMMES

In these compliance programmes, the Group reiterates the main regulations and rules of conduct that are applicable, and specifies the measures for information, prevention, control and penalties that are to be implemented within the business segments. The Code of Ethics and the compliance programmes, which are disseminated to employees, are updated regularly based on feedback.

In 2017, an extensive review was carried out to update them, resulting in a new programme on embargoes that was subsequently disseminated to employees. The corporate whistleblowing facility was also revised subsequent to enactment of France’s Sapin 2 anti-corruption and transparency law.

In 2019, the Ethics, CSR and Patronage Committee and the Board of Directors reviewed the organisation of the compliance programmes. The vigilance plan aims to identify and manage – all along the value chain – the potential risks to people and the environment arising from Bouygues’ business activities. It is an integral part of the Group’s policy on business ethics and has been implemented in each of the five business segments.

Pinpointing the main risks

Each business segment has identified, analysed and ranked its risks. The main risks for the Group are connected with:

- environmental damage and operational and industrial pollution risks;
- human rights abuses such as contracting work that may result in population displacement and excessive working time;
- risks relating to security, workplace accidents and occupational illnesses;
- risks relating to purchasing and supplier relations.

Vigilance plans

Formally identifying these risks has led to tougher existing measures and new prevention and mitigation actions. Specific Group-wide governance measures have been implemented by each business segment to oversee these action plans, resulting in higher levels of collaboration among the departments concerned. These measures were presented to the Bouygues Ethics, CSR and Patronage Committee.

Furthermore, Bouygues’ responsibility and achievements are intrinsically linked to those of its suppliers and subcontractors. The CSR Charter for suppliers and subcontractors, which was updated in 2019, embodies Bouygues’ commitments and those that must be upheld by companies wanting to do business with the Group. This document is appended to orders and contracts managed by the Group’s purchasing departments. Failure to uphold these rules can lead to measures up to and including termination of the contract.

Official partnerships with EcoVadis, as well as the Acesia system offered by Afnor, ensure, through external audits, that suppliers and subcontractors that have signed master service agreements with the Group’s business segments. This means that suppliers and subcontractors can be included in remedial measures. In the past two years, 8,590 CSR assessments have been carried out. Each business segment ensures, through external audits, that their suppliers uphold the CSR obligations incumbent upon them.

Whistleblowing mechanism

To receive and process all whistleblowing alerts, including those relating to due diligence obligations, the Group has set up a whistleblowing facility whereby the Ethics Officer of the business segment concerned can be contacted via a dedicated platform. It is accessible to all and guarantees both the anonymity of the whistleblower and also of the persons implicated by the alert, as well as the confidentiality of all related information.

The platform is available at: https://alertegroupe.bouygues.com

EXERCISING OUR DUTY OF VIGILANCE

The Bouygues group is intent on preventing serious infringements of human rights and safeguarding its personnel and the environment. In 2019, it published its third vigilance plan.

The vigilance plan aims to identify and manage – all along the value chain – the potential risks to people and the environment arising from Bouygues’ business activities. It is an integral part of the Group’s policy on business ethics and has been implemented in each of the five business segments.

The Bouygues group is intent on preventing serious infringements of human rights and safeguarding its personnel and the environment. In 2019, it published its third vigilance plan.
MANAGING THE RISKS INHERENT TO THE GROUP’S BUSINESS ACTIVITIES

Risk management is based on the principles which guide employees, namely: prudent thinking, application of experience, pre-emptive action and long-term vision, transparency and collegial decision-making.

Risk management procedure

Each year, the major risks – from strategic and operational to financial, legal, IT and ethical risks – are identified and assessed at the operating entity, business segment and Group levels. Action plans are drafted and monitored to improve control over these risks.

Our governance

Operational risks

Major construction projects

These can incur significant risks:
- in the design phase: design flaws, under-budgeting, poor assessment of the local environment, etc.
- in the execution phase: counterparty business failures, difficulty in recruiting human resources, construction defects leading to cost overruns, quality problems or failure to meet deadlines

Cybersecurity and business continuity

Cyberattacks and attempts to hack into networks and information systems may result in:
- critical operating systems becoming unavailable, or
- sensitive data being stolen

Acquisitions and diversifications

Acquisitions entail risks, for example valuing target companies, assessing their development potential and taking regulatory requirements into account. The integration stage can also be difficult. Acquired companies performing below expectations can in some cases produce impairment charges.

Disintermediation

New digital players have emerged in the markets in which the Group operates:
- Property and construction: digital platform operators are offering innovative ways of selling directly or managing processes and responding to profound changes in consumer habits
- Media and Telecoms: companies offering new content and innovative ways of selling directly or managing processes
- Construction: economic conditions as well as administrative and tax changes may produce a downturn in the property market.
- Television: rapid changes in viewer expectations may undermine previous choices about programme acquisitions
- Telecoms: the French market remains highly competitive, marked by significant promotional activity

Extra-financial risks

Compliance and ethics

The Group’s business activities are diversified, decentralised and present in many different countries. Consequently, Bouygues maintains a very high level of vigilance to prevent and detect unethical behaviour, such as fraud, failure to comply with competition law and corruption.

Climate risk

Climate risk is considered from two angles:
1. The impact of climate change on the Group’s operations
2. The consequences of the Group being ‘part of the problem’

Major risks identifieda

THEME
OPERATIONAL RISKS

<table>
<thead>
<tr>
<th>EXAMPLES OF ACTIONS IMPLEMENTED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specific process for approving and managing major projects, with findings shared with senior management</td>
</tr>
<tr>
<td>Mechanisms for securing systems and data, for supervision and for incident management</td>
</tr>
<tr>
<td>Management of access rights</td>
</tr>
<tr>
<td>Raising employee awareness, audits, cyber-risk insurance, web surveillance</td>
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<tr>
<td>Investment committees set up</td>
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<tr>
<td>Definition and monitoring of risks associated with planned transactions</td>
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<tr>
<td>Systematic review process</td>
</tr>
<tr>
<td>More products and services harnessing digital technology, e.g. the Dijon smart city</td>
</tr>
<tr>
<td>TF1 is branching out into production (Newen, etc.) and digital content (Project Salto, aufeminin.com, etc.)</td>
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<tr>
<td>Open innovation</td>
</tr>
<tr>
<td>Business line diversification</td>
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<tr>
<td>Geographical diversification</td>
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<tr>
<td>Innovation in products and services, maintaining the edge over competitors</td>
</tr>
<tr>
<td>Cautious management of the land bank</td>
</tr>
</tbody>
</table>

a Other major events such as the worldwide Covid-19 pandemic may occur and have an impact on business activity.
About this Integrated Report

This is the third integrated Report published by Bouygues. It has been written with all our investors, employee shareholders, staff members and other stakeholders in mind.

This Integrated Report describes the Group’s environment and presents its strategic fundamentals and pledges, as well as a portrait of its expertise, thereby showing how it creates long-term value for its stakeholders.

It has been designed to be informative so that the reader may obtain a comprehensive picture of the Group and the challenges it faces. It therefore completes the range of publications produced by Bouygues, by providing access to more detailed content and regulatory information. The report draws inspiration from the benchmark framework proposed by IIRC. It is the result of collaboration between the Group’s senior management and departments at the parent company and in each of the five business segments.

Readers are invited to send their questions and feedback to:

rapport.integre@bouygues.com

Overview of publications

AT A GLANCE
A summary of the year (highlights, key indicators) supplemented with corporate information on the Group. Available in six different languages via the Bouygues app for tablets (iOS, android).

INVESTOR PRESENTATIONS
Presentation of the Group’s results, strategies and outlook.

BOUYGES.COM & SOCIAL NETWORKS
All the news, information, publications and job offers of the Bouygues group.

UNIVERSAL REGISTRATION DOCUMENT
Business, financial, accounting, legal, human resources, environmental and social information for the previous year. Filed with the AMF (the French securities regulator) every year.

(a) International Integrated Reporting Council.
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