

# 2016 Registration Document

including the annual financial report



ALTEN

ENGINEERING AND TECHNOLOGY CONSULTING



# 2016 Registration Document

including the annual financial report



"This document and the accompanying financial report constitute the ALTEN registration document for 2016. It was filed with the French Financial Markets Authority (Autorité des Marchés Financiers, or AMF) on 28 April 2017, in accordance with Article 212-13 of the AMF General Regulation. It may only be used in support of a financial transaction if accompanied by a securities note authorised by the AMF.

Pursuant to Article 28 of Regulation (EC) No. 809/2004, the following information is incorporated by reference in this Registration Document:

- The separate and consolidated financial statements at 31 December 2015, and Statutory Auditors' reports, found on pages 195 to 247 of Registration Document N°. n° D.16-0395 filed with the AMF on 25 April 2016 ;
- The separate and consolidated financial statements at 31 December 2014, and Statutory Auditors' reports, found on pages 193 to 250 of Registration Document N°. D.15-0409, filed with the AMF on 27 April 2015.

This document was prepared by the issuer and the signatories are responsible for its contents."

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# Interview with Simon Azoulay



## **What were the highlights of 2016 for ALTEN?**

ALTEN maintained and reinforced its position as a key player in the Engineering and Technology Consulting sector, with 24,000 employees at end 2016, including 21,300 engineers, revenue of €1.74 billion (up 13.5%) and an operating profit of nearly 10%.

In a market with mixed performance, one of the most significant facts was the acceleration of international development, which now represents more than half of ALTEN's revenue. The Group has therefore grown in all geographic regions, including in France where we are the unchallenged market leader with more than 9,500 engineers, despite a fierce competitive environment.

Operating margin, although still impacted by acquisitions, increased in practically all geographic regions. Operating margins of 2014 and 2015 acquisitions improved and created value.

Since the beginning of 2016, there have been ten acquisitions, nine of which are outside France, in Germany, Italy, Romania as well as North America and India.

Lastly, the Group launched the optimisation of the organisation in France to improve synergies and the use by international entities of support structures in France (Technical Division, Recruitment, Quality).

## **What can you say about the activity of ALTEN's markets?**

The Group has always had a strategy of maintaining a balanced presence on the five business sectors.

The Land Transport sector confirms a particularly high level of activity with manufacturers and equipment suppliers in France and Sweden, as well as a probable improvement with German manufacturers. There are other major prospects offered by projects relating to autonomous and electric vehicles, control of emissions (Nox, CO<sup>2</sup>), infotainment and security. We also note an upturn of business in the rail sector. Business in the aeronautics sector is characterised by the launch of new manufacturing engineering projects with AIRBUS. For ALTEN, the challenge is not to miss the production ramp-ups at AIRBUS and to support supplier partners in their development. In the Space sector, the «Launcher» business has risen sharply.

The downturn in the energy sector continued in 2016, in Oil & Gas and Nuclear. We can, however, expect the market to gradually stabilise in 2017. Conversely, our Life Sciences business (Pharmacy and Medical Equipment) has been steadily improving.

In the Telecom sector, we are observing a gradual pick-up of business with operators and equipment suppliers in Europe. In 2017, the trend is pointing to a slight growth in business. Lastly, the growth momentum initiated in 2015 in the Bank/ Finance and Services sectors both in France and on the international market (UK, Italy) has continued and has even stepped up.

## **What are the main strategic focuses for 2017?**

Again, the ALTEN Group's strategy is constant: first of all, we maintain our top-end positioning with respect to the excellence of our engineers, thanks to our ability to recruit the best profiles, in particular through the high added value of the projects that we propose to them. Our commitment to the engineering culture and the breadth of engineering professions, upheld since the inception of ALTEN, remains one of the keys and a major focus of our development.

Furthermore, and in accordance with our principle of profitable growth, a value that is just as fundamental for the Group, we are deploying our organisation in all the countries where we operate, with two objectives: reach technical and managerial maturity everywhere by optimising cross-cutting structures, and reaching or maintaining a critical size of over 1,500 people per country and per region.

We can therefore conclude that ALTEN has already exceeded its strategic plan for 2016-2019, which projected 24,000 engineers by end 2019.

International business will represent more than 60% of revenue in 2019.

# Board of Directors

## COMPOSITION OF THE BOARD OF DIRECTORS

Article 16 of the Company's Articles of Association provides that the Board of Directors is composed of no fewer than three (3) and no more than eighteen (18) members.

**At 31 December 2016, the Board of Directors was composed of ten members:**

- **Monsieur Simon AZOULAY**, who also serves as Chairman and Chief Executive Officer;
- **Monsieur Gérald ATTIA**, who also serves as Deputy Chief Executive Officer;
- **Monsieur Bruno BENOLIEL**, who also serves as Deputy Chief Executive Officer;
- **Madame Emily AZOULAY**;
- **Madame Anaëlle AZOULAY**;
- **Madame Jane SEROUSSI**;
- **Monsieur Marc EISENBERG**, independent director;
- **Madame Evelyne FELDMAN**, independent director;
- **Monsieur Philippe TRIBAUDEAU**, independent director;
- **Monsieur Jérôme VALAT**, director representing employees.

**Simon AZOULAY**, a French national, was born on 29 May 1956 in Rabat (Morocco). He is a graduate of Supélec. At 31 December 2016, he held in his own name and via SGTI, which he wholly controls, 15.27% of the Company's capital.

**Gérald ATTIA**, a French national, was born on 6 April 1962 in Livry-Gargan (France) and holds an MBA from Hartford. At 31 December 2016, he held in his own name and via GMA, which he controls, 0.83% of the Company's capital.

**Bruno BENOLIEL**, a French national, was born on 13 May 1964 in Paris and is a graduate of ESC Reims. At 31 December 2016, he held 0.16% of the Company's capital.

**Emily AZOULAY**, a French national, was born on 20 July 1948 in Rabat (Morocco). At 31 December 2016, she held 0.01% of the Company's capital.

**Anaëlle AZOULAY**, a French national, was born on 31 October 1990 in Paris, and was appointed by ALTEN's Combined Ordinary and Extraordinary General Meeting of 18 June 2014. At 31 December 2016, she held no Company shares.

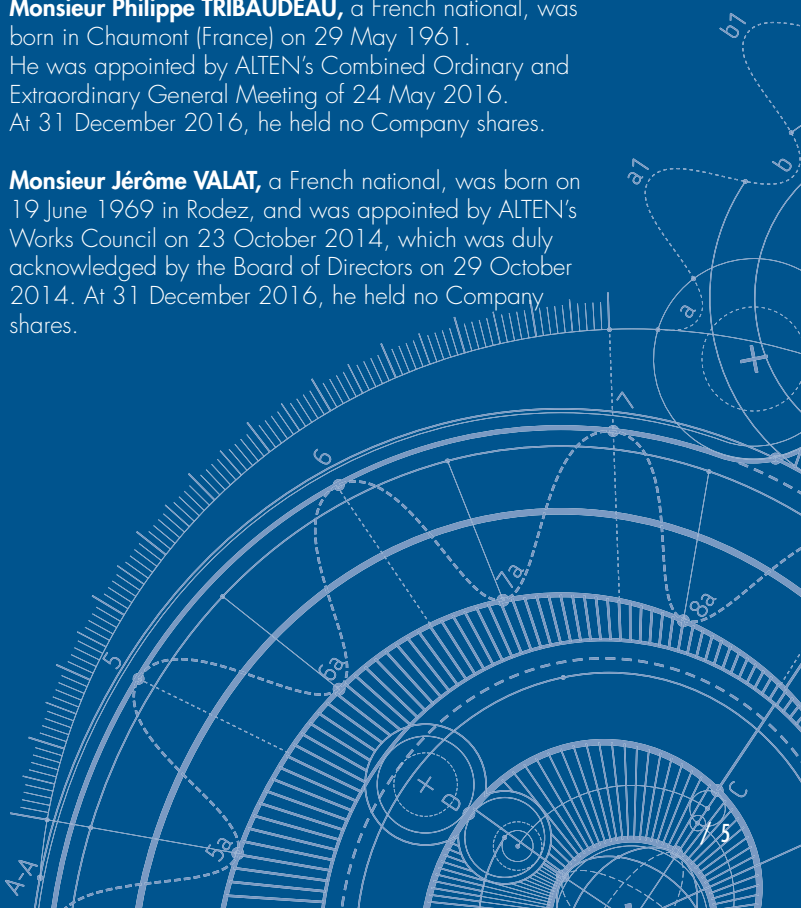
**Jane SEROUSSI**, a French national, was born on 5 February 1966 in Paris, and was appointed by ALTEN's Combined Ordinary and Extraordinary General Meeting of 18 June 2014. At 31 December 2016, she held no Company shares.

**Marc EISENBERG**, a French national, was born on 9 April 1955 in Paris, and was appointed by ALTEN's Combined Ordinary and Extraordinary General Meeting of 18 June 2014. At 31 December 2016, he held no Company shares.

**Evelyne FELDMAN**, a French national, was born on 19 May 1957 in Paris, and was appointed by ALTEN's Combined Ordinary and Extraordinary General Meeting of 24 May 2016. At 31 December 2016, she held no Company shares.

**Monsieur Philippe TRIBAUDEAU**, a French national, was born in Chaumont (France) on 29 May 1961. He was appointed by ALTEN's Combined Ordinary and Extraordinary General Meeting of 24 May 2016. At 31 December 2016, he held no Company shares.

**Monsieur Jérôme VALAT**, a French national, was born on 19 June 1969 in Rodez, and was appointed by ALTEN's Works Council on 23 October 2014, which was duly acknowledged by the Board of Directors on 29 October 2014. At 31 December 2016, he held no Company shares.



# Executive Committee

The Executive Committee meets at least once a month. It is made up of the Chairman and Chief Executive Officer and Deputy Chief Executive Officers. It analyses the sales and financial performance, defines the development strategy, sets targets, and implements operational measures.



From left to right

**Stéphane OUGIER,**  
Executive Vice  
President of ALTEN  
Technology France  
and Solutions  
subsidiaries

**Olivier GRANGER,**  
Chief Operating  
Officer, Responsible  
for International  
Zone 1

**Pierre MARCEL,**  
Deputy Chief  
Executive Officer,  
Responsible for  
ALTEN France and  
Solutions subsidiaries

**Simon AZOULAY,**  
Chairman and Chief  
Executive Officer

**Gérald ATTIA,**  
Deputy Chief  
Executive Officer,  
Responsible for  
Sales, Structured  
Projects and  
International Zone 2

**Bruno BENOLIEL,**  
Deputy Chief  
Executive Officer,  
Responsible for  
Finance, Legal and  
Information Systems

# Management Committee France

This committee meets once a month to discuss operational and financial issues in France and to ensure synergies and consistency with the international companies.

**Simon AZOULAY,**  
Chairman and Chief Executive  
Officer

**Gérald ATTIA,**  
Deputy Chief Executive Officer,  
Responsible for Sales,  
Structured Projects and  
International Zone 2

**Bruno BENOLIEL,**  
Deputy Chief Executive Officer,  
Responsible for Finance, Legal  
and Information Systems

**Pierre MARCEL,**  
Deputy Chief Executive Officer,  
Responsible for ALTEN France  
and Solutions subsidiaries

**Pierre BONHOMME,**  
Executive Vice President, ALTEN  
Technology France, UK and  
Northern Germany

**Stéphane OUGIER,**  
Executive Vice President of  
ALTEN Technology France and  
Solutions subsidiaries

**Pascal AMORE,**  
Head of Structured Projects,  
France

**Fabrice PECQUEUR,**  
Head of External Development

**Franck LECT,**  
Head of Internal Development,  
France

**Pierre BONHOMME,**  
Executive Vice  
President, ALTEN  
Technology France,  
UK and Northern  
Germany

**Pascal AMORE,**  
Head of Structured  
Projects, France





# The technology partner of choice

ALTEN supports the development strategy of its customers in the fields of innovation, R&D and technological information systems.

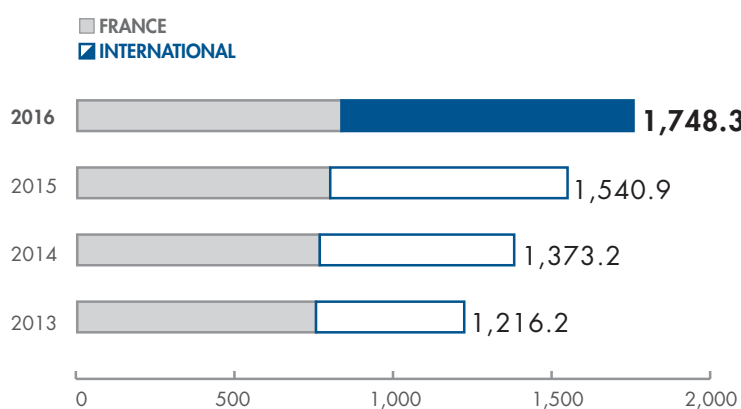
Its 21,300 highly qualified engineers carry out studies and conception projects for the Technical and Information Systems Divisions of major customers in the industrial, telecommunications and service sectors.

At a time of increasing globalisation, ALTEN is integral to the R&D strategy of its customers, supporting their performance and accompanying them as they venture into new markets.

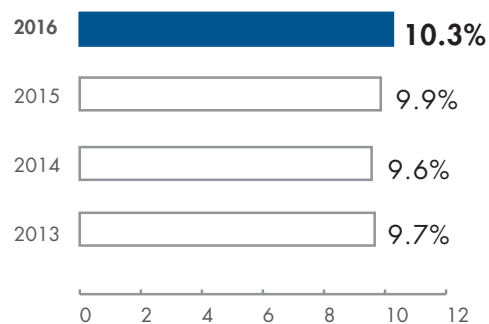
With a network that spans 20 countries, involvement at every stage of the development cycle, and service levels ranging from technology consulting to working on outsourced projects, ALTEN has made a name for itself as the technology partner of choice for multinationals.

# Key figures 2016

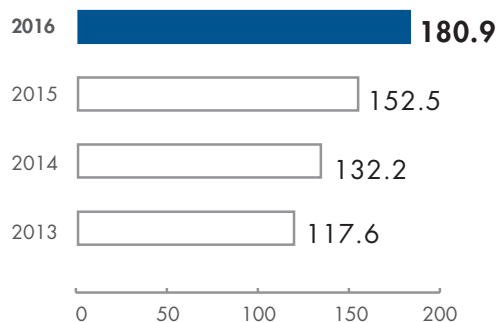
## REVENUE (in € millions)



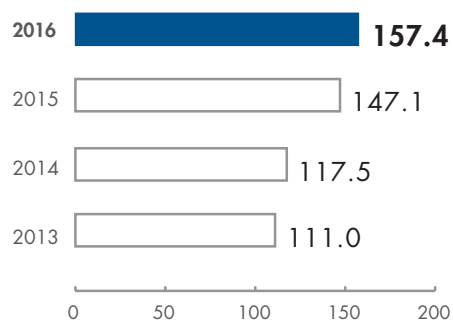
## OPERATING PROFIT ON ACTIVITY (% of revenue)



## OPERATING PROFIT ON ACTIVITY (in € millions)



## OPERATING PROFIT (in € millions)

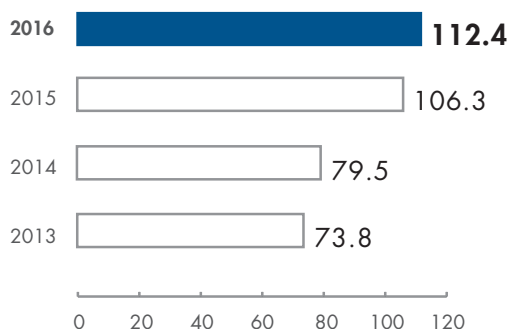


# 1748.3 M€

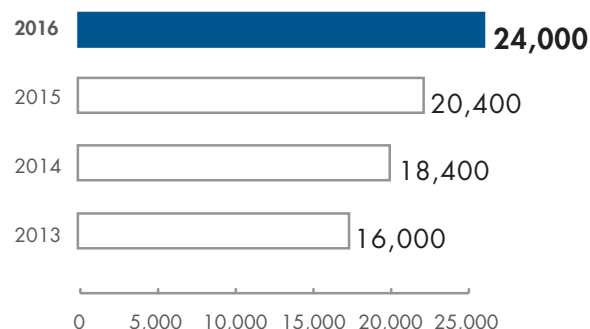
OF REVENUE IN 2016



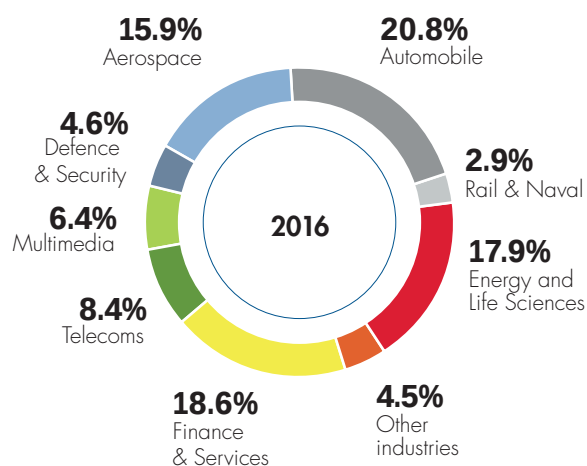
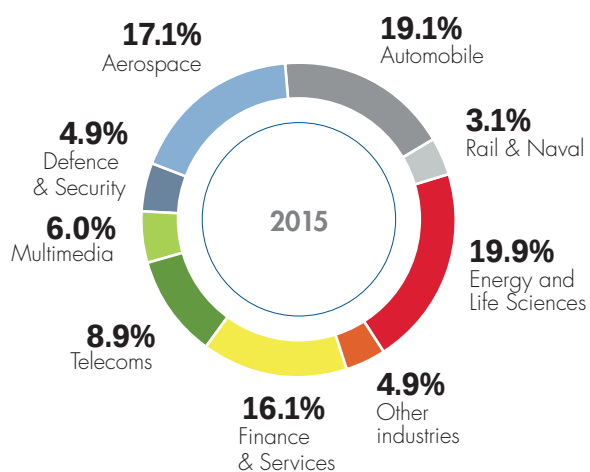
## NET INCOME, GROUP SHARE (in € millions)



## WORKFORCE at year-end



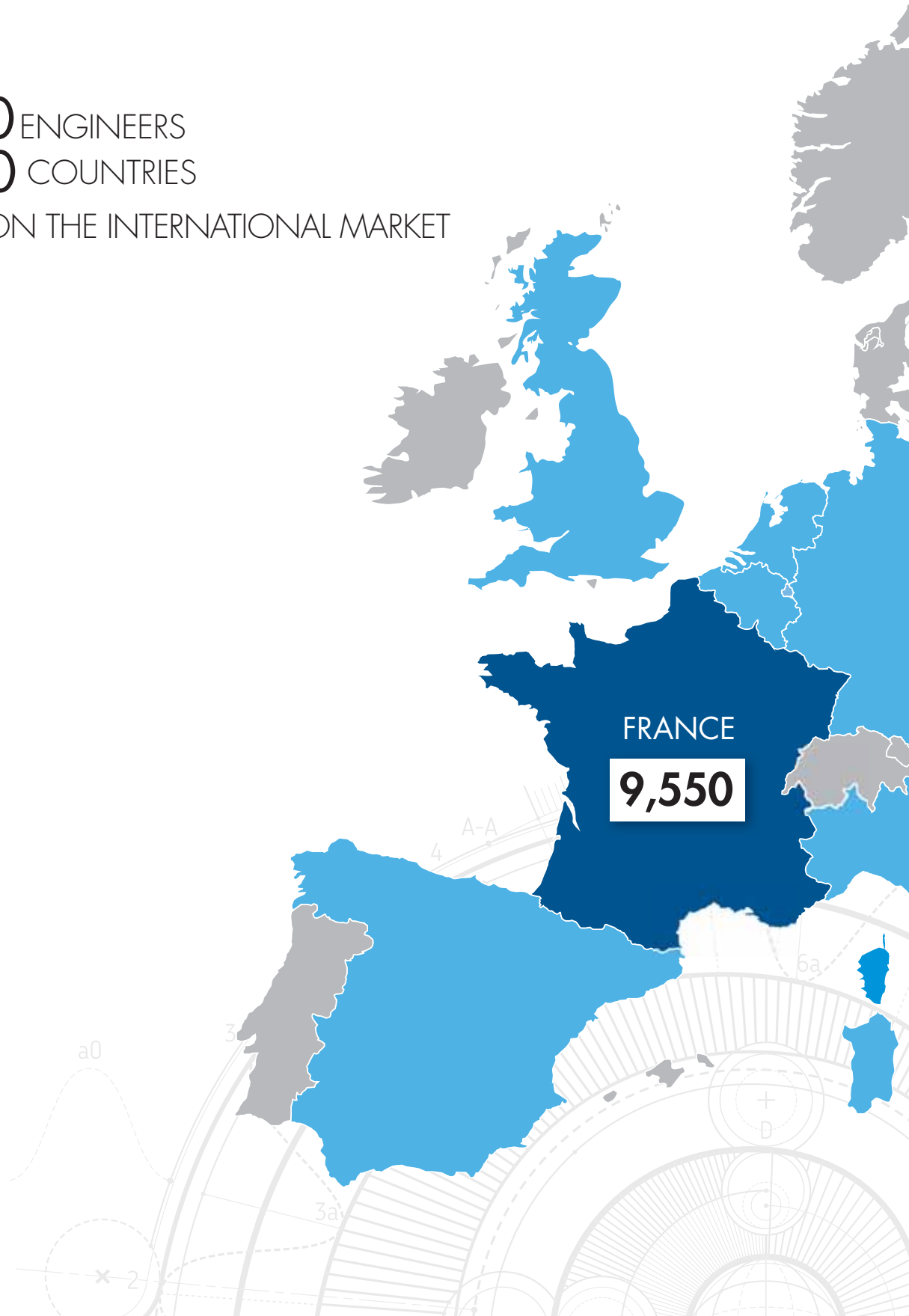
## BREAKDOWN OF REVENUE BY BUSINESS SECTOR (% of revenue)

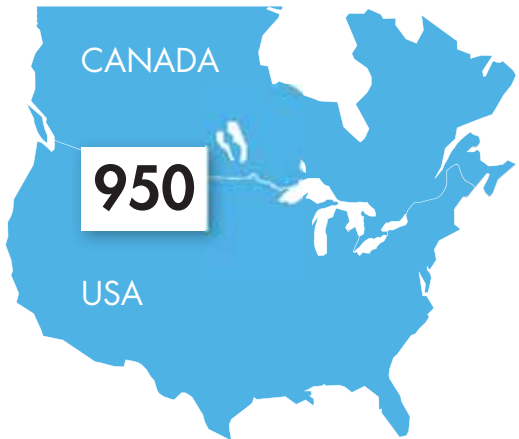
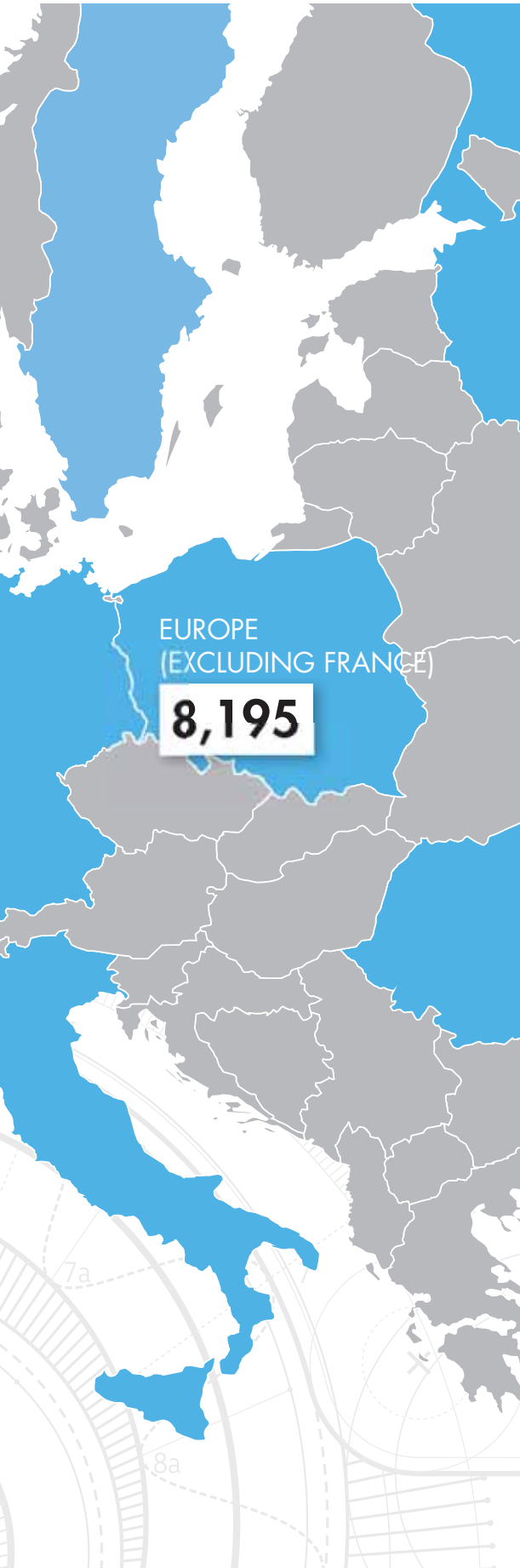




# ALTEN in the world

21,300 ENGINEERS  
OVER 20 COUNTRIES  
55% ON THE INTERNATIONAL MARKET







# The benefits of development

## Size and structure

Revenue of €1.7 billion in 2016, 21,300 engineers in more than 20 countries, 55% of whom are outside France

A major global player in the Engineering and Technology Consulting sector

Capacity to make acquisitions (ten in 2016, including nine outside France) and to invest in end-to-end infrastructure projects

Culture of profitable growth, solid financial position

ISO 9001, ISO 9100, ISO 27001, CEFRI, Mase, CMMi

Effective oversight processes throughout the entire Company, both for quality and security

## Multiple contractual basis and a project management division to enhance our customers' competitiveness

Technological consulting, workpackages, fixed-price projects, Project Management for Operations (PMO), etc.

A diversified offering

A Technical Division that includes Project Managers and experts, processes assessed at CMMi level 3 in 2016, effective nearshore and offshore capacities with 1,400 engineers in Morocco, Romania and India

Project-led organisation

Systematic project feedback in an effort to ensure continuous improvement

Know-how developed in each business sector

## The engineer culture

Workforce composed of 88% engineers, working upstream of each phase of the product cycle (consulting and specifications, studies and design, manufacturing engineering, customer support)

Premium, high value-added technology positioning

Structural calculation, strength of the materials, Embedded and Real-Time Systems, MMI, Powertrain environments, Security Systems, Networks, Telecoms, Electronics, etc.

An extensive expertise in all fields of engineering

A complete coverage  
of key market sectors

Balanced mix of sectors

High-level  
recruitment drive

Structured development paths,  
from recruitment to career  
management

Substantial investments  
in training and skills  
development

Sustainable Development:  
part of the Group's DNA

## Customer presence

Level 1 supplier with all the major customers in the Automotive, Rail, Aerospace, Defence, Nuclear & Renewable Energy, Fossil Energy, Telecommunications, Services sectors, etc.

Cushioning of downturns, no dependence on any particular business sector

## Unique know-how in the HRM of engineers

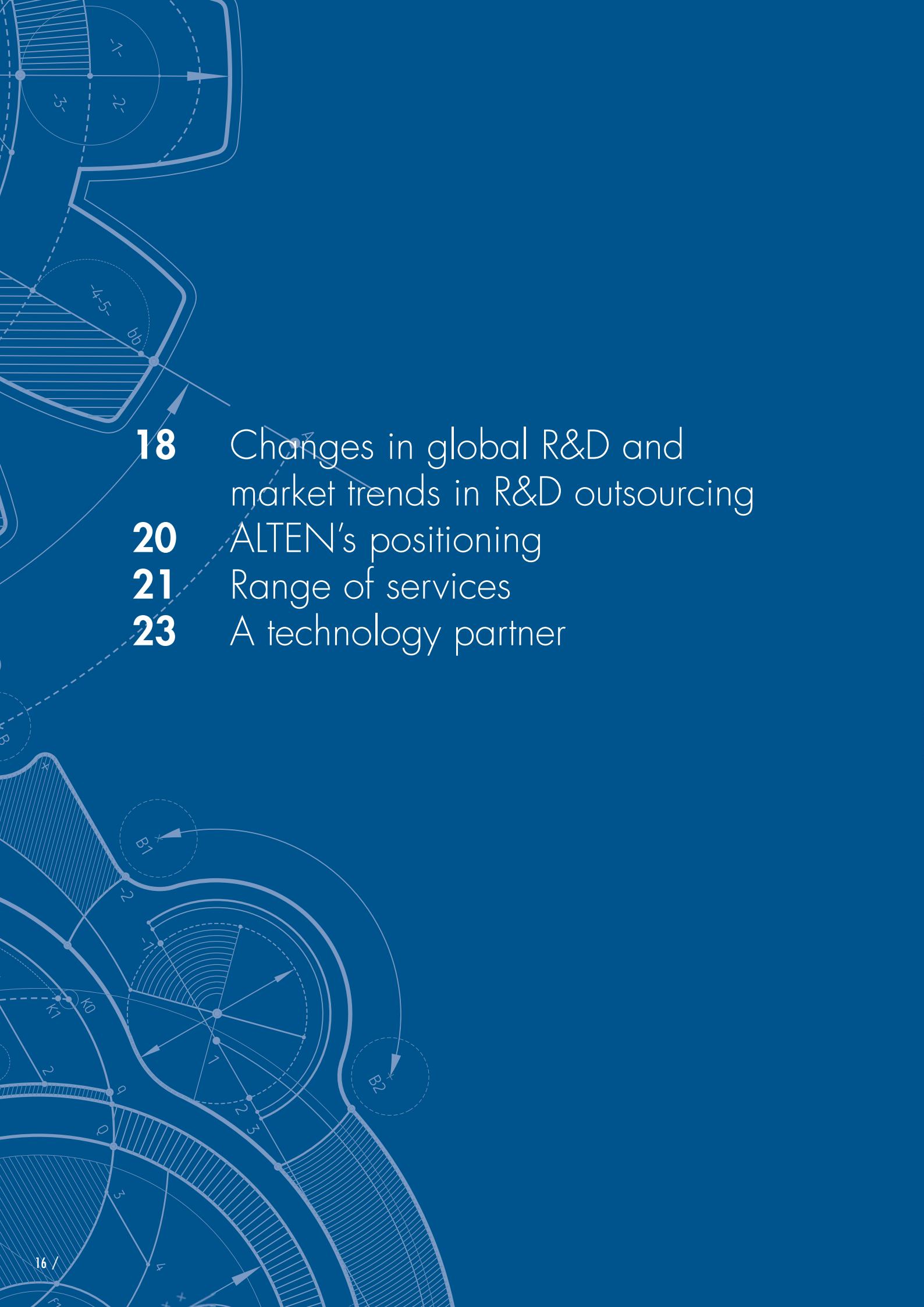
Plan to recruit 2,700 engineers in 2017 in France, partnerships with top engineering schools and universities

Bonus for internal promotions in the Expertise and Management fields for engineers, sales managers and staff in support functions

## Responsibility and ethics

ALTEN earned the "Top employer 2017" label for a sixth consecutive year for its internal values and the Group's projects involving the development of human capital

ALTEN ranked Gold EcoVadis supplier for its responsible practices and ISO 14001 rating for its management of environmental performance

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- 18** Changes in global R&D and market trends in R&D outsourcing
  - 20** ALTEN's positioning
  - 21** Range of services
  - 23** A technology partner



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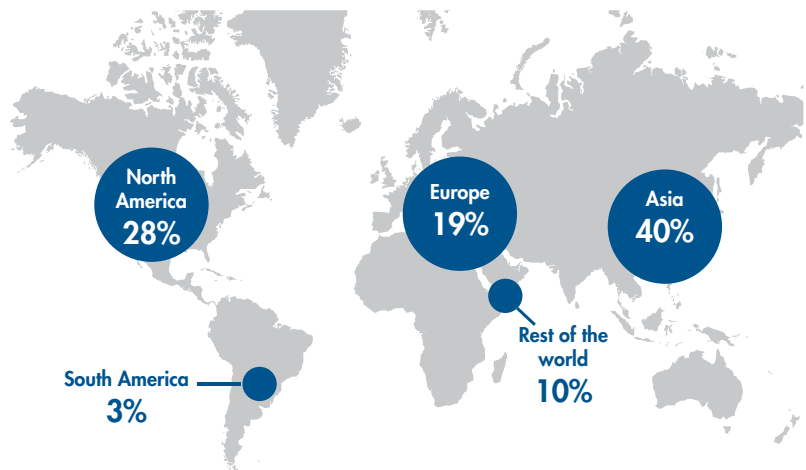
ALTEN,  
technology partner

# Changes in global R&D and market trends in R&D outsourcing

The volume of a country's R&D investment is correlated with its GDP and its public and private investment in R&D. Private enterprise accounts for approximately two-thirds of investment worldwide.

**Approximately \$1,950 billion of R&D expenses around the world in 2016**

(contribution of the private sector: \$1,300 billion)



Eurostat projections show that the majority of countries will significantly step up expenditure on R&D (as a % of GDP) in the next five years. Overall for EU-28, the share of GDP devoted to R&D will go from 2.03% in 2015 to 3% in 2020 (for both the private and public sectors).

**The ETC (Engineering and Technology Consulting) market** on which ALTEN operates includes all consulting services, technical support, fixed-price projects and outsourced platforms in the field of Engineering and Technology Consulting, Information Systems and Technological Networks.

It may be defined as the portion of technology R&D that has been outsourced by industrial companies. There is not a one-to-one relationship with R&D spending but it is closely correlated.

## Overall R&D investment

- Public-sector R&D investment (state-owned laboratories, universities, etc.)
- = Private R&D investment
- Private-sector R&D investment in non-technology R&D (medicines, vaccines, etc.)
- = Private technological R&D investment
- ✕ Outsourcing rate
- = ETC market

## In general, outsourcing allows a manufacturer to:

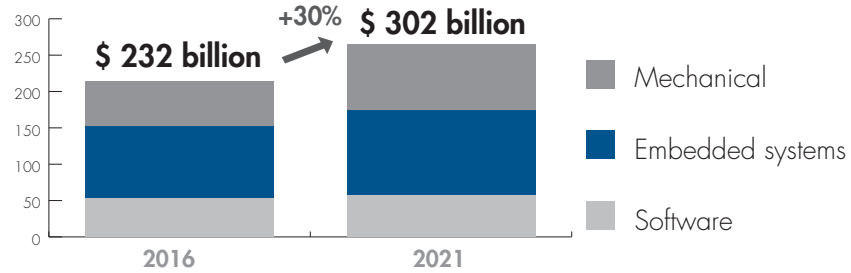
- control internal R&D costs, since the size of internal teams can be aligned with the recurring level of project activity;
- manage sudden changes in workforce requirements during peak workloads;
- concentrate on product strategy, or on design and implementation of the associated specifications and project management, with ALTEN identifying and recruiting the necessary engineers;
- improve productivity using project management methodologies developed by ALTEN.

## The outsourcing rate varies per country.

In France, which is one of the more structured countries in terms of R&D sub-contracting, it is estimated at 30%. This rate nevertheless conceals some significant differences that are dependent on the business sector, between 40% and 50% in the automotive and aeronautics sectors versus 20% in the nuclear and oil/gas sectors. In Germany, where R&D investments are twice the size of those in France, it amounts to 15%. The underlying trend in outsourcing is therefore upward, including in France, both from a general standpoint or due to the effect of specific business sectors. On a like-for-like basis of R&D investments, the ETC market will automatically continue to grow worldwide over the coming years.

According to consulting firm Zinnov, the ETC market was valued at \$232 billion in 2016, i.e. an outsourcing rate of approximately 20% worldwide. Forecasts for 2020 confirm Eurostat trends and indicate that ALTEN is positioned in an active market with annual growth rates between 5 and 6%.

**Growth in the global ETC market**  
(in \$ billion)  
source Zinnov



**Consultancy firm Pierre Audoin Conseil (PAC) expects ALTEN's potential market in France to grow as shown below:**

In France, according to the consultancy firm Pierre Audoin Conseil (PAC), the expected change of the market accessible to ALTEN can be summed up in the table below:

| (€M)                                                                              | 2015         | 2016         | 16/15       | 2017         | 17/16       | 2018         | 18/17       | 2019         | 19/18       | 2020         | 20/19       |
|-----------------------------------------------------------------------------------|--------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|
| <b>Aerospace and Defence</b>                                                      | 1,767        | 1,822        | 3.1%        | 1,893        | 3.9%        | 1,971        | 4.1%        | 2,060        | 4.5%        | 2,158        | 4.8%        |
| <b>Land Transport</b>                                                             | 1,152        | 1,201        | 4.3%        | 1,260        | 4.9%        | 1,322        | 4.9%        | 1,391        | 5.2%        | 1,468        | 5.5%        |
| <b>Telecoms and Multimedia</b>                                                    | 483          | 494          | 2.3%        | 505          | 2.2%        | 517          | 2.4%        | 529          | 2.3%        | 541          | 2.3%        |
| <b>Energy and Life Sciences</b>                                                   | 1,527        | 1,586        | 3.9%        | 1,647        | 3.8%        | 1,710        | 3.8%        | 1,770        | 3.5%        | 1,826        | 3.2%        |
| <b>Other</b>                                                                      | 1,419        | 1,472        | 3.7%        | 1,536        | 4.3%        | 1,610        | 4.8%        | 1,685        | 4.7%        | 1,762        | 4.6%        |
| <b>Total Technology Consulting</b><br><small>(scope: ALTEN core business)</small> | <b>6,348</b> | <b>6,575</b> | <b>3.6%</b> | <b>6,841</b> | <b>4.0%</b> | <b>7,130</b> | <b>4.2%</b> | <b>7,435</b> | <b>4.3%</b> | <b>7,755</b> | <b>4.3%</b> |

**ALTEN overview and sector trends**

**Automotive**

Strong business with French and Swedish car manufacturers and equipment suppliers.  
Activity likely to pick up with German car manufacturers.  
Projects relating to autonomous and electric vehicles, emissions (Nox, CO<sup>2</sup>), infotainment and security.

**2017 trends:** continued positive momentum.

**Rail & Naval**

Upturn in the rail sector, while the naval sector remains stable.

**2017 trends:** moderate growth.

**Aerospace**

New manufacturing engineering projects with Airbus.  
Sharp increase in the «launcher» business for the aerospace sector.

**2017 trends:** continued growth.

**Energy and Life Sciences**

Significant drop (>10%) of business in the Oil & Gas and nuclear sector.

Continued growth in the pharmaceutical and medical equipment sector.

**2017 trends:** gradual stabilisation in Oil & Gas, increase in Life Sciences.

**Telecommunications and multimedia**

Gradual pick-up of business with operators and equipment suppliers in Europe.

**2017 trends:** slight growth in business.

**Finance and Services**

Acceleration of growth in the banking sector (UK, Italy) and in services.

**2017 trends:** continued growth.

# ALTEN's positioning

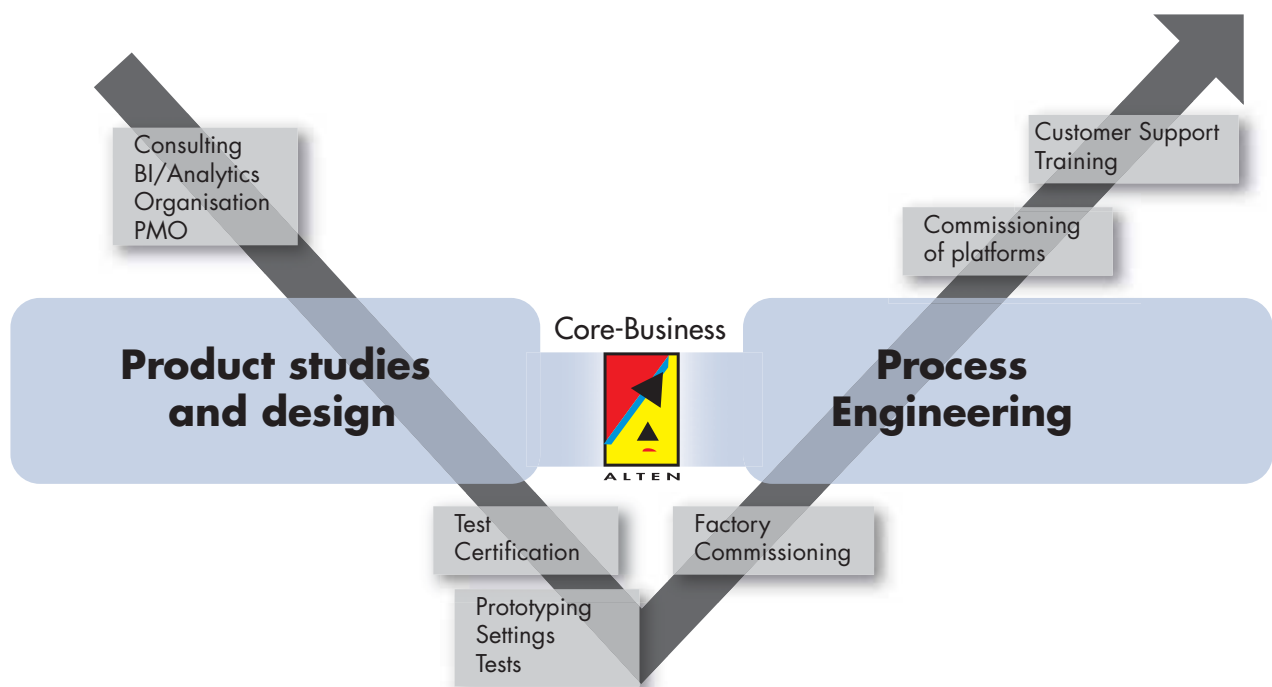
The ALTEN Group's strategic positioning is based on:

## 1. Three business lines:

- **Engineering and Technology Consulting (ETC):** study and design of technological products.
- **Telecoms and Multimedia networks:** product design (network terminals or equipment). Architecture, deployment and operation of networks.
- **Technological Information Systems:** Information Systems architecture, software development, third-party application acceptance, support and operations.

## 2. Engineer-level services over the whole development cycle:

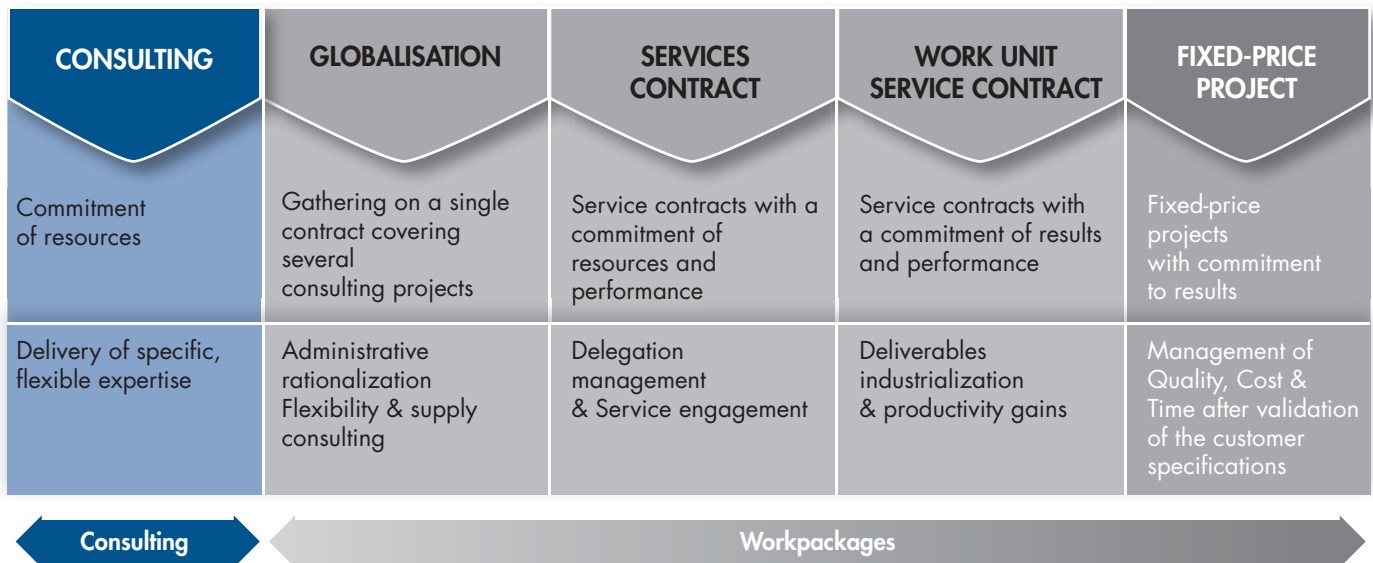
- **ALTEN's core business offering:** consulting, pre-feasibility studies and design.
- **The Solutions offering,** delivered by specialist, horizontal and transnational companies, meets specific client needs (e.g. PMO/programme management, customer support, technical training, etc.) and may complement ALTEN's services as part of a comprehensive approach.



ALTEN has remained true to this premium positioning since its inception. It participates in all high-value technological projects on behalf of the Technical and IT Divisions of major industrial, telecoms and services companies.

# Range of services

Five offers to meet our clients' technology needs.



## Consulting services

Consulting means going on-site to carry out a project on a client's premises with a commitment of resources. Billing is on a time-spent basis and the project is supervised by an ALTEN manager.

All projects entrusted to ALTEN are carried out by highly qualified engineers.

| ALTEN's expertise   | Project owner support                                                                                                                                                                                        |
|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Practical expertise | Intervention during phases upstream of specifications that demand a good understanding of the client's organisation, needs and industry, leading to formal drafting of specifications.                       |
| Technical expertise | Added capacity in the study and design phases, or technological support in high value-added niches.                                                                                                          |
| Support expertise   | Support to help manage the different components of a project (planning, quality, cost control, supplier management, etc.) or to assist the client with change management, for example by providing training. |

# Workpackage management

The growth in workpackage management is related to the listing policies of the major industrial companies, which aim to streamline sub-contractor services and transfer broader scopes as well as project management responsibilities to the selected service providers. These providers must be able to orchestrate the completion of projects through established oversight processes.

Workpackages include several levels of responsibility and risk-sharing, and may be carried out on the client's premises or may be partially or completely outsourced to an ALTEN facility. They are overseen by ALTEN's Technical Division, which establishes a structured and multidisciplinary team (PMO, technical support and project engineers) that is adequate for the levels of engagement defined with the

client. They provide logistical resources to the client (facilities, professional software, secure communication channels, and more). Depending on the client's needs, ALTEN can put in place specific organisational structures for transnational projects, with extra coordination across several teams in different countries, or call in one of the near shore/offshore structures (Romania, India, Morocco) for some project phases.

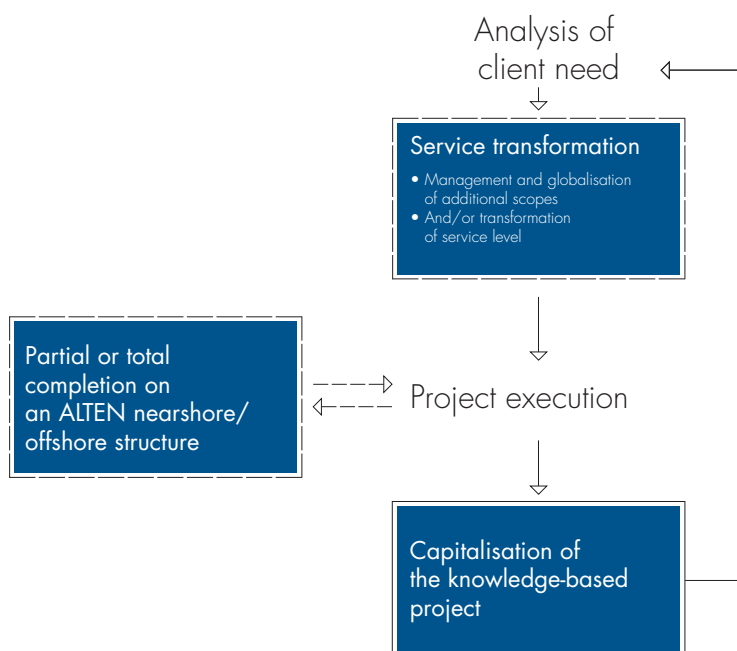
They are a true obstacle for the competition, since the processes, methodology, tools, justifications and structures required for the completion of projects require significant investments and involve a learning curve that calls for several years of implementation.

## ALTEN, French leader in the delivery of workpackages

ALTEN is currently the uncontested leader in the delivery of workpackages, both in numbers and by size of the projects undertaken, which represented 60% of business activities in 2016, and through the quality of the ALTEN delivery. Its project management methodologies are assessed at Capability Maturity Model & Integration (CMMI) level 3. This worldwide standard established by the Software Engineering Institute makes it possible to understand, assess and improve engineering companies' systems for completing projects through a continuous improvement approach.

## Workpackages, an integrated client/supplier relationship

The expansion of workpackage services has major implications for ALTEN but also for clients. Beyond the project feedback that is systematically sought, the search for productivity may lead to a change in the service and/or may bring the participation of ALTEN nearshore or offshore structures for all or a portion of the project. These transformations lead to a revision of the processes and interfaces for both ALTEN and the client, and are therefore implemented as part of an integrated supplier approach.



## The talent of ALTEN's teams at the service of the success of its projects

**A highly selective recruitment process:**  
1 applicant hired among 15 interviewed

Tools and processes unique on the market for identifying the skills required for the successful completion of projects, both in-house and externally

Skills and performance assessment systems to detect, develop and nurture those with the greatest potential.

Training programmes to anticipate future technology or project management needs

## A unique Offshore Delivery capacity to serve our clients' competitiveness

**Today, ALTEN carries out nearly 60% of its projects in France in «structured project» mode. Part of these projects is outsourced in its Delivery centres. In its approach to improve the competitiveness of its clients, ALTEN involves its nearshore/offshore centres in all or part of a project when they can optimise the Skills/Quality/Cost equation.**

These centres have top-level engineers and are well placed to meet the offset challenges of our clients. ALTEN has offshore/nearshore structures in Romania, Morocco and India.

The organisation model consists in handing over project management and interface with another part of the implementation team in an ALTEN offshore centre (back-office) to the front-office team, which is located close to the client in the principal's country. The client therefore works with the local ALTEN team, which will then transfer part of the activities to be conducted to its offshore centre. This enables ALTEN to provide its clients with teams that are fully conversant with the client's requirements, culture

and language. The offshore/nearshore portion can thus vary between 20% and 90% depending on the projects concerned. Skills are ramped up through the incubation of part of the offshore teams in the home country of the service and may be completed by the temporary sending of employees to the offshore/nearshore centre. The global organisation of the Structured Product Division (DDPS) guarantees the quality control and project implementation processes that must be the same regardless of the country where the activity is implemented.

Thanks to this approach, ALTEN's workpackage offering is very competitive, all the while guaranteeing a high performance level achieved with the application of ALTEN standard processes.

ALTEN employs 1,400 people in its offshore centres.



|           |                                        |
|-----------|----------------------------------------|
| <b>26</b> | Automotive                             |
| <b>28</b> | Rail                                   |
| <b>30</b> | Aerospace                              |
| <b>32</b> | Defence et Security                    |
| <b>34</b> | Energy and Environmental<br>Management |
| <b>36</b> | Life and Health Sciences               |
| <b>38</b> | Telecommunications<br>and Multimedia   |
| <b>40</b> | IT & Finance Services                  |



# 2

## Our customers



# Automotive

20.8%

OF 2016 REVENUE

**For the coming years, the automotive sector will focus its R&D efforts on three priorities: ramp up the development of electric vehicles, develop advanced driver-assist systems (ADAS) and autonomous vehicles, and lastly, deploy mobility services. On the other hand, manufacturers are taking advantage of the e-commerce boom to invest in the distribution market.**

Boosted by the upturn in the automotive market, the arrival of new players and democratisation of technologies, car manufacturers and equipment suppliers have invested massively in R&D and industrial reorganisation.

**Engines: acceleration of the development of all-electric cars**

The arrival of new approval cycles (WLTP, RDE, etc.) and regulations concerning emissions (Euro6c, 95g CO<sub>2</sub>/km in 2020) has pushed car manufacturers to step up the deployment of «electrified» powertrains (hybrid and plug-in hybrid), given that the optimisation of combustion engines is beginning to reach its limits. For example, Renault has fitted the new Scenic with a low-cost 48V hybrid engine, while PSA has announced that it will be producing its first rechargeable hybrid car in France in 2019. BMW has announced a target of 15 to 25% of electrified vehicles in its global sales by 2025.

Fully electric cars have now become a priority: some countries such as China and North America are setting up minimum sales quotas for zero-emission cars. This has generated a growing need for Lithium batteries, as seen in the plans by Daimler, Tesla and Volkswagen to build battery production or assembly plants.

**Security: preparation of fully autonomous cars**

There is also technological competition in the advanced driver-assist systems (ADAS) market, as companies aim to develop fully autonomous cars. They are focusing their efforts on perfecting ADAS detection systems, artificial intelligence, vehicle to vehicle (V2V) communication and vehicle to infrastructure (V2i) communication.

This year, France has authorised driverless experimentation on public thoroughfares, and a budget of €7.4 million has been allocated for the creation of a test centre managed by UTAC Ceram. In the UK, the government has also invested £30 million to fund research in this field: Ford will launch its first test in Essex in 2017.

**Mobility services: use digital technology to reinvent the car**

With the widespread access to smartphones, we are also observing the development of mobility services such as Blablacar, OuiCar or Uber, these new IT players, primarily

start-ups. According to the consulting firm Ptolemus, this market is estimated to reach \$350 billion by 2020. This is the main reason car manufacturers have positioned themselves on this market: PSA actually made it comeback to the US with car-sharing services, in collaboration with the Bolloré group. In 2016, it also created the PG4D platform to encourage developers to innovate mobility services.

The widespread development of e-commerce has also brought consumers closer to producers: car manufacturers and equipment suppliers are now eyeing the distribution sector. This year, PSA and Michelin announced their intention to directly distribute spare parts and tyres to private as well as professional clients.



# Functional areas covered by ALTEN

## Electrical and electronic systems

Telematics, Infotainment, Security

## Chassis and suspension systems

## Management and oversight of QCDP projects

## Powertrain environment (engine and gearbox)

## Manufacturing et Supply-chain



## ALTEN at the heart of electric mobility in Germany

**René** (ALTEN Germany, director, automotive development)

To reach the emissions thresholds set by Europe (95g CO<sub>2</sub>/km in 2020), the German government is aiming for a fleet of one million electric vehicles by 2020, which means multiplying the current population by thirty within the next three years. Despite financial assistance from the government set up in June 2016 (up to €4,000), only 9,000 electric or hybrid rechargeable vehicles had been sold at the end of the year. Many Germans think that car manufacturers should develop more electric vehicles that are affordable, with a longer battery life and a more developed charging infrastructure.

Despite this resistance, tomorrow's mobility is set to undergo drastic transformation in the next ten years: the Volkswagen group aims to market 30 new electric cars by 2025, representing two to three million vehicles sold; Daimler is also planning to invest \$10 billion to design the next-generation electric car. This is a huge opportunity because Germany intends to become the leader of the electric mobility market, and we estimate that this will generate 25,000 new jobs by 2020.

The next five years will be a period full of challenges and opportunities for electric mobility players. This transition will only succeed if car manufacturers and energy and service providers can propose a viable alternative solution at a reasonable cost.

With more than 50 projects in the sectors of electrified powertrains, on-board electronics, the integration of battery packs and charging systems, ALTEN is actively contributing to these developments with German car and equipment manufacturers.

Furthermore, ALTEN has its own R&D project concerning electric mobility, the SR4Wheel prototype, supported by the European Union and the federal state of Nordrhein-Westfalen. Work has also been carried out in the area of low-cost electric powertrains, designed on a switched reluctance motor.



# Rail

2.9%

OF 2016 REVENUE

**The rail sector is seeking to improve its competitiveness with the digitisation of signalling systems, the improvement of on-board connectivity and the optimisation of its production to cope better with new entrants and the increasingly present Chinese competitors.**

With the expansion of low-cost (Easyjet, Ryan Air, etc.) air travel and car mobility services (Uber, Blablacar, Autopartage, etc.), railway transport is currently facing competition from all angles (short and long haul): the train needs to reinvent itself to be more competitive, more efficient and more comfortable.

## A more competitive cost of transport

Railway transport must first become more productive (increase train shifts) and reduce costs (in particular infrastructure maintenance).

To carry off this challenge, the various players of the railway sector are investing massively in new generations of signalling systems such as ERTMS (Europe) and PTC (United States). Using wireless telecommunications technology (GSM) and communicating on-board electronic systems, it is now possible to optimise the safety distance between trains (and therefore multiply the number of trains on the track) and reduce the equipment to be maintained.

On the other hand, the improvement of high-speed rolling stock continues: 2016 was particularly marked by the launch of the new TGV-NG (new generation) project and the Amtrak bullet train contract in the United States.

## Trains with more connectivity

To draw in the new connected generation, rail manufacturers and transport players continue to deploy the 3G/4G network, in collaboration with telecommunications operators. In France, the SNCF and RATP are targeting a coverage of 90% of users by 2020. The deployment has been delayed by three years because of difficulties in integrating equipment on the existing infrastructure.

## More competitive plants

To compete with Chinese manufacturers who are increasingly present, refocusing on high technology activities (signalling, services, etc.) and plant optimisation have become major concerns. Alstom has set up a new organisation that brings its global plants into competition with each other, and Bombardier has begun the integration of new technologies, such as augmented reality, into its plants.



# Functional areas covered by ALTEN

**Rolling stock**

**Signalling**

**Infrastructures**

**Passenger services**



## Railway signalling: a transnational in Europe and the United States

**Thibaut** (Manager ALTEN Belgium)

With Alstom winning several contracts to modernise railway signalling this year, our subsidiary ALTEN Belgium is at the heart of this fast expanding activity, since Belgium owns the Alstom Charleroi site which is THE Alstom centre of excellence in railway signalling. The Charleroi centre is responsible for the design, production, tests, certification and integration of ETCS (European Train Control System) signalling systems, a European standard that is also gaining ground in other countries (Saudi Arabia, India, etc.).

With over 50 consultant engineers working in the rail sector, most of whom are in signalling, ALTEN Belgium is today one of the rare Tier 1 suppliers listed by the major railway signalling players: from operators (InfraBEl, SNCB, etc.) and integrators (Alstom and Siemens) to equipment suppliers. Thanks to our expertise in on-board systems engineering, today we cover the entire product development cycle (design, production, test and deployment) and all railway safety levels (Safety Integrity Level (SIL) from 0 to 4).

ALTEN also stands out from its competitors in terms of transnational organisation: in the field, we work with ALTEN France, Italy and North America to be able to mobilise technical expertise from one country to another and globalise our sales approach and skills management

**Thomas** (Manager ALTEN Xd in US)

With its railway signalling business, in particular automation systems for urban railway lines (CBTC), ALSTOM Transport has leading-edge technology that is widely valued throughout the world. For example, our client has won two major contracts on the North American market for the modernisation of the signalling system:

- a contract with Metrolinx, for the busiest railway corridor in Canada, in the Toronto region;
- a contract for a subway line in New York City.

These new digital signalling systems will increase the reliability of the installation, ensure maximum safety and circulation for passengers, while reducing maintenance costs for the operator.

Today, the ALTEN Group is assisting ALSTOM Transport with the deployment of these systems in the following business lines:

- configuration management, where ALTEN teams compare and analyse the variance between the electrical diagrams relating to signalling as defined by the design office and the readings taken by technicians after the modernisation of the system has been completed. It is necessary to update these diagrams for the acceptance of these works by the end client and for carrying out subsequent maintenance work;
- RAMS (Reliability, Availability, Maintainability and Safety) and railway safety;
- project management.

With quality service and digital signalling technology that is very well controlled, ALSTOM Transport has consolidated its position in the North American railway sector. This market is a veritable growth engine that is of strategic importance. For that matter, this year, our client was awarded the historic contract for high-speed trainsets for the Boston-Washington line, and that is only just the beginning. We must not forget that rail transport is today the most widely used form of public transport in the United States and a large number of equipment needs to be renewed.



# Aerospace

15.9%

OF 2016 REVENUE

**In a context of high-growth, companies in the aeronautics sector are faced with a large number of challenges: securing of production ramp-ups, integration of new technologies, maintenance performance, digitisation of services and processes, etc. In the space sector, competition between the United States and Europe fosters innovation and investment.**

## The challenge of ramping up

In 2016, the major aircraft manufacturers built more aircraft than ever before and had full order backlogs. Airbus will be delivering more than 650 aircraft in 2016. With an average annual increase of 3.8% in air traffic until 2034, the aeronautics sector is reorganising itself to improve its profitability and production capacities. The challenge is to master the delivery deadlines of clients, since an airline company has to wait ten years on average before being delivered. Aircraft manufacturers are transforming their production tool and logistics chain by integrating new technologies: robots, augmented reality, big data, 3D printing, etc. In particular, Airbus is planning to deploy humanoid robots in its plants in the next 10 to 15 years and is developing solutions with the Joint Robotics Laboratory (JRL) in Japan.

Equipment suppliers are also having to invest massively in the production tool in order to keep up with the ramp-up of the aircraft manufacturers.

## The sharp growth of MRO worldwide

The MRO (Maintenance, Repair, and Overhaul) market follows the development of the sector, with an estimated growth of 4% over the next ten years, boosted by the development of global airline fleets. Today made up of 22,500 aircraft according to Boeing, the global fleet will have doubled by 2035.

The MRO sector is marked by fierce competition where companies are able to stand out through innovation. All players (airline companies, aircraft manufacturers, engine manufacturers, MRO specialists, etc.) are investing in technological resources to beef up their offering: big data, drones, augmented reality, etc. This year, Airbus is testing the inspection of its aircraft by drone. 2016 marked the international development of the traditional MRO players (Safran, KLM) in India and China. These two countries will increase their fleets by 15,000 aircraft in the next 20 years.

## Dynamic aerospace sector

Ariane 5 has confirmed its leadership position in terms of reliability with 74 consecutive successful launches. Although this performance has brought it many launching contracts, Ariane 5 faces competition from the American launcher, Space X. China is also on the starting blocks. Its Long March

5 rocket (CZ-5), developed for modular use and equivalent to Ariane 5, has successfully completed its first lift-off.

## Ariane 6 kicks off

To remain competitive against Space X, the European Space Agency has launched the Ariane 6 programme with the objective of a first flight in 2020 at half the cost. This programme will boost the European aerospace industrial fabric in the coming years. It is backed by the European Parliament which has granted the ESA €10.3 billion to develop its space programmes.

## New uses

The drop in launch costs coupled with the use of big data by certain companies promise the steady growth of launches in the coming years. Widespread access to satellite data has encouraged the arrival of new private and institutional players on this market. In particular, Airbus Defence & Space is developing services for industrial players (mining extraction, farming, etc.) or institutional players (mapping, etc.), defence (intelligence, military mapping, etc.) or public institutions (mapping, land management, etc.). In 2016, Nestlé joined with Airbus Defence & Space to observe the results of its commitment against deforestation.



# Functional areas covered by ALTEN

## Product engineering

Aerostructure  
Electronic systems  
Mechanical systems  
Installation  
Cabin

## Management and oversight of QCDP projects

## Manufacturing engineering

## Supply-chain Management

## Customer support

## Process & standards



## What are the challenges of digital transformation for an aircraft manufacturer such as Airbus?

**Patrick** (Key Account Manager ALTEN)

In many respects, 2016 was the year of digitisation at AIRBUS: It first set up operations in the Silicon Valley with a large budget to take part in the design of tomorrow's AIRBUS. The organisation was adapted, with an entity dedicated to innovation in general and digital transformation in particular. Another strong sign was the creation in May of a Digital Transformation Officer (DTO) position for all Airbus Group divisions. The DTO's duties include identifying, choosing and then boosting innovative ideas for the digital focus from the 138,000 employees at AIRBUS.

Digitisation must benefit the company and provide concrete and operational added value. For example, the DTO acknowledges that digitisation has the merit of making the «decision-making process faster». Naturally, it must bring other advantages and that is why AIRBUS is currently investing in two focuses:

1. Product digitisation: integrated into aircraft, helicopters or defence systems, for example, it contributes to differentiating AIRBUS on the market and to generating additional revenue, in particular through customer services (maintenance, fleet management, etc.).

Three main drivers have been identified for this first component:

- make aircraft more competitive and attractive for airline companies: Airbus wishes to improve the user experience through digital tools: automated collection and analysis of data, smart display of information, cockpit ergonomics, virtual training, smart digital documentation, etc.,
- enable airlines to increase the economic performance of their machines: optimise the filling of aircraft, optimise aircraft availability thanks to predictive maintenance and connected systems that make it possible to anticipate and avoid faults that will ground the aircraft,
- improve the service provided by airline companies to passengers: aside from increased connectivity and infotainment that are often mentioned in the media, airlines are also interested in Big Data services to provide customised services to their customers;

2. Digitisation of the company's processes; this is an «enabler» that will bring Airbus operational benefits (produce faster, more accurately, cheaper, without defects, communicate in real time, etc.).

For the process angle, it is in fact, the «digital transformation» of Airbus: by connecting its various divisions (such as the plant and the design office) through collaborative digital working tools, it can reduce the time-to-market and increase the flexibility and agility of teams. Cloud platforms, connected tools or even virtual reality are all technologies in which Airbus is planning to increase its investments in the very near future. The aircraft manufacturer considers, generally speaking, digitisation would significantly increase the profitability of the business.

ALTEN, a major supplier of engineering services to Airbus, is fully in line with this dual approach and actively contributes to the digital transformation started by its client AIRBUS:

For the Product component: ALTEN's employees work on innovating and defining digital cockpits for Airbus planes. They also work on the «Airbus – Airline» interface, which proposes Big Data services for predictive maintenance.

For the Process angle, ALTEN has become a major partner of the «Airbus digital transformation» thanks to its positioning as a multi-specialist which works on the entire aircraft life cycle. It contributes to bringing together the various functions of AIRBUS and to placing constraints linked to the production plant or maintenance at the heart of the design office. For instance, ALTEN partnered with Dassault Systèmes for the 3D Experience approach at Airbus. We are also contributing to the standardisation of 3D printing.

To go even further in this partnership approach, using its own equity, ALTEN has also invested in the development of a virtual reality platform that will enrich Airbus projects and contribute to digital transformation.

However, with digitisation, as with everything else, ALTEN has chosen to give priority to applied innovation: innovation that can be exploited quickly and therefore generates value for our clients, pragmatically and consistent with our high value added service positioning.



4.6%

OF 2016 REVENUE

# Defence & Security

## Defence

The defence industry performed excellently in 2016 with a large number of arms contracts as well as modernisation programmes. In the security sector, investment is driven by the terrorist threat and IT security.

At a time of high pressure on budgets, countries have to meet several challenges. Western countries must maintain their operational superiority if they want to defend their interests in future conflicts. Technology is making existing equipment obsolete and countries have to invest to modernise their equipment. In 2016, the amount of programmes launched but not funded in France was €35.6 billion. The trend is therefore for refit programmes (SCORPION programme) rather than new ones because of their high cost. New technologies also make it possible to cut down on costs. For example, DCNS' plans for the new frigate BELHARRA are linked to digital technology. Joint equipment also makes it possible to reduce costs while reinforcing alliances for countries. Examples are the European MALE drone project or French and British cooperation for MBDA missiles. Today, a concentration of the European industrial landscape seems indispensable.

The defence industrial groups are therefore adjusting to the demand of these countries. DCNS is designing new, cheaper and more digital intermediate-size frigates (FTI). In 2016, Thales launched MILFLEET (a fleet management service based on predictive maintenance for military vehicles). Internationalisation has also stepped up to fight against the contraction of domestic markets, as seen in the Indian Rafale contract and the submarine contract for Australia.

## Security

Terrorism has become the main security problem for countries in the 21st century. In this context, domestic security measures have been reinforced (state of emergency, Intelligence Act, border control) and Europe-level cooperation has materialised, such as the adoption of the Passenger Name Record (PNR) by the European Parliament in April 2016.

Between 2012 and 2015, financial losses linked to cyber-criminality doubled in the United States, according to the FBI, and represented €3 billion in France in 2015 according to McAfee. In light of this, governments and companies have increased their cybersecurity expenditure. On the one hand, the government sets targets for companies because attacks can jeopardise territorial integrity, for example, the theft of data concerning the combat capabilities of Scorpene submarines. Since 1 July, Operators of Vital Importance (OVI) are also obliged to invest in the security of their information systems.

On the other hand, companies in the sector are structuring to adjust their offering: internationalisation, development of global offerings on networks and infrastructures (Thales security supervision offering), diversification (target middle-market companies and SMEs as well). According to a recent study by PAC, sales of cyber security software and services will be nearly €3 billion by 2019.



# Functional areas covered by ALTEN

**Air defence**

**Ground defence**

**Naval defence**

**Homeland security**

**Cybersecurity**



## ALTEN at the heart of the digitisation of the battle field

### Lionel (Manager ALTEN)

Boosted by the progress of embedded electronics (miniaturisation, reduced costs, etc.) and telecommunications technologies (broadband, etc.) armies are moving towards a new revolution called the «digitisation of the battle field».

From the aircraft carrier to the simple infantry soldier, fighter planes to armoured transport vehicles, all will be connected to the «battle field intranet» to benefit from the vision of the others. This will make it possible to shorten the loop between detection, decision and action, between weapon systems and principals, and to provide all persons responsible for a military action with information superiority.

ALTEN is taking part in many innovative projects in this field with major defence industrial groups:

- Experimentation of the use of new technologies for steering armoured vehicles, such as touchscreen tablets and new generation cameras;
- HMI development of unmanned ground vehicles that can autonomously follow fighters and detect targets;
- HMI development of operator side vision of optronic masts for submarines;
- Design of the embedded gyro-stabilised optronic ball for drones;
- Design of satellite communication equipment.



# Energy and Environmental Management

Energy, Sciences  
of Life & Industry

17.9%

OF 2016 REVENUE

**The Nuclear and Oil & Gas industries are preparing their technological transformations and changes: study of new models for the EPR reactor (EPR NM), diversification for new energies, development of synergies with automotive and telecommunications industries. At the same time, environmental management industries continue to export their expertise outside France.**

## Nuclear

2016 was marked by the validation of the EPR UK project at Hinkley Point, the temporary shutdown of 12 EDF reactors (out of the 58 reactors in France) as a result of faults in the manufacturing files of cast-iron parts, and the reorganisation of Areva's activities.

The challenges that the nuclear industry will have to take up in coming years will require a large proportion of engineering: dismantling of ageing nuclear plants, a market estimated at €220 billion, and the renewal of nuclear plants. EDF is currently studying the EPR NM (New Model) that will cost half as much to build and is planning to build some 40 plants in France as from 2030.

## Renewable energies

The share of renewable energies continues to increase and is attracting new players: Total has created a new renewable energy division, earmarking a budget of €500 million per year, while the shipbuilder DCNS is deploying a demonstration unit of tidal turbines that will be operational at end 2017.

According to the World Energy Outlook annual report of the International Energy Agency, «nearly 60% of all new power generation capacity in 2040 in our main scenario comes from renewables». And yet, as Philippe Monloubou, the CEO of ENEDIS (formerly ERDF) underlines: «There will be no energy transition without a smart electric network». The intermittent nature of these energy sources will require rapid deployment of communicating sensors and digital management systems, the global market of which is estimated at €30 billion in 2016.

## Oil & Gas

With the drop in crude oil prices, the Oil & Gas sector has drastically cut back on investments, cancelling or postponing some projects. After peaking at \$780 billion in 2014, investments in exploration-production projects were slashed by nearly \$200 billion in 2015 and should be reduced further by \$140 billion in 2016. However, the International Energy Agency (IEA) has declared that this lack of investment cannot last. Since oil demand will continue to increase by approximately 0.4% per year between 2014 and 2040, it is imperative for the sector to reinvest to balance supply and demand.

On the other hand, oil companies are looking for new

growth drivers and cooperating with other sectors: this year, Air Liquide continues to deploy its hydrogen charging station network. This wish is also expressed with the creation of a joint venture with the car manufacturer Toyota and the energy group JX Nippon Oil & Energy. The energy sector is also converging with environmental management players: This year, Total has signed a ten-year partnership with Suez to recycle 20,000 metric tonnes of used cooking oil into biofuel per year.

## Environmental management

This sector, which combines water management, recycling and waste management activities, is asserting its importance: population growth and urban expansion have led to increasingly large quantities of waste and drinking water shortage. In 2030, global water requirements will be 40% more than available resources (source: Lavery Pennell, 2014), and in 2050, the volume of urban waste will have increased by 70% (source: UN 2015).

In this field, French industry leaders continue their expansion on the international market: Veolia is planning to invest €895 million in recycling in the UK in the next five years and has won several major contracts abroad (Saudi Arabia, Armenia, etc.). Suez has also won contracts in India, Mexico, Australia and several African countries.



# Functional areas covered by ALTEN

## Electricity

**Electricity production - Nuclear**

**Electricity production - Renewable energy**

**Transportation and distribution of electricity**



## Oil & Gas

**Production plant - Design**

**Production plant - Operations and launch**

**Transport**



## ALTEN provides support for the transition towards a sustainable low-carbon energy mix

### Hubert (Development Manager ALTEN)

For several years now, ALTEN has been pursuing a diversification drive in the energy sector. As a historic partner of the major Oil & Gas groups, today we are moving towards a balance of activities between nuclear, Oil & Gas and renewable energy.

In the Oil & Gas domain, ALTEN is present in the largest investment projects worldwide. We provide our support for design, construction and commissioning of our clients' installations.

ALTEN has expanded significantly in the nuclear energy sector in recent years, thanks to its development strategy with an end-to-end offering. From the chemistry of uranium to the development of new nuclear plants, from operations support to dismantling, ALTEN assists the major French industrial leaders in this area (EDF, AREVA, etc.). We are also present in all new EPR nuclear plant projects (Flamanville, Olkiluoto, Taishan and Hinkley Point), which is a sign of our transnational engineering ability. The nuclear sector will benefit from significant investments in the future, especially with the extension of the life cycle of nuclear power plants in France. ALTEN will be present to assist with this major phase.

In the renewable energy sector, we contribute to projects by equipment suppliers and producers on all the technologies of the sector, primarily for wind, solar and hydraulic power. For example, on the German market where use of renewable energy has increased

sharply, ALTEN contributes to engineering and construction on wind power projects, in particular by taking part in the creation of offshore wind farms in the North Sea.

Today, thanks to its expertise in all types of energy, with equipment suppliers and energy producers, ALTEN has positioned itself as a player in the energy transition, heading towards a sustainable low-carbon energy mix.



# Life and Health Sciences

Energy, Sciences  
of Life & Industry

17.9%

OF 2016 REVENUE

**The health industry is increasingly using connected objects (IoT) and analysis software (big data) to optimise the effectiveness of medical diagnosis and treatments. Meanwhile, pharmaceutical laboratories continue to invest in R&D and the production of new drugs to fight against generic drugs.**

## **Digitisation of the health sector: IoT and software fast expanding**

2016 was particularly significant for the e-health sector, if we observe the announcements of funds raised by French players in the sector: €12 million raised by MonDocteur, a start-up specialised in 'booking doctors' appointments, €7 million for Biolog Id which works in the field of traceability of health products with RFID technology, or €6.7 million raised by H4D, a start-up that develops remote consultations.

According to the 2016 report of the business consulting firm, Grand View Research, the global health sector will invest nearly \$410 billion in IoT (Internet of Things) devices, software and services in 2022, while the value of this market in 2015 was \$46 billion.

Several leading pharmaceutical groups have created partnerships with digital technology giants: GSK with Alphabet, Sanofi with Google, or Johnson & Johnson with IBM. Drug manufacturers are thus trying to analyse the results of their molecules on their patients in the clinical study phase and monitor their behaviour.

## **Pharmaceutical industry: massive R&D and production investments**

According to a survey by IMS Health, the global pharmaceutical market should exceed \$1,400 billion (€1,230 billion) in 2020, compared with \$350 billion in 2015. This increase is driven by the needs of developing countries, in particular for the treatment of cancer, diabetes and contagious diseases.

Pharmaceutical industries are also going to have to innovate or count on biotechs, as their patents expire, since the last golden decade of drug discovery was 1990-2000.

Investment by the sector therefore continues to be considerable: GSK announced in 2016 that it was investing over €100 million in research and production sites in France, while LFB is planning to invest €300 million in its Arras site, and Novartis is investing €100 million in Alsace.

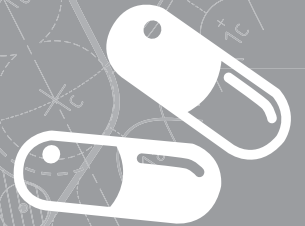


# Functional areas covered by ALTEN

**Pharmaceutical**

**Medical diagnosis**

**E-health**



## e-Santé, automated pharmaceutical production: ALTEN at the heart of the development of Life Science industries in Switzerland

**Alain** (ALTEN Suisse, Manager)

Life Sciences industries in Switzerland, which develop pharmaceutical, biotechnological and medical technology products, account for more than one third of the country's R&D investment and the country's economic imports. For that matter, by itself, the Swiss pharmaceutical industry accounts for 9% of the global market.

With more than 150 engineers working on Life Science industrial projects in Switzerland, ALTEN is today a key player of engineering and technology consulting on this market.

We assist our clients in three areas: our CRO expertise (management of clinical tests, bio-statistics, etc.), IT businesses (project management assistance, development, etc.) and technological businesses (production process engineering, quality assurance, design of medical equipment, etc.).

Faced with heightened competition, the Life Science industry in Switzerland has also seized the opportunity of digitisation to improve its competitiveness. ALTEN is at the heart of these strategic challenges, providing support to clients on the automation of their production systems (which reduce the cost of manufacturing drugs), and carrying out e-Health projects, for example the development of applications that enable doctors to communicate with their patients and administer treatment from a remote location.

To leverage the success, in 2017, we will open a fourth agency in Basel, that will bring us closer to our clients. This region is a veritable pharmaceutical metropolis, at the crossroads of Switzerland, France and Germany.



# Telecommunications and Multimedia

14.8%

OF 2016 REVENUE

**The Telecommunications and Multimedia industry is undergoing profound changes. Investment in infrastructure (IoT) and in new networks (Sigfox, 5G, etc.) underlines the company's digital breakthrough. These upheavals have led to the emergence of new business models and stepped up legislation on the use of technologies.**

## Networks and infrastructure

New digital uses require providing users with a network where the signal is strong and continuous. To meet this need, operators are investing massively in 4G all across France, and currently cover more than 80% of the population in France. The State supports this deployment by defining the objectives and resources: removal of «dead zones», allocation of the 700 MHz band to mobile operators, etc. The network must also support new uses in terms of data volume, the definition of a 5G network should respond both to problems of overload and speed issues. The first global 5G test during the Seoul Olympic Games in 2018 should pave the way for other experiments.

New uses linked to the Internet of Things (IoT) use alternative networks such as Sigfox, Lora, TSN (industrial IoT). In particular, the logistics industry should be transformed by the Internet of Things: the American telecommunications company, Verizon, recently acquired a fleet management company called FleetMatics for \$2.5 billion.

Companies wish to access specific network services with maximum flexibility and agility, all the while continuing to maintain the highest levels of security, and are therefore increasingly using cloud services (SaaS). Users also follow this trend, for example the Virtual Customer Premise Equipment proposed by the Norwegian operator Bayonette.

## How companies and private individuals use digital technology

The modernisation of networks and infrastructure has therefore made many uses possible for private individuals and companies alike. The mobile phone has been transformed into a global services terminal. Orange will be

launching its online Orange Bank at the beginning of 2017: payments by smartphone will become increasingly common in the future, while peripheral devices controlled from mobile phones are increasing steadily. At the same time, the volume of data generated by these new uses has exploded and the development of network capacity is the prerequisite for developing these new applications.

Lastly, the fourth industrial revolution is under way and companies are gradually going digital: interconnection of machines, new robotics, virtual technologies, 3D printing, etc. Companies are faced with many challenges: improving industrial operations and better managing time-to-market and their supply chain.



# Functional areas covered by ALTEN

**Project management**

**Network architecture, terminals and equipment**

**Infrastructure  
Operations Security**

**IT operator**



## ALTEN assists SIGFOX on the low-speed network market for connected objects

**Pierre-Alexandre** (Manager ALTEN)

The development of connected objects is a very topical issue. They are now part and parcel of our day-to-day lives. The main purpose of these objects is to help in facilitating the tasks that users have to carry out.

There are two categories of connected objects. Energy-consuming equipment which must send and receive data by Wi-Fi or GSM. More energy-efficient sensors and objects, which are on standby most of the time and need to send only a very small volume of information per day. For the second type of object, specific long-reach low-power networks are being developed, starting with the groundbreaker in this field, the company from Toulouse, SIGFOX. SIGFOX is a French telecommunications operator created in 2010, based in Labège, on the outskirts of Toulouse, and specialising in the building of low-power networks for connected objects. To develop and cover the entire planet, SIGFOX has carried out several rounds of fund raising in recent years. SIGFOX started its operations in Europe and has developed by setting up campuses in Singapore, Dubai and San Francisco.

Since 2016, ALTEN has positioned itself as a strategic partner of SIGFOX in Toulouse. With more than 2,000 engineers specialised in telecoms, ALTEN has assisted the Telecom operator from Toulouse with its project for the commercial production of «base stations», which are antennas used to receive and transmit its network. This overall review project has enabled SIGFOX to optimise its costs as well as its panel of suppliers.

ALTEN also provides its technological expertise to develop a global and automated test platform for validating new versions of stations deployed worldwide by SIGFOX in order to extend its existing network. To do this, we are working in close collaboration with test engineers to specify the requirements of a solution corresponding to their need.

On the other hand, ALTEN plays a key role in assisting SIGFOX in its strategy relating to the defence and security of its information systems. The aim is to protect SIGFOX from cyberattacks and to guarantee the security of its data.

Lastly, the connected object market is booming and continues to grow (a market worth €340 million in France in 2015, compared with €150 million in 2014). This makes it important for us to maintain this partnership with SIGFOX, the leader of networks for connected objects.



# IT & Finance Services

18.6%

OF 2016 REVENUE

**Banking, finance and insurance companies are right in the middle of technological, demographic and social transformations that require them to redefine their products and services.**

## Responding to new consumer practices

Globally, 44% of customers feel that their bank does not exactly meet their expectations. The demand of consumers for personalised, flexible and transparent services is forcing banks to innovate. In 2016, the Airpass mobile payment solution by Safran Morpho was certified by Visa and MasterCard. However, banks are faced with a huge challenge because they have to offer differentiated services all the while controlling the cost of deploying these services.

## Exploitation of new technologies

Technologies related to big data enable companies to obtain key insight about their clients. Banks, for example, have an immense quantity of data to analyse. The current challenges consist in using these resources to develop loyalty and improve the customer relationship.

However, over and above these opportunities, the big data revolution is especially a major threat to traditional banks. Fintechs are developing disintermediation models that are shaking up the current value chain. In response, traditional players in the sector are supporting start-ups. An example is Le Village by CA set up by Crédit Agricole, where start-ups have raised a total of €41 million with investors in two years.

The application of the blockchain technology is beginning to emerge in certain bank departments based on the Bitcoin encrypted money transfer model that has developed in recent years. In particular, in April, Barclays partnered with the start-up Circle, to set up an international bank transfer solution that uses blockchain technology.

## Cybersecurity

There is an increasing number of cyberattacks against banks. In February 2016, hackers stole \$81 million from the central bank of Bangladesh through the Swift fund transfer system (a network that carries out 25 million fund transfers each day). Whereas online transactions used to be the preferred targets, hackers are now attacking stock markets and interbank payment networks. The cyberthreat has forced financial institutions to react, and they are spending to secure their clients' data and funds. For example, JP Morgan is planning to invest more than €500 million on cybersecurity in 2016. Companies like Atos, Worldline and DenyAll have become veritable partners in developing tomorrow's IT security techniques (dynamic cryptograms, biometric authentication, etc.). However, they are finding it difficult to recruit engineers because cybersecurity issues are a recent phenomenon.



# Functional areas covered by ALTEN

Project management

IT architecture and application development

Third-party application acceptance

Third-party application support

Infrastructure  
Production  
Security

BI



## ALTEN and AMADEUS: a transnational engineering services offering for tomorrow's travellers

**Brice** (Head of department, ALTEN)

Our client, Amadeus, is currently the world leader in management for the distribution and sale of travel services. Its computer booking system (GDS: Global Distribution System) is used by more than 700 airline companies (British Airways, Lufthansa, etc.) and over 200 travel agencies (Thomas Cook, lastminute.com, etc.). This represents over 39,000 transactions per second, and over 3.9 million online bookings per day.

R&D is therefore at the heart of the strategy of our client Amadeus: it invested over €600 million in 2015 to propose more services and to open up to new markets in the tourist industry. These R&D efforts are focused primarily on the Group's site in Sophia Antipolis, where ALTEN is strongly established.

From functional specifications, software development, product implementation to Big Data services, ALTEN has displayed its ability in assisting an IT giant along the entire product development cycle. Furthermore, thanks to our international reach, there are more than 300 ALTEN engineers working on different AMADEUS projects worldwide: Belgium, Spain, United Kingdom, the United States, France, India and Poland.

With its end-to-end technical skills and an ability to support the client in different countries, ALTEN has today become one of AMADEUS' major service providers.

**Thomas** (Manager ALTEN Xdin US)

In 2015, AMADEUS signed a large contract with the hotel group InterContinental (IHG) to revolutionise its booking system. Called the «next-generation Guest Reservation System (GRS)», this new IT platform will enable the IHG group, which has 4,800 properties, to benefit from the latest mobile technological developments in 2017. The redesign will not only concern the group's booking portal, but also that of its franchise holders.

For example, guests will now be able to use their mobile application to buy additional services (laundry, etc.), and the employees concerned will be informed at once on their mobile phones. This enhanced connectivity will enable IHG to improve customer satisfaction and expand its offer. The contract is a strategic one for AMADEUS, which had been perceived until now as a leader on the air transport market, and was looking for new growth drivers. The partnership will also open up new opportunities on the hospitality market. It must be remembered that AMADEUS started out by developing the first pilot of its booking product for its creators (Air France KLM, SAS, Iberia) before going on to market its product off-the-shelf. The IHG project is therefore considered as a pilot to reproduce the same system in the hospitality sector.

That is why AMADEUS has mobilised significant resources on several continents, including more than one hundred engineers in Boston, to carry out this project. ALTEN has actively contributed to the deployment of the first version, throughout the entire software development cycle:

- Functional analysis
- Project management
- Software development
- Software quality
- SCRUM Master and PMO

ALTEN continues to assist Amadeus with the development of this portal and, more generally, with its development on the market.



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**76** III. Stimulator of innovation

**87** IV. A responsible partner



# 3

## Operational excellence and Sustainable Development



# Letter from the Chairman and Chief Executive Officer **Simon Azoulay**



**"Our international development and our leading position in the Engineering and Technology Consulting market give us a responsibility to all our stakeholders, be they employees, employee representative bodies, customers, shareholders, suppliers or partners.**

In order to meet stakeholders' requirements, anticipate their needs and build lasting and trusting relationships with them, in recent years our Group has made sustainable development central to its growth strategy. ALTEN sees this approach as central to its commitment in favour of people and sustainable innovation.

Initiated in 2010 with the signing of the United Nations Global Compact, our commitment has been unceasingly expanded and strengthened since then. The internationalisation of our markets, swift change in technology and the growing demands of society in terms of responsibility have prompted us to take action.

Our corporate culture is shaped by core values shared by all of our employees, namely the development of human capital, engineering culture and the quest for profitable and sustainable growth. In 2016, we consolidated our Corporate Sustainable Development benchmark which received the EcoVadis Gold recognition level with 74/100 and achieved the Global Compact Advanced level. Over and above our carbonate removal methods for our clients, we are also making progress in-house to reduce our environmental footprint. This approach has been assessed by the CDP, where it scored B. I would like us to continue with this momentum and thus maintain these recognition levels.

To meet the expectations of our stakeholders and the challenges of our business sector, we draw on our Sustainable Development strategy which is built around three pillars:

**A career-accelerating employer**, by promoting talent, skills development, career and mobility management, security and the personal development of our employees.

**An innovation catalyst**, through the support given to our customers, employees and students in developing sustainable innovative solutions.

**A responsible partner**, uncompromising on fundamental issues related to information security, business ethics or respect for the environment.

In 2017, we will continue to rise to new challenges. As Chairman and Chief Executive Officer of ALTEN, I affirm my commitment to continuing the implementation of this approach in the Group's various host countries, by creating a network of CSR contacts, in order to capitalise on individual initiatives, and to share our common values.

More than ever, we want to drive forward our Sustainable Development approach, measure our progress, submit to assessments and ensure we take a critical look at ourselves, to continually improve our practices in complete transparency.

I am confident that ALTEN's employees will take an active part in this process."

**Simon Azoulay,**  
Chairman and Chief Executive Officer

# Our values

**ALTEN combines human values, a culture of excellence and expertise in assisting the performance of its clients. Our corporate culture is based on key values shared by all our employees.**



## Engineering culture

Engineering is the cornerstone of the Group. Technical teams cultivate this same feeling of belonging to a technological environment based on creativity, innovation and trouble-shooting.

ALTEN is a major employer of engineers in France and Europe, and works on a daily basis to support and promote the engineering profession and furthers the study of science among young people and women.

ALTEN is an innovative company that conducts its own research and development with the aim of balancing the economic, environmental and social dimensions within technology projects.



## Profitable and sustainable growth

The quality of its management, staff and rigour are the cornerstones of ALTEN's results and robustness.

ALTEN is a financially sound company that year after year meets its objectives in terms of profitable growth. Since its inception, it has remained true to its commitments in the areas of education and design, and to its support for the engineering profession.

We make acquisitions, and invest continuously in comprehensive project infrastructure and R&D projects that advance the development of new skills for future projects.

ALTEN has for over 25 years been involved in all key projects in terms of technological challenges by collaborating on the R&D strategy of its clients to support their performance and provide assistance for their local, national and international projects.



## Human capital development

ALTEN is committed to reconciling performance and sustainable development.

The women and men who make up the Group are the driving force of its business. ALTEN aims to promote diversity and employability, and to develop talents by encouraging professional development, while providing access to training and involving employees in the Group's Sustainable Development approach.

Cultivating talents, enabling individual development, developing expertise and providing a springboard for the future are among our core commitments.

ALTEN offers everyone an environment and pathway tailored to the cultivation of skills, projects and, ultimately, the Company.



# Origins of our Commitment

**ALTEN's Sustainable Development approach dates back to 2010, when we signed the United Nations Global Compact. Since then, a great deal of progress has been made in terms of our infrastructure, operational processes, management of human capital and support of social projects. The Group's Sustainable Development approach has grown, and been clarified and strengthened with the following key steps:**



In 2016, ALTEN was able to reinforce its commitment in favour of sustainable development. The Group has effectively consolidated the basics and requirements of its policy, all the while engaging new projects: reinforcement of its founding documents; maintenance of its non-financial performance indices; obtaining of ISO 27001 certification; creation of a special Sustainable Development prize at the ALTEN Awards; identification of CSR officers for the CSR scope.

<sup>1</sup> CSR scope: see methodological note

## 2010

- Creation of a dedicated department
- Initial commitment to the United Nations Global Compact
- First Bilan Carbone® carbon footprint assessment
- Launch of the "Elles Bougent" partnership

## 2011

- Publication of the first Sustainable Development Report
- Distribution of the Sustainable Development Charter
- Distribution of the first Code of Ethics
- Mapping of the Group's stakeholders

## 2012

- Distribution of the Responsible Purchasing Charter
- First Top Employer® certification
- Winner of the National Grand Prix in Engineering
- Second Bilan Carbone® carbon footprint assessment

## 2013

- Launch of "Elles d'ALTEN"
- ISO 14001 certification
- Achievement of "Gold" status in the EcoVadis assessment

## 2014

- Simon Azoulay's chairmanship of the "Elles Bougent" association
- Advanced<sup>1</sup> Differentiation Level from Global Compact
- Third Carbone® carbon footprint assessment

## 2015

- Integration of subsidiaries into the Group CSR approach
- Improvement in the EcoVadis assessment
- 100 B score with CDP (highest index)

# Key events of 2016

## Streamlining of printer inventory

In 2015, a project for streamlining the printer inventory was launched on a national level. Rolled out in 2016 in collaboration with Purchasing, the in-house Information Systems and Sustainable Development Departments, this far-reaching project covers many areas. In addition to optimising the number of printers and reducing them by nearly 70% in two years, the Group rolled out a secure printing system to enhance information security and raise employee awareness. The system uses a badge reader, provides environmental impact information (CO<sup>2</sup>, water, energy) for each print-out and configures the machines to print in black-and-white and recto-verso as the default. In 2016, this system reduced print jobs by 40%.



## CDP Rating

In recent years, investors and stakeholders have given increasing importance and respect to non-financial rating agencies. These agencies assess and rank companies based on their CSR programmes.

The CDP is an international organisation consisting of over 827 investors, representing \$100 trillion in capital. Its aim is to assess the impact of large corporations on climate change.

The analysis is based on an annual questionnaire sent to corporations to collect information on both their integration of climate change (strategy, risks and opportunities, etc.) and their greenhouse gas emissions.

In 2016, for its fifth year of participation in the assessment, ALTEN obtained a B score. Only 28% of the 5,800 companies that replied in 2016 obtained this rate.

This assessment is a veritable recognition of ALTEN's approach and will encourage it to continue to involve all stakeholders in our CO<sup>2</sup> reduction strategy.



## Winners of the first ALTEN Awards

At the beginning of 2016, ALTEN unveiled the winners of the ALTEN AWARDS. This was the first competition launched at end 2015 to reward the men and women who make the Group proud. Open to all engineering consultants, the competition is designed to highlight their professional backgrounds and successes. The winners received their trophies in Paris in the presence of the Group Chairman and Chief Executive Officer and members of the Management Committee.



There were eight categories:

- ALTEN Award for a Project Manager of a Structured Project;
- ALTEN Award for Innovation;
- ALTEN Award for Contribution to Corporate Development;
- ALTEN Award for Mobility;
- ALTEN Award for Most Promising Start;
- ALTEN Award for Site Manager of the Year;
- ALTEN Award for Sustainable Development;
- ALTEN Special Award by the Jury.



### ALTEN sponsors the ESIEE 2016 intake

Many events were organised to let the students discover their career prospects and obtain advice for better preparing their integration into the job market (sharing of experiences, conferences, visits to companies, execution of joint projects, etc.).

### The «Challenge du Monde des Grandes Ecoles et Universités»

For its first participation in the «Challenge du Monde des Grandes Ecoles et Universités», some 50 ALTEN employees rallied round to go and meet more than 7,000 students from 250 schools and universities from all over France. This event combines sports events, a large job fair that brings together companies in their sector and actions to raise awareness about disability, in a festive setting to encourage friendly discussions. Ronald P., athletic champion and business manager at ALTEN, 1st French athlete to run the 100 m under 10», took part in the Athletics Legends race with French athletes Christine Arron, Muriel Hurtis and Christophe Lemaitre.

Over and above the sports or festive challenges raised during the various events, ALTEN joined the «Challenge du Monde des Grandes Ecoles» to provide support to the «Dunes d'Espoir» association, which aims at enabling young disabled people to take part in running competitions seated in a «joëlette» (all-terrain wheelchair) pulled by volunteer athletes. This is one way of fighting for «living together».

### ISO 27 001 certification

The ISO 27001 standard defines the requirements relating to information security management systems.

ALTEN initiated this approach in 2012 with the hiring of a Chief Information Security Officer (CISO), and every year since then it has ensured that its practices are adopted by all the interested parties. The certification obtained in May/June 2016 is the recognition of ALTEN's mastery of IS (Information Security) issues.



# Recognition

The ALTEN Group's Sustainable Development approach regularly obtains certifications, labels and ratings, demonstrating the Group's commitment and non-financial performance.



**Top Employer®:** for the sixth year running, ALTEN received the Top Employer® France label, awarded by the CRF Institute. This label recognises and rewards ALTEN's Human Resources best practices and the human investments made by the Group to become an employer of reference. ALTEN Spain, ALTEN Italy and ALTEN Technology in Germany are also certified in 2017.



**EcoVadis rating:** in 2016, the ALTEN Group voluntarily assessed the responsibility of its practices, for the eighth year running, using the EcoVadis platform. The Group's Sustainable Development approach received a score of 74/100, allowing it to maintain its «Gold» level and ranking it among the top 1% of the companies rated by EcoVadis.



**Certifications of the management system:** international standards are strategic tools and guidelines: incorporating the requirements of these standards into the company management system ensures their optimum effectiveness. ALTEN and its international subsidiaries are mostly ISO 9001 and EN 9100 certified (aeronautic sector) for their quality management system, and ISO 14001 certified for their environmental performance management.

For the first year, ALTEN obtained ISO 27001 certification (information security management), thus validating the information security process initiated in 2012. Note that ALTEN India and ALTEN Spain are also certified.



**Health & Safety certifications:** ALTEN has had MASE (manual for the improvement of company safety) certification since 2008 and CEFRI (certification for working in radioactive sites) certification since 2007, bearing witness to the efforts made and successes achieved thanks to ALTEN's Health & Safety management system. These certifications demonstrate a will to adopt a continuous improvement approach in the health, safety and environment (HSE) fields. Note also that ALTEN Spain is OHSAS 18001 certified.



**Global Compact:** a signatory of the UN Global Compact since 2010, the Group yet again demonstrated in 2016 the success of its sustainability commitments and initiatives by the renewal of its Communication on Progress (COP) at the Advanced Level.



**CDP:** in 2016, for its fifth year of participation in the assessment, ALTEN obtained a B score. Only 28% of the 5,600 companies that answered the survey in 2016 managed to reach this score.



**Trendence:** in 2016, ALTEN maintained its ranking in the Top 100 of the Trendence classification of the favourite employers of engineering school students.



**Universum:** ALTEN is also present in the 2016 rankings of the most attractive employers according to students from the leading engineering and business schools.



# Key figures

(Scope: French legal entities)

10,867 employees,  
including 26% women, 99% on  
permanent employment contracts  
and 88% of engineer consultants



4,226 new hires,  
including 95% recruited  
on permanent contracts

3.28 frequency rate of lost time accidents

37% of sites  
certified ISO 14001

26 preferred partner relationships with target schools  
(Scope: French legal entities)

110 g CO<sup>2</sup>/km average emissions  
for the fleet of company cars

74/100  
EcoVadis non-financial rating score



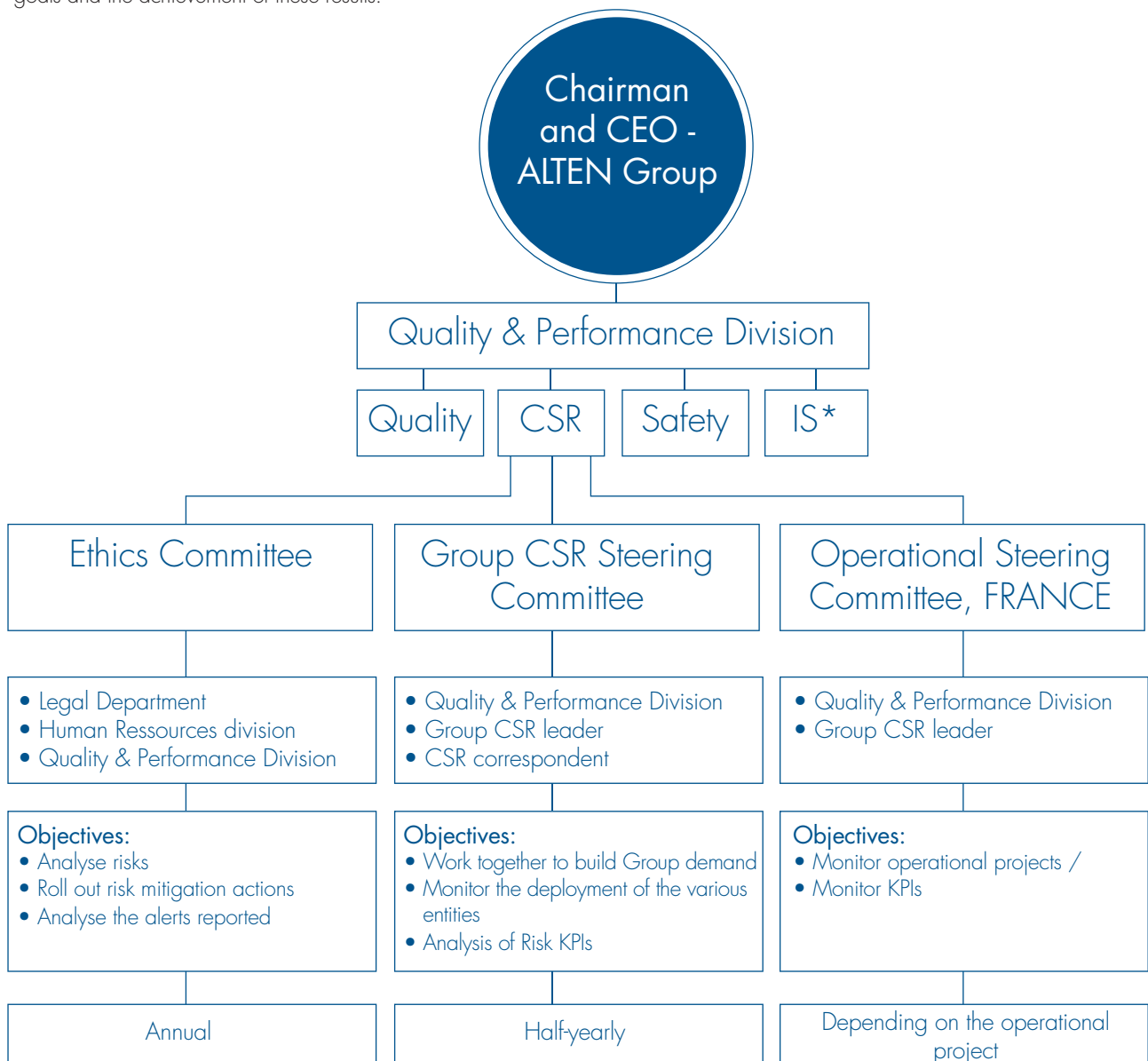
# CSR Governance and Strategy

## 1.1 CSR Management

Since 1 January 2016, the division in charge of CSR, the «Quality and Performance Division», reports directly to the Group general management. This new reporting structure has given an added boost to the control of CSR challenges and risks across all the Group's global locations.

CSR governance also took shape in 2016, thus enabling the Group to support the deployment of the approach in all the Group companies and the setting up of operational KPIs for managing CSR projects.

To reinforce the CSR approach, the Group also worked on specifying the link between the analysis of its materiality, CSR goals and the achievement of these results.



\*Information Security

**The duties of the Group's CSR Division are as follows:**

- Determine, run and update the Group's CSR strategy;
- Assist subsidiaries with the local adaptation of the materiality and conduct of CSR projects;
- Manage the CSR correspondent network;
- Promote the creation of added value in the business divisions enabled by the CSR approach (GreenIT, responsible purchasing, environmental management, etc.);
- Respond to non-financial assessments;

- Ensure the efficiency of the stakeholder listening process;
- Carry out CSR intelligence.

## The CSR strategy

Nicolas Guibout

Head of Quality and Performance Division

Today, ALTEN's stakes have more than ever gone beyond France. Given the sharp growth on the international market, the reaching of critical size in some countries, non-financial assessment requirements that require full consolidation, it was advisable to reinforce CSR governance.

In 2016, we started planning the deployment of the CSR strategy to the entire Group scope. To ensure that each country adopted the Group's approach, we established processes of local adaptation and applicability of the materiality. This enabled us to set a shared focus with goals and KPIs (baseline) and to enable each country to develop projects relevant to their scopes.

The linkage with business lines was obtained through a network of correspondents in the operational and functional divisions, with the constant will to encourage the adoption of CSR values by the largest number of employees.

In 2016, the Group also wanted to give itself the means of defining ambitious but realistic global goals. That is why, for

example, we launched our carbon footprint assessment, not only on the mandatory French scope, but by including many other countries to cover 80% of revenues of CSR scope.

Although we are aware of the road that we still have to travel, our approach recognised by Global Compact as Advanced, by EcoVadis at Gold level with a score of 74/100 or by the CDP with our B assessment, makes ALTEN a recognised leader in engineering and technology consulting, a benchmark player of CSR.

The next two years, which will be invigorating and dynamic for CSR, must enable the Group to concretise this global deployment through all our companies.

## 1.2 Challenges and strategy

**A Sustainable Development strategy is only relevant and effective if it respects the core values of the Group, and is consistent with the challenges and expectations of its stakeholders.**

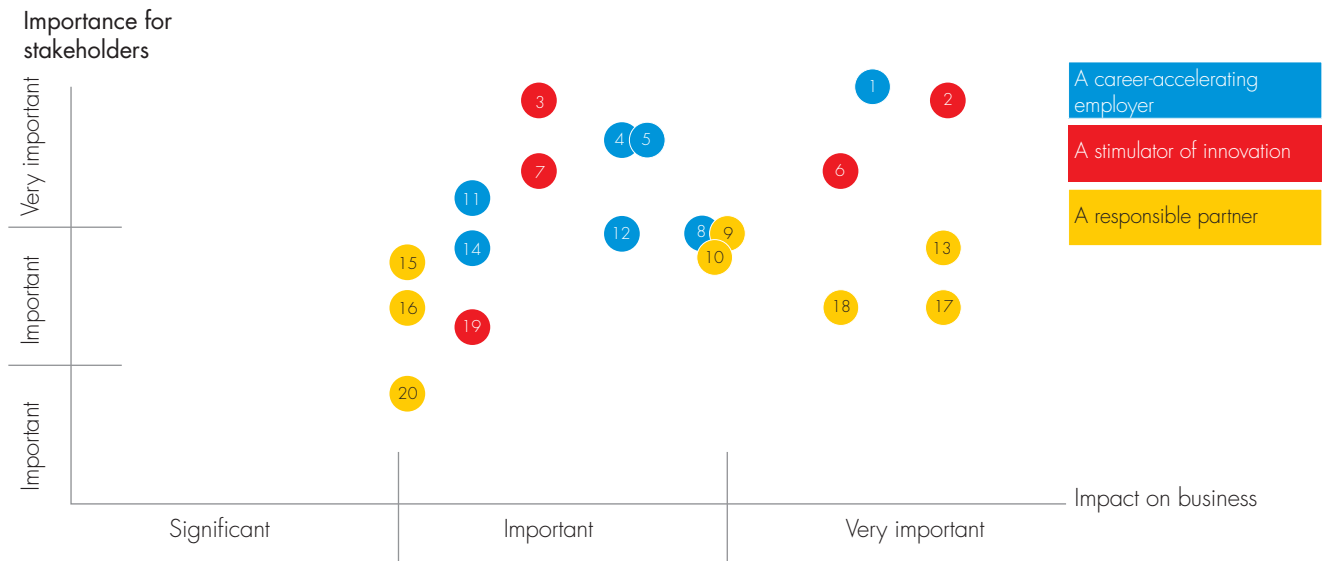
In this sense, the materiality matrix makes it possible to refine the analysis and to guarantee the validity of results. The Group's materiality matrix complies with the principle of materiality defined by the guidelines of the Global Reporting Initiative (GRI). Created in 2015, it is regularly updated with company approaches and the results obtained during the previous year.

Challenges are considered "material" for an entity if they can affect the company's short-term performance, determine its capacity to achieve its strategic objectives or match best practice in its sector, alter the behaviour of stakeholders, or

shape change in the Group (new standards, new trends, etc.) Based primarily on industry analysis and meeting key stakeholders, this analysis is set forth using the following matrix. (See page 56-57)

This work has also made it possible to refocus the Group's sustainable growth strategy around three main priorities specific to the ALTEN Group:

- a career-accelerating employer;
- a stimulator of innovation;
- a responsible partner.



### A career-accelerating employer

|    |                                                                       |
|----|-----------------------------------------------------------------------|
| 1  | Attract and retain talent                                             |
| 4  | Promote talents and offer sustainable career paths                    |
| 5  | Promote diversity and equal opportunity                               |
| 8  | Make safety in the workplace a priority                               |
| 11 | See to the well-being of employees in the workplace                   |
| 12 | Develop the skills of every person, and reinforce their employability |
| 14 | Develop social dialogue                                               |

### A stimulator of innovation

|    |                                                                            |
|----|----------------------------------------------------------------------------|
| 2  | Develop innovative and sustainable solutions for our customers and society |
| 3  | Promote professions which are engineering-related                          |
| 6  | Promote the development of technical competencies through R&D              |
| 7  | Promote the sharing of knowledge among stakeholders                        |
| 19 | Support talented engineers                                                 |

### A responsible partner

|    |                                                          |
|----|----------------------------------------------------------|
| 9  | Place ethics at the heart of our activities              |
| 10 | Be involved in long-term relationships with our partners |
| 13 | Maximise customer satisfaction                           |
| 15 | Support strong and meaningful societal initiatives       |
| 16 | Have dialogues with stakeholders                         |
| 17 | Develop worldwide and in France                          |
| 18 | Ensure the security of information systems               |
| 20 | Minimise the environmental impact of our facilities      |

## 1.3 MAPPING OF STAKEHOLDERS

**As a leading Engineering and Technology Consulting company, ALTEN is committed to meeting its stakeholders' expectations and anticipating their requirements whilst ensuring that its activities reconcile performance with Sustainable Development.**

The Group's stakeholders are in its social or economic sphere, its value chain, civil society or the regions in which it is established.

### Level 1

**Staff, consultants, or in-house employees,**  
ALTEN's true ambassadors

**Customers,**  
Vectors of our search for innovation

**Students and young graduates,**  
Future employees with a high added value

**Schools and universities,**  
Partners to nurture careers

### Level 2

**Associations promoting scientific occupations,**  
Revealing tomorrow's potential

**Shareholders,**  
Supporting our development

**The media,**  
Vectors of the ALTEN brand image

**Suppliers and subcontractors,**  
Partners in our success

**Employee representatives,**  
Ensuring social dialogue

**Rating agencies,**  
Witnesses to ALTEN's performance in non-financial areas

### Level 3

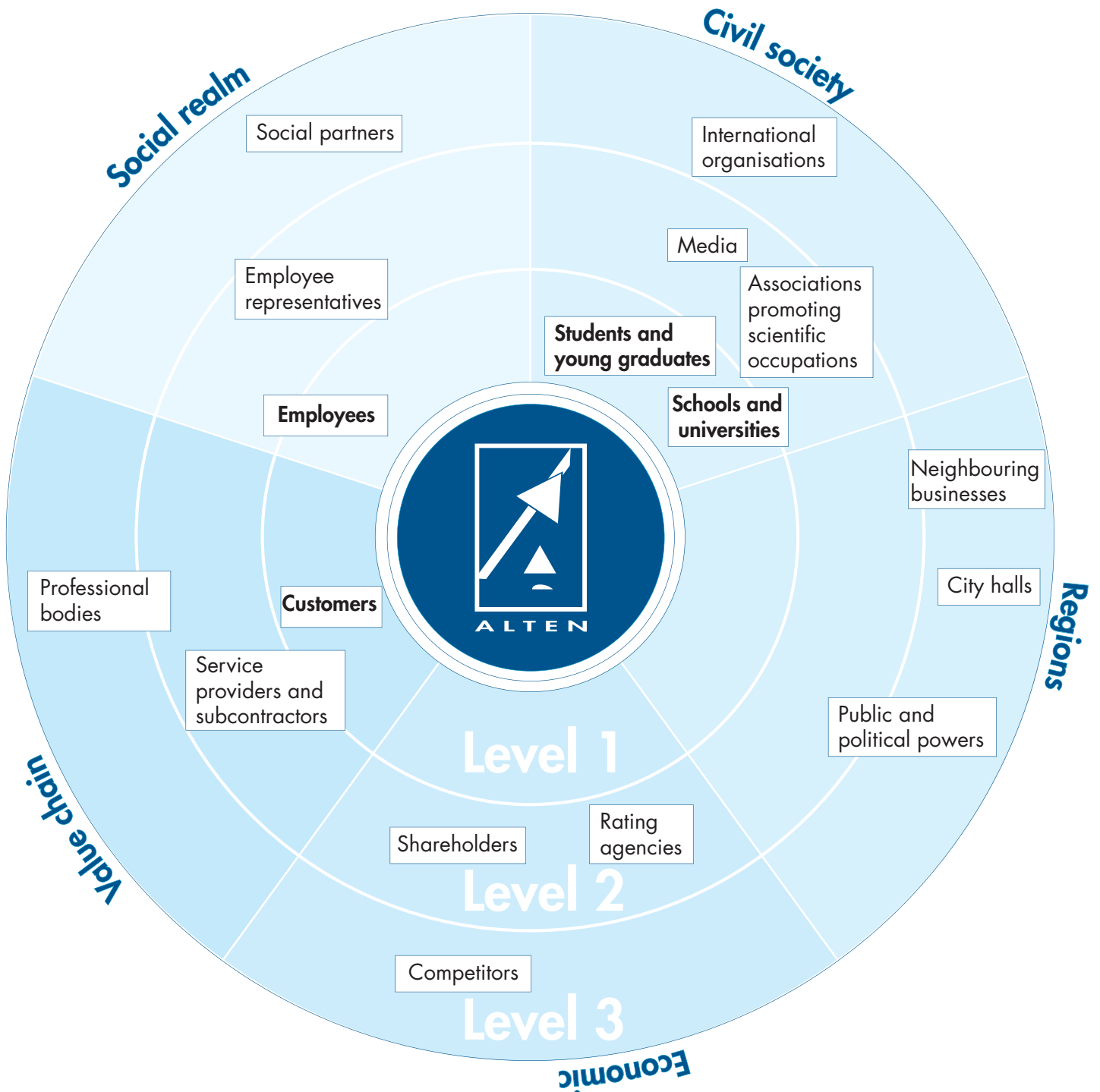
**Professional bodies,**  
Defenders of the sector's interests

**Public and political powers, city halls, neighbouring businesses,**  
Generators of a sustainable local dynamic

**International organisations,**  
Guides towards a more responsible approach

**Companies in the sector,**  
Competitors who drive us to surpass ourselves

**Social partners,**  
Furthering the Sustainable Development approach



# 1.4 MATERIALITY MATRIX, THE PRIORITISATION OF ISSUES

|    | CHALLENGES                                                                      | ASSOCIATED COMMITMENTS                                                                                                                                                                                                                                                                                                                      | PURPOSE                                                                                                                                                                                                                                                                                                                                                                                                                                      | status                                 | RESULTS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1  | To attract and retain talent                                                    | In France, the ALTEN Group provides HR assistance that enables the best talents to emerge and flourish thanks to career management processes and the strengthening of in-house training. Respect for diversity and combatting discrimination are principles integrated into the Group's operations and the Sustainable Development Charter. | <ul style="list-style-type: none"> <li>- Keep the Top Employer status or equivalent, in France and in the Group's international entities</li> <li>- Increase the number of hires in 2016</li> <li>- Intensify use of social networks to recruit the best talents</li> <li>- Forge closer partnerships with prominent schools and universities around the world, to encourage bridges between student life and the world of work</li> </ul>   | +                                      | <ul style="list-style-type: none"> <li>- Top Employer France, Spain, Italy, Germany (Technology)</li> <li>- France scope: + 734 recruitments in 2016 (SOC 7) than 2015</li> <li>- International scope: + 765 in 2016 (SOC 7) than 2015</li> <li>- Increase of 20,417 subscribers on professional social network (rise of 40%)</li> <li>- In France, partnerships with 26 targeted school and universities</li> <li>- In International scope, 148 partnerships with school and universities</li> </ul> |
| 2  | Develop innovative and sustainable solutions to serve our customers and society | ALTEN participates actively alongside its customers and within its R&D division to carry out projects related to CSR issues: energy efficiency in buildings, dependency of persons with reduced mobility, connected mobility, etc.                                                                                                          | <ul style="list-style-type: none"> <li>- Intensification of the pooling of Innovation and CSR best practices among entities</li> <li>- Accentuate the orientation of R&amp;D projects towards programmes that respond to the major issues in civil society: put the skills of ALTEN's employees to work to serve the general interest</li> <li>- Participation in national R&amp;D programmes, in France and throughout the world</li> </ul> | <div>—</div> <div>+</div>              | <ul style="list-style-type: none"> <li>- Initiative started in 2016, to reinforce in 2017</li> <li>- See 3.4 Innovative, sustainable and shared expertise</li> <li>- See 3.3 R&amp;D, a strategic activity</li> </ul>                                                                                                                                                                                                                                                                                 |
| 3  | Promote professions which are engineering-related                               | The ALTEN Group undertakes to promote engineering professions, particularly with students and young women, by developing preferred partnerships.                                                                                                                                                                                            | <ul style="list-style-type: none"> <li>- Ensure that 75% of Group entities worldwide have partnered with at least one association to promote engineering professions</li> <li>- Reinforce partnerships with student and non-student associations that participate in promoting engineering professions</li> </ul>                                                                                                                            | <div>—</div> <div>+</div>              | <ul style="list-style-type: none"> <li>- 68% of Group entities worldwide have partnered with at least one association to promote engineering professions (Societal 1)</li> <li>- Partnership with CNJE, see « Confédération Nationale des Junior-Entreprises » part</li> <li>- Partnership with « Elles Bougent », see « Elles Bougent » part</li> </ul>                                                                                                                                              |
| 4  | Promote talents and offer sustainable career paths                              | The ALTEN Group puts HR support into place, which makes it possible for the best talents to reveal themselves and to blossom, thanks to a process of career management and geographical and functional mobility                                                                                                                             | <ul style="list-style-type: none"> <li>- Development of management indicators in internal mobility and the mapping of skills</li> <li>- Pooling of best practices among international entities regarding career management and compensation</li> <li>- Keeping the rate of employees benefiting from annual assessment interviews in France at over 90%</li> </ul>                                                                           | <div>+</div> <div>—</div> <div>+</div> | <ul style="list-style-type: none"> <li>- In France, 122 employees got an internal mobility between entities</li> <li>- Germany deployed the French model</li> <li>- In France, 90% of employees got an annual review</li> </ul>                                                                                                                                                                                                                                                                       |
| 5  | Promote diversity and equal opportunity                                         | Respect for diversity and combatting discrimination are principles integrated into the Group's operations and its Sustainable Development strategy.                                                                                                                                                                                         | <ul style="list-style-type: none"> <li>- Reinforce shared values and the development of each person through training, notably in the areas of ethics and diversity</li> <li>- Promote access to employment for disabled workers, and insertion into the workplace in general (dedicated job fairs, etc.)</li> <li>- Retain and promote ALTEN Group women engineers</li> </ul>                                                                | +                                      | <ul style="list-style-type: none"> <li>- Increase of 23% of employees trained</li> <li>- Strengthening of internal organization regarding disabled workers; identification of suppliers who hire disabled workers</li> <li>- creation of a women engineers book, see 2.3</li> <li>- Diversity lies at the core of the group's HR policy</li> </ul>                                                                                                                                                    |
| 6  | Promote the development of technical knowledge through R&D                      | Thanks to its in-house R&D programmes, the Group is developing and reinforcing its experience and its expertise.                                                                                                                                                                                                                            | <ul style="list-style-type: none"> <li>- Accentuate the orientation of R&amp;D projects towards programmes that respond to the major issues in civil society: put the skills of ALTEN's employees to work to serve the general interest</li> <li>- Participation in national research and development programmes, in France and throughout the world</li> </ul>                                                                              | +                                      | <ul style="list-style-type: none"> <li>- See 3.4 Innovative, sustainable and shared expertise</li> <li>- See 3.3 R&amp;D, a strategic activity</li> </ul>                                                                                                                                                                                                                                                                                                                                             |
| 7  | Promote the sharing of knowledge among our stakeholders                         | ALTEN shares its expertise and transfers knowledge and technology with its partners.                                                                                                                                                                                                                                                        | <ul style="list-style-type: none"> <li>- Dissemination of the principles of the Responsible Purchasing Charter to all of the subsidiaries</li> <li>- Add to the projects of the Group's R&amp;D division to help address social issues in a spirit of shared knowledge</li> <li>- Continue to facilitate conferences or events for employees, customers or candidates»</li> </ul>                                                            | <div>—</div> <div>+</div>              | <ul style="list-style-type: none"> <li>- See 4.3 Responsible purchasing</li> <li>- See 3.4 Innovative, sustainable and shared expertise</li> <li>- See 3.3 R&amp;D, a strategic activity</li> <li>- Technical conferences: Talent'Camp (p65)</li> </ul>                                                                                                                                                                                                                                               |
| 8  | Make safety in the workplace a priority                                         | The Group is rolling out a comprehensive health and safety programme concerning its employees, with regard to the requirements of our customers, regulations and high standards set internally.                                                                                                                                             | <ul style="list-style-type: none"> <li>- Development of risk training courses (human risk, computer-related, environmental, ethical, and other risks) for every new employee in France, including for sales staff</li> <li>- Deployment of the reference document ALTEN CARE through the Group</li> </ul>                                                                                                                                    | <div>+</div> <div>—</div>              | <ul style="list-style-type: none"> <li>- Welcome Pack (safety of data, professional risks, CSR...)</li> <li>- 936 employees trained to Safety, Security and Environment e-learnings</li> <li>- Spreading of ALTEN CARE on 63% of CSR scope</li> </ul>                                                                                                                                                                                                                                                 |
| 9  | Place ethics at the core of our activities                                      | ALTEN's development relies on the fundamental principles of integrity and transparency, implemented by its managers and employees.                                                                                                                                                                                                          | <ul style="list-style-type: none"> <li>- Have the Ethics Committee meet at least twice a year</li> <li>- Train 100% of managers in ethics»</li> </ul>                                                                                                                                                                                                                                                                                        | <div>—</div> <div>—</div>              | <ul style="list-style-type: none"> <li>- One meeting in 2016</li> <li>- E-learning creation postponed until 2017</li> </ul>                                                                                                                                                                                                                                                                                                                                                                           |
| 10 | Be involved in long-term relationships with our partners                        | By creating the Responsible Purchasing Charter and adopting social, societal and environmental criteria in the Group's purchasing, ALTEN has created equitable, win-win relationships with its suppliers.                                                                                                                                   | <ul style="list-style-type: none"> <li>- Reinforcement of the Responsible Purchasing policy in all subsidiaries by the creation of CSR risk mapping, by purchasing category</li> <li>- Integrate the sheltered sector further in the purchasing process</li> </ul>                                                                                                                                                                           | +                                      | <ul style="list-style-type: none"> <li>- See 4.3 Responsible purchasing</li> <li>- Identification of suppliers who hire disabled workers, see « Engineering careers are compatible with disability » part &amp; 4.3 Responsible purchasing</li> </ul>                                                                                                                                                                                                                                                 |

|    | CHALLENGES                                                            | ASSOCIATED COMMITMENTS                                                                                                                                                                                                     | PURPOSE                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |   | RESULTS                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----|-----------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 11 | See to the well-being of employees in the workplace                   | ALTEN is committed to ensuring a high quality of life in the workplace, and recognising the value of all of its employees.                                                                                                 | - To make internal sponsoring initiatives a regular feature, through the «Nos salariés ont du talent» («Our employees have talents») programme<br>- Synergy with employee representative bodies, to improve management of the balance between personal life/work life                                                                                                                                                                                                                                       | + | - 14 projects were sponsored in 2016, see 2.5 Quality of life in the workplace<br>- The «CHSCT» has 25 meeting in 2016 in France                                                                                                                                                                                                                                                                                                                                      |
| 12 | Develop the skills of every person, and reinforce their employability | ALTEN adapts the skills of its employees to the needs of the market, and supports them in their occupational projects by intensifying in-house training.                                                                   | - Reinforce shared values and the development of each person through training, notably in the areas of ethics and diversity                                                                                                                                                                                                                                                                                                                                                                                 | + | - Increase of 23% of employees trained<br>- In France, 90% of employees got an annual review                                                                                                                                                                                                                                                                                                                                                                          |
| 13 | Maximise customer satisfaction                                        | ALTEN is committed to the multidisciplinary nature of the skills of its engineers, its upscale, high value-added technological positioning, and diverse product offers as the means to providing customer satisfaction.    | - Increase the rate of compliance with customer requirements<br>- Maintain certifications of safety, quality, and sustainable development                                                                                                                                                                                                                                                                                                                                                                   | + | - Measurement of client satisfaction (candidates, consultants and business client) is include in Group process<br>- Certifications: MASE, ISO 27 001, ISO 9 001, ISO 9 100, ISO 14 001, level Advance in Global Compact, Ecovadis: 74/100 and CDP: B                                                                                                                                                                                                                  |
| 14 | Develop social dialogue                                               | ALTEN pursues a policy of dialogue with its social partners in order to ensure work-related agreements and protection for employees.                                                                                       | - To continue covering 100% of employees by a collective agreement                                                                                                                                                                                                                                                                                                                                                                                                                                          | + | - Coverage of 100%                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 15 | To support strong and meaningful societal initiatives                 | In France and elsewhere, ALTEN supports the societal initiatives of its employees, students, or society, in line with the Group's values.                                                                                  | - Accentuate the orientation of R&D projects towards programmes that respond to the major issues in civil society: put the skills of ALTEN's employees to work to serve the general interest<br>- Participation in national R&D programmes, in France and throughout the world                                                                                                                                                                                                                              | + | - See 3.4 Innovative, sustainable and shared expertise<br>- See 3.3 R&D, a strategic activity                                                                                                                                                                                                                                                                                                                                                                         |
| 16 | Have dialogues with stakeholders                                      | ALTEN is committed to its stakeholders, to respond to their expectations and to anticipate their requirements.                                                                                                             | - Reinforce partnerships with stakeholders<br>- Make the network of CSR correspondents a vector of synergy and performance among ALTEN entities around the world                                                                                                                                                                                                                                                                                                                                            | + | - Identification and recognition of international CSR referents (Spain, Italy, Germany, Sweden, Netherlands and India)                                                                                                                                                                                                                                                                                                                                                |
| 17 | To develop internationally and to maintain growth in France           | The ALTEN Group, as a world leader and benchmark technological partner of the biggest companies, is strongly committed to its development worldwide.                                                                       | - Reinforce the positive impact of ALTEN in the localities and countries in which it is present: jobs, environment, local development, respect of populations, etc.                                                                                                                                                                                                                                                                                                                                         | + | - Increase of 28% of international recruitment<br>- Conduct code adoption in different countries                                                                                                                                                                                                                                                                                                                                                                      |
| 18 | Ensure the security of information systems                            | Customer satisfaction and risk management are major priorities for the ALTEN Group, which is committed to integrating the requirements of ISO 27001 into its quality assurance, safety and sustainable development policy. | - Reinforcement of the steps for ISO 27001 certification<br>- Deployment of the reference document ALTEN SECURE through the Group                                                                                                                                                                                                                                                                                                                                                                           | + | - Certification ISO 27 001, see 4.1 Information security<br>- ISO 27 001 is deployed in all ALTEN French scope and 56% of CSR scope<br>- ALTEN SECURE is deployed on 63% of CSR scope                                                                                                                                                                                                                                                                                 |
| 19 | Support talented engineers                                            | ALTEN encourages innovation by compensating talented engineers through numerous awards.                                                                                                                                    | - Maintaining the presence of ALTEN in the awarding of prizes and trophies for innovation                                                                                                                                                                                                                                                                                                                                                                                                                   | + | - Simon Azoulay gave an award in « Trophée des femmes de l'industrie », see 3.2 Support of talented engineers<br>- Involvement in « Trophée Excellencia » and « Prix de l'ingénieur du futur », see 3.1 Promoting engineering profession<br>- First award ceremony of ALTEN AWARDS, see 2.5 Quality of life in the workplace                                                                                                                                          |
| 20 | Minimising the environmental impact of our facilities                 | Managing environmental performance is central to a continual improvement effort based on pragmatic solutions tailored to engineering work.                                                                                 | - Improving the management of environmental performance of activities, through the reinforcement of key indicators in place<br>- Growing integration of buildings which have high environmental certifications in the real-estate holdings of the Group's international entities<br>- Encouraging employees to act in an environmentally responsible way<br>- Reducing CO <sub>2</sub> emissions associated with travel<br>- Reducing printing paper consumption<br>- Maintaining ISO 14001 certifications» | + | - Launch of carbon footprint at European level. 90% of SCR scope employees are include<br>- Evolution from 7% in 2015 to 15% in 2016 of high environmental certification surfaces in international scope<br>- 936 employees trained to Safety, Security an Environment e-learning<br>- Decrease of 4% of CO <sub>2</sub> due to business travels in France scope<br>- Saving of 40% of printing paper, see IT resources part<br>- Keeping of ISO 14 001 certification |

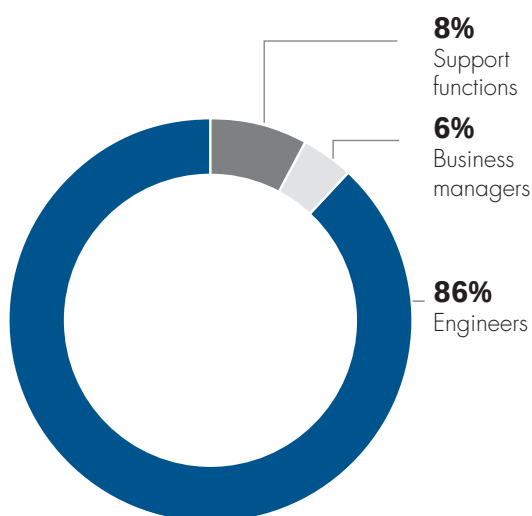
# A career-accelerating employer

## 2.1 ALTEN, A MAJOR PLAYER IN EMPLOYMENT

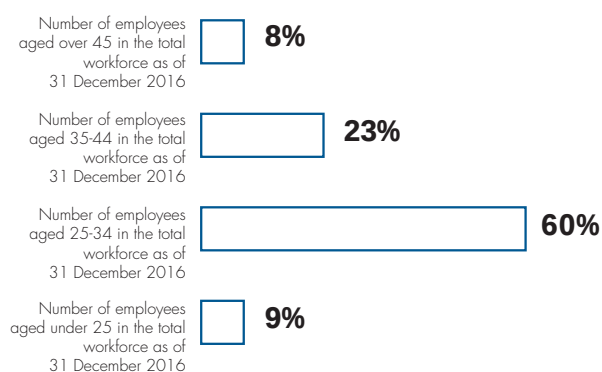
As of 31 December 2016, the ALTEN Group's workforce in the CSR scope totalled 18,704 employees.

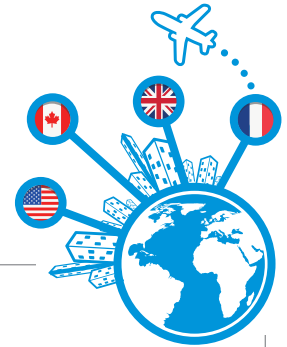
|                 | Number of female employees | Number of male employees | TOTAL 2016    |     | 2015           |
|-----------------|----------------------------|--------------------------|---------------|-----|----------------|
| France          | 2,813                      | 8,054                    | 10,867        | 58% | 9,722          |
| Germany         | 390                        | 1,492                    | 1,882         | 10% | 1,783          |
| Belgium         | 128                        | 389                      | 517           | 3%  | 320            |
| Spain           | 434                        | 1,054                    | 1,488         | 8%  | 1,438          |
| Italy           | 212                        | 617                      | 829           | 4%  | 719            |
| Sweden          | 234                        | 990                      | 1,224         | 7%  | 1,173          |
| India           | 251                        | 1,013                    | 1,264         | 7%  | 1,094          |
| The Netherlands | 76                         | 557                      | 633           | 3%  | Joined in 2016 |
|                 | <b>24%</b>                 | <b>76%</b>               | <b>18,704</b> |     | <b>16,249</b>  |

Among them, 86% were engineer consultants and 95% were employed on permanent contracts in 2016.



Within the CSR scope, almost 70% of employees were aged under 35.

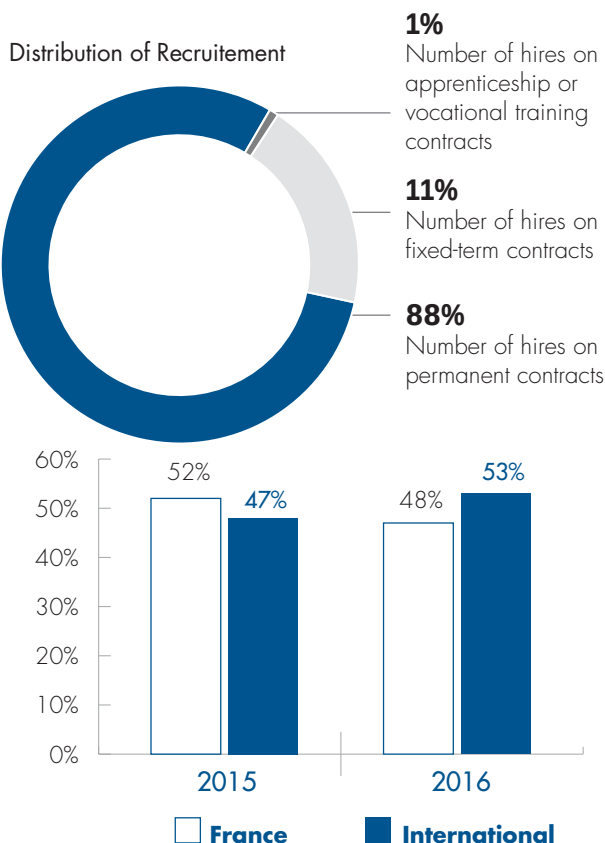




### Pro-active hiring activity

In the context of a robust commitment, in which ALTEN's customers are becoming increasingly demanding in terms of quality and productivity, the ability to identify, hire, develop and promote the most talented people is of strategic importance.

ALTEN is a major player in the engineering job market in Europe. In 2016, the Group continued its active recruitment policy, adding more than 7,600 high-potential engineers and employees to its teams in the CSR scope. Over 4,200 of these employees were in France. 88% were hired on permanent contracts on the CSR scope and 95% were hired in France.



### % of turnover in France and on the international market

The year 2016 marked a turning point in the Group's growth. For the first year, revenue generated on the international market (all international entities included) was higher than revenue generated in France. The Group has therefore established new strategies, in particular in terms of recruitment. An international recruitment unit was created at the beginning of 2016.

## INTERVIEW

### Laurent Lépinoit Head of International Recruitment

#### What was the purpose behind the creation of this Division?

The first objective was to promote the development of our subsidiaries abroad. Today, half of ALTEN's workforce is located outside France.

The unit was created in January 2016. Before that, there was a recruitment team, but only in international zone 2, and therefore primarily in Canada and the USA (Detroit region). At the beginning of 2016, we therefore created a recruitment unit for International 1 scope, covering Europe (mainly ALTEN UK, ALTEN Belgium, ALTEN Switzerland and ALTEN GmbH) and part of the USA (East Coast).

We follow the applicants throughout the entire cycle. They are primarily French engineers with local contracts. There are of course recruitment teams in these regions. However, the idea is to go a step further and encourage the international mobility of French engineers.

Today, engineers are very keen on international mobility and this enables us to meet the high demand of applicants. We must not forget that in France, between 27,000 and 30,000 engineers graduate each year. We have to meet demand and the unit enables us to provide applicants with a global perspective of our business.

#### How do you assess 2016 and what is your vision for 2017?

We have met the targets set in 2016. We have therefore confirmed the principle of this unit dedicated to international recruitment. Half the recruitments were for ALTEN UK, which grew sharply in 2016, and represented 10% of their recruitments.

Furthermore, we are now able to pool our needs. We know the profiles that each country is looking for and we carry out our search based on their needs.

Now that we have validated the model of this international unit, our goal is to ramp it up. We are hoping to reach 120 recruitments in 2017.

The recruitment trend Group is underpinned by an industrialised skills analysis process to identify and recruit high-level profiles. Published at the beginning of the year, the exclusive survey of the magazine «L'Usine Nouvelle» ranks ALTEN among the top 10 recruiters in 2017 with a projection of 3,000 recruitments in France. ALTEN has moved up one place in this ranking since last year.

In 2016, ALTEN was 27th in the fifth edition of the OTaC (Online Talent Communication) ranking. This ranking was carried out by the market research institute Potentialpark which studies the digital recruitment tools of companies. Over 23,800 students and young graduates worldwide answered the survey. They included 4,000 French students and graduates who studied and assessed the recruitment tools of 120 employers operating in France.

To optimise its recruitments, ALTEN has opened a new website for recruiting new talents. The new website, **ALTEN Recrute**, optimises and personalises the job search thanks to a much more ergonomic platform. With 2,700 engineer positions open in 2016 in many sectors (aeronautics, automotive, rail, multimedia and telecoms), ALTEN offers a wide range of career paths.

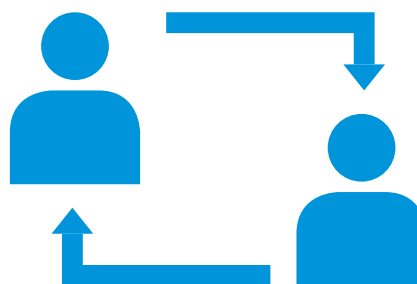
A genuine career springboard, ALTEN recruits many young graduates. The Group's teams of consultants work on the largest technological projects in the following sectors: Aeronautics, Space & Defence, Land Transport, Energy & Life Sciences, Telecoms & Multimedia, Finance & Services. They open up opportunities for development within sectors and geographical areas alike. This is why the Group requires its engineers to have life skills equipping them to adapt to rapidly changing environments, in addition to high-level technical skills and knowledge of the customer's industry.

To identify potential candidates as early as possible, ALTEN cultivates many ties with future graduates. Numerous events forging contacts with candidates are held each year:

- The ALTEN Job Tour, a veritable «Tour de France» of career opportunities, each year allows countless candidate engineers to meet ALTEN on its premises and to discover its activities. The 2016 edition received more than 500 applicants in 10 cities in France: Aix-en-Provence, Bordeaux, Brest, Lille, Lyon, Nantes, Paris, Rennes, Strasbourg and Toulouse. The event lasted three days, with the agenda below:



- Job interviews
- A «Forum» area with the Career Departments for discussions about ALTEN careers and the programme «Our employees have got talent»
- An area with sector-based stands (Energy, Land Transport, Aerospace and Defence, Banking, Finance, Services and Telecoms) manned by Business Managers and Engineer Consultants who discussed ALTEN projects and careers with applicants
- An activity with the 3D Oculus Rift headset



- The Group also takes part, in France and throughout the world, in numerous job fairs and specialised recruitment forums. These events are an opportunity for students and graduates to meet recruiters, to discover career opportunities and to benefit from a wealth of recruitment advice from professionals. In 2016, ALTEN participated in 90 fairs and forums in France. In Belgium, the Group has partnered with LSM Conseil, a junior enterprise, offering annual, technical and functional workshops for students of the Catholic University of Louvain La Neuve. This year again, they created eight workshops designed for the needs of the Junior Enterprise.

- In addition, the Group maintains close partnership relations with many engineering and business schools and universities.

- **In France**, ALTEN is actively engaged with over 88 target schools where it regularly organises HR workshops (mock interviews, CV workshops, etc.) and trade and technical conferences. Thanks to the opportunities created by the Group's R&D work, support is offered every year to students preparing doctoral theses deemed to have a particularly high level of quality and technical content.

- **In Germany**, ALTEN GmbH has identified some 40 target universities and has forged close relationships with some of them. A number of events such as recruitment parties, interviews, presentations, workshops and other activities have been organised through these exchanges.

ALTEN Technology is in collaboration with the two main universities in Hamburg (University of Hamburg and HAWV) and the universities of Braunschweig, Bremen and Hanover. The Recruitment office is in direct contact with many professors and obtains recommendations of potential students. At ALTEN Technology, we have set up a mentoring programme for students. Supported, coached and mentored by ALTEN employees from various departments such as HR, Finance, IT or Engineering, these students are also offered job opportunities within the Group upon graduation.

- **Spain and Italy** are also very active and have created partnerships with over 70 and 52 universities respectively. The two countries take part in job fairs and technical seminars.

- **ALTEN Netherlands** organises conferences on UX design to raise the awareness of students to IT professions and career opportunities at ALTEN.



Cooperation with schools also involves the joint construction of programmes such as partnerships with sectors of excellence.

Courses of Excellence (Filière d'Excellence) in Project Management – Mastère Spécialisé®

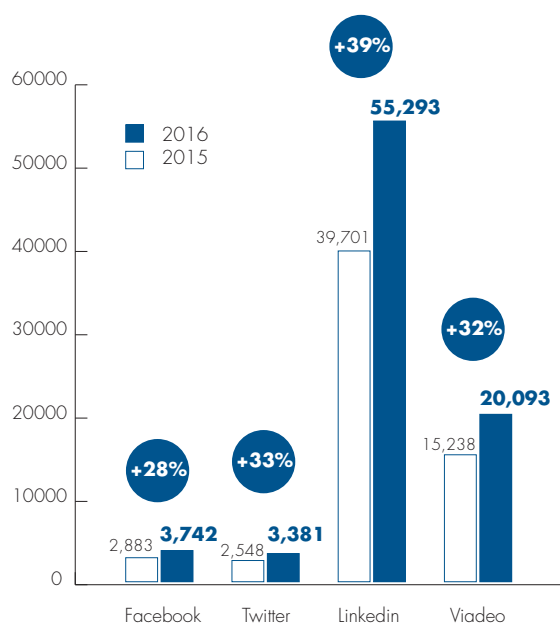
MI-GSO has committed to the creation and promotion of the Course of Excellence in Project Management, by creating the specialised master (Mastère Spécialisé® Leading International Industrial Projects (MS LiiP)) in partnership with ESSEC, Ecole Polytechnique (X) and Alstom. The aim of this course is to train young professionals in the exacting methods of Project Management, all the while placing strong emphasis on the development of their soft skills. The LiiP specialised master, which will soon be welcoming its fourth intake, prepares students for a career with the largest industrial programmes at international level.

Forging close relationships with academia calls more and more frequently upon the relationship networks of ALTEN's employees. An internal referral system encourages and rewards the sponsoring of applications by employees. In 2016, the Group hired 297 people in France thanks to this system. As true ambassadors of the Group, an increasing number of ALTEN's consultants and managers visit their old universities to give lessons, tutorials, conferences and skills-transfer sessions. ALTEN is proud to see its employees share the Group's values in their networks.



Lastly, the Group is making itself increasingly visible on social media and the Internet. Highlighting initiatives, sharing links and relaying information, exchanges, profiles and interviews of consultants: ALTEN has active Facebook and Twitter accounts, as well as a dedicated You Tube channel. The Group also runs several information and opinion sharing hubs on the Viadeo and LinkedIn professional social networks.

Distribution of subscribers on social networks



## The ALTEN Innovation Center

The ALTEN Innovation Center has for several years welcomed engineering school students, allowing them to complete their internships in the most instructive environment possible. This original approach implemented by ALTEN is built on four pillars:

- Challenging topics: interns are responsible for developing an innovation that includes a Sustainable Development dimension (environmental or societal).
- Accountability: interns are responsible for both the execution and management of the work entrusted to them. This places them at the heart of three major phases that form the backbone of all innovative projects at ALTEN: scoping, modelling and prototyping.
- An environment rich in methodology: interns develop their project in accordance with the framework drafted by ALTEN for the development of innovation, and use ALTEN's Agile methodology specifically designed for innovative projects.
- Dedicated support: interns are placed under the responsibility of an ALTEN expert to advise and guide them in their approach to innovation. In this way, they are "coached" more than managed.

In addition to this approach, in 2016, the ALTEN Innovation Center implemented the second edition of the ALTEN Open Mind Challenge, a competition launched in 2014 in partnership with the national confederation of junior enterprises (CNJE). This challenge is open to teams of engineering school students working on innovative and sustainable technology projects. The winning team in 2015 was thus not only able to implement its own project in 2016, but also to contribute to this concretisation through end-of-study internships offered at the ALTEN Innovation Center.

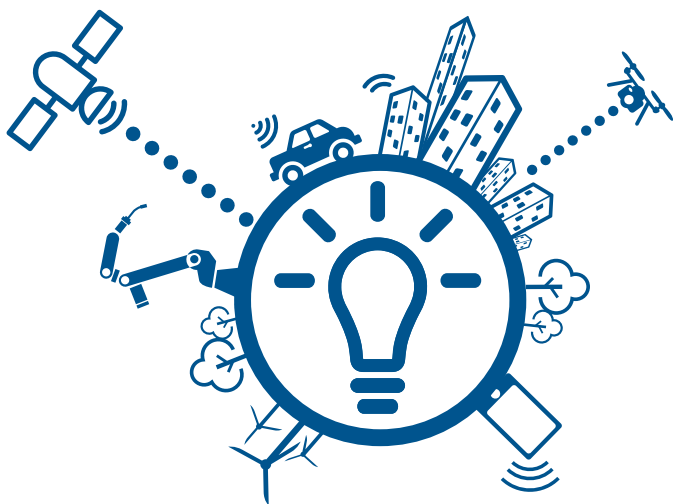
### • Industrial relations and collective agreements

See sections «17.4 Collective agreements» and «17.5.5 Employee relations» of this document.

The data presented in these sections of the report concern only Group entities in France.

### • Remuneration and profit-sharing

See sections «17.3 Agreement on employee profit-sharing» and «17.5.7 Remuneration, mandatory and discretionary profit-sharing and savings plans» in this document.



## 2.2 CAREER MANAGEMENT, INTERNAL MOBILITY AND TRAINING

### • Career management

Being a responsible employer means making the development of human capital a priority.

For example, as a Top Employer® since 2012, ALTEN has implemented a dynamic Human Resources management policy focused on diversity of career paths and skills' development. This allows each employee to keep their skills up to date and enhance their employability, and the Group to secure its growth prospects by identifying the skills needed now and in the future. ALTEN has also adapted its internal organisation in order to better target the expectations and specific characteristics of its three employees populations: engineering consultants, business managers or support functions.

Career management of **engineering consultants** is driven by internal processes, implemented by business managers and the Engineer Career Development Department (DCI): annual appraisals (over 4,000 in 2016, i.e. 94% of engineer interviews expected) identify the skills acquired and the skills to be developed, define training needs and build development plans. Career interviews are an opportunity to reflect on the direction taken by the career path.

In 2016, the DCI continued its work on the integration of consultants: work on a new e-learning platform; communication training for new consultants; creation of Campus Manager Engineers, who reinforce the links between consultants from the same Engineering School.

More than ever, the in-house development of consultants is given prominence, whether it is towards Project Management functions, Specialists, Business Managers or Support functions.

The Group also showcases strong internal technical expertise, either through workshops on technical communities or by empowering them with awards.

We must also note: the digitisation of Annual Appraisals and Professional Interviews, tested for Support functions in 2015, was deployed at the end of 2016 for consultants.

With respect to **Managers**, half-yearly Career Committee meetings bring together operations managers who review the performance of each Business Manager. On this occasion, they also review sales, recruitment and development results as well as compliance with process and the quality of monitoring. Also, decisions are made regarding hierarchical changes and functional and geographic mobility. Furthermore, every year, the annual assessments of the Business Managers provide the opportunity to review the previous year with their line managers and decide on action plans needed to achieve goals. Lastly, the AMPLIFY training paths are designed for

Business Managers to acquire essential skills and expertise. Throughout their career, individual support, classroom-based learning or e-learning modules reinforce what they learn in-the-field, with operational performance as the goal. Also of note, an «integration passport» is now in place in ALTEN in both France and Germany intended to provide new managers with the benefit of support of an experienced manager and supervision in certain key assignments: sales prospecting, job interviews, preparation of technical meetings, etc.



Dynamic career paths in **support positions** ensure we can fill one out of three positions from within the Group. This statistic has remained stable for over three years. The employees have opportunities to develop their careers in different ways. They can acquire expertise in their profession and become a leader for their area, or opt for a supervisory career. Moreover, each business line offers generous possibilities of working on cross-disciplinary projects, such as the implementation of information systems and process harmonisation. This is because ALTEN's development keeps on bringing up new subjects to be deployed. To keep pace with all these career development options, the Department for Development of Support Positions («DDS») introduced a number of different evaluation processes several years ago: Annual appraisals and Career Committee meetings. Beyond providing daily support for managers, multi-channel training ensures skills development. The DDS supports employees through career interviews so that they can plan and shape a future in the Group. These interviews also serve to organise internal transfers, which align as closely as possible with their career aims and competencies.

The Group's subsidiaries also take care to deploy customised tools to identify and develop their talents. For example, in Germany, ALTEN GmbH has a bespoke coaching programme to support managers and consultants at every stage of their career. Consultants in Germany have two annual appraisal reviews to analyse their performance and career development possibilities.

In Italy, annual appraisals are used to create standard career paths (national and international) that can be accessed on the Internet. A skills map has also been created.

Lastly, ALTEN and its subsidiaries introduced various tools for collaborative skills management and to adjust training and hiring plans. In France, for example, ALTEN introduced a new platform for engineers, managers and recruitment staff two years ago to fine-tune the mapping of skills and to optimise the search for profiles matching customer needs. In Spain, an in-house application, accessible to all employees, was developed in 2015 to consolidate all information on hiring and internships.

This mobility allows all employees to develop their skills, giving a boost to their careers and expanding their horizons through the discovery of new cultures. Thus, in 2016, 122 employees in France were recruited through inter-company mobility.

#### • Skills development and enhanced employability

ALTEN is a player in a society that is constantly changing. The Group's training policy takes into account these changes and prepares for tomorrow's challenges, with the main objective of adapting the skills of its employees to the needs of the market and supporting them in their professional projects.

## ALTEN, Employer© 2017



For the sixth consecutive year, ALTEN was named Top Employer© France 2017, which rewards companies for their HR policy deployed in 2016.

This label is awarded based on internal audit built upon a reference framework of 400 HR practices covering different aspect of human resources: training, development, career management, diversity, well-being policy, societal responsibility, communication, corporate culture, etc.

ALTEN stands out for its young talent management and development policy, its large-scale training agenda, and its role as a career springboard in particular for young graduates. Note also, the certification of ALTEN Spain (for the second year running), ALTEN Italy and ALTEN Technology (Germany) in 2017!

#### • Internal mobility

With a view to relying in the first place on its employees in its international expansion, ALTEN has also implemented tools to collect and organise requests for mobility. Geographic and functional mobility is encouraged in the ALTEN Group. ALTEN Group's international development brings with it opportunities to pursue careers abroad. Trained in France, some motivated business managers, who speak the local language and have a proven track record, are given responsibility for exporting our business model to the new entities.



Each Group entity has its own specific training department, giving it greater proximity to employees. Moreover, ALTEN's internal university, the ALTEN Training Center (ATC), an accredited training organisation, promotes internal training, and structures and diversifies training opportunities for all employees, regardless of their job. It is also a platform for dialogue and a source of role models, thereby generating genuine internal cohesion.

ATC proposes a complete offering, based on varied and innovative teaching materials: classroom-based training, co-development, practical training workshops, e-learning or distance learning. The rich diversity of the courses offered by the ALTEN Training Center constantly reinforces the employability of employees.

#### The ATC deploys two flagship programmes:

- **Project Management:** designed for project managers and engineers, with the aim of ramping up the skills of project personnel, disseminating shared project management practises in the Group, and deploying internal methodologies. These courses address two main focuses identified as essential for the success of the projects conducted by ALTEN: a technical focus (Workpackage Management – ALTEN methodology –, financial management of a project, etc.) and a project management focus (customer relations, communication, people management, leadership, etc.).
- **People management and leadership:** focused on the development of shared managerial practices, the management training programme for support functions is constantly changing to adapt to the issues encountered by

our managers. A framework of managerial skills has been built to create a training programme tailored to each career path. Whether they are junior or experienced, our managers are supported in their role through different courses adapted to their needs.

More technical programmes are developed for some professions by capitalising on the knowledge of our experts (HR, finance, nuclear, railway, etc.) as well as cross-cutting programmes related to security, sustainable development, etc.



ALTEN has an in-house university dedicated to the development of the skills of its Business Managers. Accessible both in France and abroad, AMPLIFY programmes support managers throughout their career in the Group. AMPLIFY courses are run by more than 70 in-house instructors, who are themselves Operations Managers with ALTEN. They combine group classes based on practical cases, digital learning, tutoring and in-house certifications that make it possible to validate experiential learning. A veritable backbone of the manager's career, the AMPLIFY programmes enable young engineers to acquire all the fundamentals of the manager's profession: business, recruitment, management, management of a profit centre - and then continue to develop by addressing each of the subjects in a more in-depth manner: supervision of other managers, management of commitment projects, agency management.

Offering its employees an educational and collaborative environment is a key means of equipping ALTEN to rise to the challenges of tomorrow.

## Focus on digital learning

In 2016, ALTEN continued the digitisation of training by:

- developing new training resources and uses;
- continuing to develop e-learning and rapid learning;
- assisting each employee in their job by providing various packs such as the «Welcome Pack»;
- reinforcing existing classroom-based training courses with digital material;

The objectives of this digitisation are as below:

- raise the awareness of employees to mandatory issues (data security, occupational risks, CSR, etc.);
- reinforce professional training;
- add, to the time allotted to classroom-based training, the possibility of learning or reviewing certain notions from a distance;
- increase information retention after a training programme by proposing distant «post-training» actions;
- improve the integration of employees by proposing distant integration sessions.

## Talent'Camp technical conferences

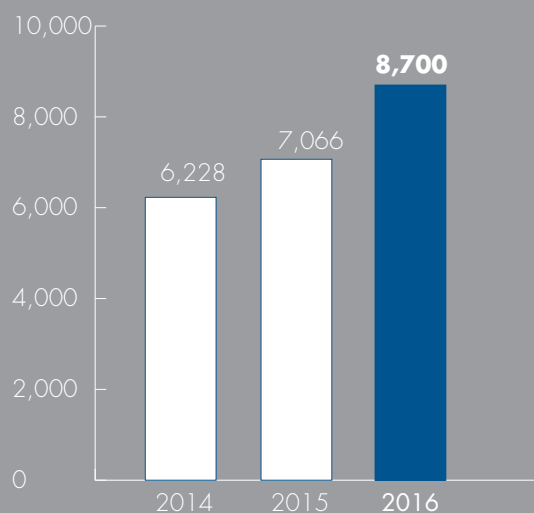
Still in a perspective of continuous improvement of skills, ALTEN organises technical conferences for employees.

Consultants from the Networks and Telecoms Information Systems (SIRT) Division attended the first session on the theme of IT Service Management on Tuesday 11 October: at a time of far-reaching changes in uses and needs (uberisation of services, omni-channel nature of the customer relation, acceleration of time-to-market, etc.), IT organisations are undergoing a revolution marked by the hybridisation of infrastructures (Cloud), resources (outsourcing) and delivery models (DevOps). Faced with all these issues, the ITSM must adapt to meet its goals of streamlining, traceability, performance improvement and quality of service for the company's IT activity.

Eric J., Project Director, discussed this situation by presenting a review and development prospects of the ITSM. His testimony is illustrated with the feedback by Stevan S. an ALTEN consultant in the SIRT Division and an expert in this field. It was also the occasion for participants to discover the ITSM SaaS solution by the publisher ServiceNow.

In France and outside France, the focus is on training with more than 190,000 training hours provided during the CSR scope and 8,700 persons trained.

Evolution of employees trained



- In 2016, in France, nearly 114,400 training hours were thus provided. A total of 3,586 employees (almost 33% of employees) attended at least one training session. In Germany, Belgium, Spain, Italy, Sweden, the Netherlands and India, nearly 76,000 training hours were recorded for 65% of employees.
- In Belgium, the ALTEN Associate Programme aims to stimulate the integration of high-potential young employees by offering training on skills development or project management. It also promotes exchanges between consultants during meetings and conferences. In 2016, four training sessions on «Software testing & computer validation system» were held for young graduates as well as certification sessions in the «Prince2» project management method. In 2016, 224 employees were trained, it's about 3,900 training hours.
- In Spain, an innovative solution known as "I Cloud" was rolled out to resolve the difficulties of providing classroom-based training for employees. This effective and dynamic tool helps improve the knowledge of employees and promote their professional development, while at the same time improving ALTEN's customer service. ALTEN Spain also uses the AULA streaming platform, which is an internal platform that proposes several training courses: databases, JQuery, HTML5, PMP, etc. In 2016, 366 employees were trained, it's about 20,600 training hours.

- In Sweden, employees attended 104 training courses. This represents 12,500 of training hours for 1,703 participants.
- At ALTEN Technology in Germany, language and management courses are offered in addition to the technical and mandatory modules required by clients. ALTEN GmbH in Germany offers two compulsory project management courses to all new project managers. The two sessions take place in two days. They are held outside the company. In 2016, 1,030 employees were trained, it's about 15,500 training hours.
- In 2016, Italy tested the in-house University, ALTEN Italia Techno Academy, dedicated to engineering, through theoretical and practical training and courses focusing on thesis development. In 2016, this represented 195 participants and 2,496 training hours over 13 weeks. In 2016, ALTEN Italia gave a total of more than 14,500 hours of training for 646 people.
- In India, all employees are required to take a minimum of 45 hours of training per year. In 2016, 502 employees were trained, it's about 5,600 training hours.
- ALTEN Netherlands has its own training institute: «the ALTEN Academy». ALTEN Netherlands offers training services to its clients. In 2016, each employee participated to one training at least.

## 2.3 DIVERSITY LIES AT THE CORE OF THE GROUP'S HR POLICY

Today, the Group builds on this diversity and has made it a central focus of its HR policy. By making diversity a priority, stereotypes about engineering careers can be disproved and the goal of hiring 3,000 new engineering consultants in France 2017 can be met.

- **Engineering is multicultural**

Cultural diversity is very real for the ALTEN Group, a genuine melting-pot of skills and employee profiles. Internal mobility, the Group's international growth and the quality of the recruitment process have fostered this diversity.

- **Engineering careers are not reserved for men**

Female secondary-school students, interns, apprentices, employees...throughout their career paths, ALTEN is committed to demonstrating to young women that engineering careers are not only for men. This commitment is evidenced at every stage, from hiring all throughout the hiring process and on-boarding to loyalty-building.

ALTEN thus puts into place preferred partnerships with entities such as «Elles Bougent» («Women on the move»), «Pasc@line» or Syntec Numérique, in order to develop the scientific careers of secondary-school female students and motivate them to turn towards engineering careers.

Internally, ALTEN takes measures to promote gender equality, and hopes to build employee loyalty among its women employees. In 2016, regardless of function, 38% of women within the CSR scope (without Sweden<sup>2</sup>) attended at least one training session during the year. Their development is managed by HR committees and annual assessments, using the same criteria as for their male colleagues. On the Board of Directors, they account for 40% of members.

Furthermore, in 2013 ALTEN formed the «Elles d'ALTEN» internal network composed of women engineers from the Group. The objective is to enable cross-sector exchange between women colleagues, promote gender balance and female leadership within the Group, and to contribute to the development of the recruitment of women engineers. These engineers represent a pool of potential female sponsors for the Group's actions through the «Elles Bougent» association (see page 77 under the heading «Elles Bougent»).

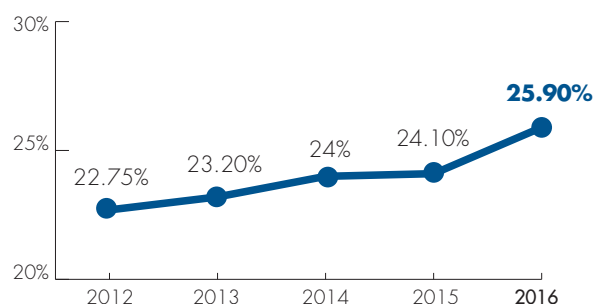
The concern is to also integrate them into the life of the company. All of the female sponsors were invited to represent «Les Elles d'ALTEN» at the Women of Industry Awards alongside ALTEN's Director of Recruitment, department managers and Chairman and CEO.

In 2016, ALTEN spotlighted women engineers through portraits in the «History of Women Engineers» Portfolio. In each one of these ten portraits, the women speak about their career path and profession.



Sweden has also formed an internal network composed of women called Women@ALTEN. They meet on a regular basis and organise events (meet-up, after-works, sports activities, etc.) throughout the year. Human Resources has also introduced a project aimed at attracting students. ALTEN Sweden also participates in PEPP, a mentoring programme providing advice and assistance about career choices to young women interested in the technology sector.

All of these measures have ensured that the proportion of women in the Group's workforce in France has been steadily increasing:



<sup>2</sup> Sweden is not included, due to local legislation; Sweden limits gender statistics.

## • Engineering careers are compatible with disability

Both in France and abroad, ALTEN is tackling the problem of the shortage of disabled engineer candidates, confronted by a lack of infrastructure for higher education, and sometimes by preconceived ideas. The Group is gradually implementing a disability policy with pragmatic responses to the issues involved in hiring, job retention, and creating awareness regarding disability.

Since 2013, employees have had access to two e-learning courses intended to raise awareness and to facilitate integration of disabled people into the organisation. The objective of the first is to change views and attitudes regarding disability. It is an animated, entertaining and instructive film that describes the main challenges facing people with disabilities in a business. The second e-learning course, presented as a serious game, seeks to provide insight on incapacitating illnesses and to counter a number of common stereotypes.

In 2015, a disability-specific platform was introduced, accessible to all employees, which centralises a wealth of interactive information on training and awareness raising: e-books, e-learning modules, serious games and external videos. Moreover, a fully confidential disability help line, manned by a specialised outside contact person, answers employees' questions.

ALTEN has also organised awareness-raising workshops in partnership with the Action Handicap France organisation for employees at its Boulogne headquarters and in Toulouse. The participants tested their knowledge through a general interactive quiz on disability and also had the opportunity to test an electronic white cane.

These pilot workshops were very popular amongst employees as nearly 200 attended them.

In 2016, the internal organisation focusing on disability was reinforced. A dedicated division is in charge of a number of tasks at ALTEN:

- improving relations with the sheltered sector by promoting subcontracting to EAs (disability-friendly companies) and ESATs (centres that facilitate integration into the labour market for people with disabilities);
- raising awareness and training ALTEN employees by combating the negative stereotyping of persons with disabilities;
- retaining disabled employees in their jobs by providing them support throughout their careers.

A direct access button to the platform has been configured on the intranet homepage and a new cartoon has been drawn. It aims to put an end to stereotyping and negative perceptions of disability.

In 2016, a number of awareness-raising workshops were organised in both Boulogne and Toulouse. A workshop focused on deafness and hearing impairment. By providing an introduction to sign language, this workshop has raised awareness about communication between deaf and hearing people.

An important conference on disability-related prejudice was held on various sites. An expert from LADAPT (Association for the Social and Professional Integration of the Disabled) in attendance had the opportunity to answer all the employees' questions about disability.

We also completed mapping of purchases from the sheltered sector in 2016 to identify and target new partnership opportunities in 2017.

See also section «17.5.3 Employment and integration of employees with disabilities» in this report.





## When ALTEN's R&D mobilises to help...

The Group's commitment extends beyond raising employee awareness and includes innovation through R&D projects focusing on personal care services conducted in partnership with recognised bodies:

- immersive augmented reality for treating disorders: autism, fears and phobias, etc.;
- urban drone applications for students travelling around the city;
- working with the Institut de la Vision to model the behaviour of visually impaired persons;
- a Guardian Angel drone developed with the winner of the 2014 ALTEN Open Mind Challenge;
- computational augmented reality eyeglasses for those visually impaired by age-related macular degeneration (with the National Centre for Scientific Research).

### • Engineering has no age limits

While the average age of ALTEN employees is relatively low (within the CSR scope, almost 70% of employees are under 35), the expertise of more experienced employees has helped to capitalise key knowledge and skills for the Group. The Group has a dedicated process for managing their career paths, comprising a "second half of career" interview and special access to training. At the same time, ALTEN ensures that their expertise is passed on to the Group's young graduates, interns and those on work-study placements. The Group takes on many young people through internships, apprenticeships or work-study schemes, mostly in the support function areas that are better suited to this type of contract.

Each young person is supervised by an ALTEN tutor, responsible for helping the new employee settle in and his or her satisfactory performance. The tutor passes on his or her knowledge to the student, ensuring that they gradually acquire new skills in accordance with the training programme and their future profession. At the end of the contract, a successful internship can lead to a permanent contract: for ALTEN, the integration of work-study students is a chance to train employees in the Group's occupations and identify the best potential future employees.

In 2016, one of the interns from the IT Division in Germany GmbH won the «Best German Intern» award in the Information Systems sector. In Germany, the Chamber of Commerce and Industry awards students with the highest scores on their exams. In 2016, 200 students out of 300,000 were awarded, representing 0.06% of the graduates.



## 2.4 EMPLOYEE SAFETY

The safety of our employees is a top priority. In France, the Group is rolling out a comprehensive health and safety programme for its employees, with regard to the requirements of our customers, regulations and high standards set internally. This strategy is based on:

- **Risk prevention**, by identifying all risks to which employees may be exposed, raising employee awareness of those risks and measures to be taken for prevention and protection, including dialogue and communication with the Health and Safety Committee. All the Group's subsidiaries reaching the relevant regulatory thresholds organise CHSCT meetings, convened as often as the law requires;
- **Training**, with a proactive approach to both regulatory and voluntary schemes. In 2016, more than 15,000 hours of training were dedicated to safety, and since 2011, 424 managers have attended stress management training sessions;
- **Awareness training** for employees regarding specific risks are regularly organised on site. The «Health, Safety & Environment» booklet was launched at the end of 2012 and is updated on an annual basis. Circulated to all employees, it is the reference document for awareness-raising;
- **The provision of dedicated equipment**, such as personal protective equipment. In addition, since 2012, all of ALTEN's sites have been equipped with defibrillators;
- **Monitoring regulations and standards** enabling ALTEN to respond to and anticipate safety regulations as early as possible.

In addition, ALTEN has had MASE - Manual for the Improvement of Company Safety - certification since 2008 (in Lille, Rhône-Alpes and Aix) and CEFRI (Certification for Working in Radioactive Sites) certification since 2007, bearing witness to the efforts made and the success achieved thanks to procedures and the manner in which the Health and Safety management system operates.

See also section «17.5.6 Health and safety» in this report.

### Organisation of working time and absenteeism

In 2016, the part-time workforce represented 1.7% of employees in France.

Levels of absenteeism reflect the aggregate of days of absence through sick leave and work or commuting accidents. In 2016,

in France, it amounted to 1.62%, down slightly compared to the 2015 and 2014 figures.

No occupational illness was reported within the ALTEN perimeter.

### Safety and the digital world

In the era of digitisation of services, the ALTEN Group is digitising personal safety management. Following the introduction of an e-learning platform covering all of the security training tools, 2015 was the opportunity to digitise management of prevention, personal protective equipment (PPE) and HSE risk management plans linked to the business. In essence, all the relevant business functions can access crucial safety information on the MySafety platform to meet three priorities:

- improving knowledge of employee safety risks by all of the internal stakeholders;
- increasing the level of control over HSE risks;
- building the platform on a collaborative basis, so that each person can be invested in the continuous improvement of safety management.

### Focus on ALTEN CARE

Within the context of its Health and Safety policy, the ALTEN Group has built its own framework. Based on business best practices and standards such as OHSAS 18001, CEFRI and MASE, this framework defines all of the Group's HSE requirements, the processes to be implemented and KPIs to follow and report back to the Group.

«In view of our Group's growth both in France and abroad, the challenges surrounding the safety of our employees keep getting bigger. As a result, we must support all of our structures to respond to the challenges and reduce HSE risks through a shared framework. Introducing a network of HSE correspondents also makes it possible to significantly improve skills, gain knowledge and achieve positive synergies» declared Nicolas Guibout, Head of Quality & Performance (QHSE, ISS, CSR).

Drawn up in 2016, this policy framework has a defined implementation plan to cover all of the major perimeters.

## 2.5 QUALITY OF LIFE IN THE WORKPLACE

The ALTEN Group is committed to implementing concrete actions designed to promote the development of talent, quality of life at work and welfare in the workplace. As a result, a large number of recurring or one-off actions have been introduced in France and in the Group's subsidiaries abroad:

- In France and Spain, a new employee **orientation handbook** was made available: useful information about the Group's organisation, its values and commitments and opportunities for career advancement. This handbook facilitates the integration of each employee into the company by making a wide range of key information available which is crucial for successful orientation and faster onboarding.
- For over 25 years, the Group's engineering consultants have supported their clients in projects involving technological challenges, in France and internationally. Because innovation and research into technical solutions are part of ALTEN's DNA, the Group is committed to **promoting the talents** that contribute to its success. At the end of 2015, ALTEN launched the first round of the ALTEN AWARDS. Divided into seven categories, the competition rewards the achievements of engineering consultants:
  - ALTEN Award for a Project Manager of a Structured Project;
  - ALTEN Award for Innovation;
  - ALTEN Award for Contribution to Corporate Development;
  - ALTEN Award for Mobility;
  - ALTEN Award for Most Promising Start;
  - ALTEN Award for Site Manager of the Year;
  - ALTEN Award for Sustainable Development.

The results of this new challenge were announced during the awards presentation ceremony in March 2016.

The jury, made up of members of General Management, the Technical Department and Support Services, selected the nominees and winners from a total of 90 applications. The winners received

their trophies in Paris in the presence of Simon Azoulay, Chairman and Chief Executive Officer of the ALTEN Group and Management Committee members.

Four women and four men were congratulated for their work in their respective fields.

At the end of 2016, ALTEN launched the second edition of the ALTEN AWARDS, with the new category:

- ALTEN Award for a Digital Project.

The results of this new challenge will be announced during the awards presentation ceremony in April 2017.

In line with the Group's strategy, ALTEN Netherlands has organised an ALTEN Tech Challenge, the goal of which is to promote innovation between employees and students.



- To promote the health and welfare of its employees, the ALTEN Group encourages and supports numerous ad hoc actions all over the world:
- In France, weekly express massage sessions and yoga courses are offered to employees at the registered office;



- In Belgium, relaxation areas with babyfoot and PlayStation are provided for employees, in addition to the yoga classes that have been available for the past two years. Urban football games have also been organised every Monday for the employees;



- The Group also supports setting up ALTEN teams, sponsored to participate in various running events:
  - In France (especially including the Soli'run and Corrida de Noël),
  - In Belgium (the Brussels 20K and Spartacus Run obstacle course),
  - In Spain (the «Carrera de las empresas» inter-company challenge),
  - In Germany (four races with more than 80 participants from ALTEN GmbH; marathons - Hamburg Marathon, Hamburg Triathlon, Hamburg Cycle Classics -, triathlons, cycling races and other sporting competitions at ALTEN Technology),
  - In Sweden (races for trail running, running, sailing and competitions between employees or with the Group's customers),
  - In the Netherlands, ALTEN has teams participating in marathons in Rotterdam and Eindhoven. A team also participated in the 2016 Rotterdam Harbour Run.
- In India, sports and team spirit are also spotlighted as cricket tournaments between employees (ALTEN Calsoft Premier League has been in existence for the past six years) or companies are organised on a regular basis;
- There are regular awareness campaigns promoting a healthier lifestyle or incentives for people to opt for cycling over cars for commutes offered to employees of ALTEN GmbH in Germany. In 2016, they even participated in the «With Bicycle to Work» campaign for an insurance company with the goal of increasing their cycling activity;
- ALTEN Sweden introduced an internal sporting network called ALTEN Sport. In 2016, 53 sporting activities were organised, including races, tennis, football and Gaelic football matches, etc.;
- ALTEN Spain introduced a social network called «ALTEN B+Healthy» to encourage employees to form groups and teams for a variety of sports;
- Italy created partnerships with fitness centres and spas;
- A number of teams from ALTEN Netherlands also participated in the largest grass volleyball tournament in Europe. This event, called Hajraa and organised by the Eindhoven University of Technology, attracted more than 4,500 participants.

- Reachable to all on the intranet portal, a **suggestions box** encourages all employees to propose improvements in areas such as wellness, business, processes, tools, activities, any other subject that they feel strongly about. This ideas box constitutes an inexhaustible source of participative inspiration and innovation for the Group.

In 2016, 88 suggestions were submitted on a variety of topics: improving the quality of life in the workplace; the environment; training and conference suggestions, etc

**100%** of suggestions are examined and each contributor receives a personal response. The Sustainable Development Department is responsible for ensuring that the process is carried out properly.

- Through the internal «Our personnel has talent» programme, for several years now ALTEN has sponsored various activities carried out by employees outside of work, either their own favourite pastimes or personal initiatives in the fields of sport, humanitarian action, science or culture. ALTEN encourages and promotes young talents acknowledging their diverse nature. In 2016, 14 projects have been supported. The Group sponsored Timothé, an ALTEN Department Head and sailing enthusiast who participated in the 2016 Tour de France à la Voile, an annual yachting race. ALTEN also continued to sponsor the Cocliclown organisation founded by Henri, a business manager in Aerospace and Defence, which organises shows and activities for hospitalised children. Maxime and his team of business managers were also sponsored to participate in the Pays d'Aix Ironman Triathlon.



Nos salariés  
ont du  
**talent**

## A look back at 4 award-winning projects through internal sponsoring in 2016:

### Club BRUT - Barbarians Rugby of Universities of Technology

Christopher is a member of Club BRUT (Barbarians Rugby of Universities of Technology) which brings together alumni from UTC, UTT and UTBM to play First Division rugby for FFSE (French Federation for Company Sport). In 2016, the Club won the international competition held in Ghent, Belgium, which included 72 women's and men's teams.

### Will Foundation (NGO)

Loïc is a volunteer for the Chinese NGO «Will Foundation», whose goal is to assist disabled orphans until they become independent or are able to hold down a job. Loïc spent eight months in China and was involved in the construction of a new orphanage building more adapted to accommodating disabled children.

### The 24-hour non-stop Solidarity Race on the Roman road

Guillaume and Christophe ran in the 24-hour Solidarity Race in Lillebonne which contributes one euro for every kilometre run to the «Together Against Meningitis» association..

### A Rose, Hope In The Fight Against Cancer

Charlotte, a member of the «A Rose, Hope In The Fight Against Cancer» association, participated in an event which brought together a large number of volunteer motorcyclists and non-bikers to collect donations by selling roses. All these donations were turned over to the Meurthe and Moselle League Against Cancer.



# Stimulator of innovation

## 3.1 PROMOTING ENGINEERING PROFESSIONS

The Group shares its skills and experience and prepares today's talented young individuals to meet the challenges of tomorrow. ALTEN also highlights initiatives and projects led by outstanding engineers by offering two trophies.

### Fédération Genius



In February 2016, ALTEN signed a partnership agreement with Fédération Genius. The Group is the first player from the business world to support this young organisation which unites a number of associations that promote student entrepreneurship. This new partnership reflects ALTEN's commitment to promote the values and culture of engineering in academia. The goal is to educate students on entrepreneurship and to assist young entrepreneurs along this path. The Fédération proposes training and support programmes to students. In that capacity, various events are scheduled throughout the year: workshops, entrepreneur happy hours, brainstorming, week-end start-ups, Pitch Challenge, etc.

### Confédération Nationale des Junior-Entreprises



Premium Partner of the Confédération Nationale des Junior-Entreprises (CNJE) since 2011, ALTEN actively supports this movement of more than 17,000 students. The CNJE's mission is to coordinate, support and create exposure for 180 Junior Enterprises (JE), i.e. student associations located across France in Grandes Écoles and universities.

2016 was characterised by a desire to encourage partnerships to continue to promote the entrepreneurial spirit in students by providing key business skills training. In order to do this, ALTEN broadened the scope of its partnerships, offered a wider choice of training and became more involved with Junior Enterprises. This has made it possible to maintain close ties to students and help them learn about career opportunities at ALTEN through recruitment as high-potential Engineering Consultants, Business Managers and Support Function Managers.

In addition to financial support, ALTEN helps young entrepreneurs through skills-transfer sessions to develop their study subjects as a group and build their individual career plans. In 2016, the Group attended two National Congresses (Winter and Summer) and 15 Regional Congresses organised by the CNJE (French National Confederation of Junior Enterprises). Over 1,500 young entrepreneurs were trained

by way of project management modules and intensive training in business prospection, team management, responding to invitations to tender, etc.

At the end of 2016, ALTEN also launched three invitations to tender to Junior Enterprises:

- one invitation to tender for the making of an ALTEN corporate video;
- one invitation to tender for the creation of a digital platform designed to launch contests and/or invitations for sponsoring;
- one invitation to tender to conduct a professional integration study;

25 responses were received and three Junior Enterprises were selected:

- EPF Projets was awarded the «digital platform» contract;
- SKEMA Conseil Lille was awarded the «professional integration study» contract;
- Cap Isen was awarded the «corporate video» contract.

As a Premium Partner, ALTEN helps to evaluate the Junior Enterprises for the Excellence Prize which awards the best structure of the year. In 2016, ETIC INSA Technologies, INSA Lyon's Junior Enterprise, won the prize. The award was presented to the Junior Enterprise's members by Stéphane Dahan, Manager of Recruitment and Engineering Careers.

### Pasc@line



ALTEN also gives its backing to initiatives from the Pasc@line association to promote professions in the digital sector to junior and high-school students. The objectives are to raise awareness among young people about the professional issues at stake relating to the digital revolution, to help educational institutions communicate more effectively on the professions and its career opportunities, to adapt teaching programmes to better prepare young people to meet the needs of companies and the trends shaping the future of IT professionals. ALTEN's presence on the Board of Directors and the Communication Commission enables the Group to exchange and cooperate with teaching establishments and other professionals in order to promote digital culture on all levels of teaching and encourage young graduates to enter a profession which is always looking for new talent.

In 2016, for the second year in a row, ALTEN was chosen to be a Premium Partner of the Excellencia Trophy. This joint initiative of the Commission of Women in the Digital Sector (of

Syntec Numérique) and Pasc@line aims to promote the digital sector to young women, stamp out stereotypes and illustrate the appeal of careers in this industry.

The trophy awarded this year will allow ten female students to realise their professional project by paying for tuition at one of the partner business schools and personalised coaching provided by an expert.

This year, 50 applications were received by the jury and ten graduates were presented with their awards in person, in the presence of Axelle Lemaire, the French Secretary of State for Digital Affairs, at the «DayClick» event organised on 18 October at CentQuatre by Syntec Numérique.

### Elles Bougent

**Elles bougent**

Too few young women choose to train in scientific or engineering subjects and they are still under-represented in engineering professions. With ALTEN's support since 2009, the «Elles Bougent» association sets great store in the value of meetings and testimonies from professionals to promote increased female take-up of high-level technical and scientific careers. Around 15 ALTEN women sponsors - managers and consultants - take part in events with the association to share how passionately they feel about their profession. In 2016, the association celebrated its ten-year anniversary with «Elles d'ALTEN» present in its role as association partner.

- In 2014, Simon Azoulay, Chairman and Chief Executive Officer of ALTEN, was the Honorary Chairman of «Elles Bougent», considerably strengthening ALTEN's commitment to the association.
- In February 2016, ALTEN participated in the fourth «Réseaux et Carrières au féminin», a unique gathering for all women students and graduates preparing to join the employment market and eager to discover the professions of engineer and technician. The Forum aims to not only give these women insight on how to successfully start their careers, but also to develop professional networking solutions for women students, to provide them with the tools required to effectively manage their careers and to enable companies to interact with and identify talented young women. Accordingly, almost 500 students were welcomed throughout the day by 34 partner firms.

- In March 2016, ALTEN also participated in the first Challenge InnovaTech. The idea behind this event was to have small teams of young girls work together to imagine an innovative product or service based on one of the five following themes:

- the sustainable city;
- medicine of the future;
- 3D printing;
- smart objects;
- augmented reality.



The teams had five hours in which to develop their project with coaching from an ALTEN Woman Sponsor.

- On 24 March, ALTEN was partnered with «Elles Bougent pour l'énergie» (Women on the Move for Energy). In Paris and Toulouse, the Group's women sponsors interacted with school and university students. The day was organised around learning activities with various partners contributing and included quizzes, round tables, mock-ups and experiments. 2,000 young girls attended this event throughout France.
- In October 2016, ALTEN accompanied «Elles Bougent» at the Paris Motor Show. ALTEN's «Women Engineering Sponsors - land transport» shared information with the young women about their career paths and advised them throughout the day. Claire V., Manager of the Land Transport Department, also took part in order to share her experience at a round table discussion at the end of the day.



At this time, the «Elles Bougent» association officially launched its contest, «The Connected Car», with the goal of appealing to the creativity of young girls to imagine the car of the future, taking environmental and safety criteria into account. Prizes will be awarded in 2017.

## Supporting student projects

On occasions, the ALTEN Group provides support for student associations or initiatives, whether in the fields of sport, technology, humanitarian action or culture. In 2016, of the 115 applications received in response to our project tender, 20 were short-listed and enjoyed the benefit of financial, technical or material support from the Group.

### Examples of some of the projects supported in 2016:

**Supaéro Space Station:** The SCALAR II (Supaéro CAnsat LAuncher) is an experimental rocket entirely developed by a team of students from ISAE-Supaéro, members of the Supaéro Space Section club. The project consists of carrying out the study, design, and assembly of the launcher. Throughout the year, engineering students tackled the task of designing and managing a rocket project designed to carry a series of sensors to record data. The successful launch took place in July 2016 during C'Space on an army base;



**Kart'ECE:** ALTEN is a partner of Kart'ECE, an association of ECE Paris which offers its students the chance to experience the world of motor sports by combining competition, leisure and the opportunity to raise awareness of safe, risk-free driving;

**ISEP Voile:** for the fifth year in a row, ALTEN lent its support to the ISEP Voile association, whose ambition is to allow as many students as possible to discover sailing and the emotions that go with it; it is a sport often considered as being reserved for a small minority;

**Ecurie EPSA:** for two years now, ALTEN has been associated with the EPSA racing team of École Centrale Lyon. A partnership that makes perfect sense through a joint determination to promote automotive innovation and

entrepreneurial spirit, while taking full account of society's latest environmental issues. Additionally, it promotes exchange between students and ALTEN engineers. This competition was the opportunity for ALTEN to deliver expertise via technical leadership and team coaching given by an ALTEN aeronautics engineer;

**Formula Student:** in Germany, ALTEN GmbH partners the Formula Student project, a global student competition to enhance the design of racing cars that are more environmentally friendly and fitted with internal combustion or electric engines. Once again this year, four teams from well-known universities and schools were sponsored (KaRaT Kaiserslautern, CAT Racing Coburg, Ecurie Aix Aachen and Einstein Motorsport Ulm);

**Cartel des Mines:** ALTEN sponsored the 2016 edition of the Cartel des Mines. For four days, close to 1,500 students from top engineering schools («écoles des mines») in France, Italy, Spain, Morocco, Germany and Poland came together for a sports competition;

**Air Expo:** The aim of Air Expo is to celebrate and promote aviation. ALTEN participated in the 30th edition. Organised from start to finish by 45 first year students from ENAC and ISAE-SUPAERO, Air Expo is one of France's largest airshows;



**Olympiades des Sciences de l'Ingénieur:** the largest national science and technology competition took place in May: 1,200 projects were presented by the 5,000 students participating in the 2016 edition. Stéphane Dahan, Manager of Recruitment and Engineering Careers at ALTEN, awarded the Engineering Prize to PARADIVE, a project from students attending Lycée Stéphane Hessel in Toulouse. PARADIVE is a system designed to detect when a valuable object becomes detached during a dive, to bring it up and signal its presence on the surface.

## 3.2 SUPPORT OF TALENTED ENGINEERS

### The Open Mind Challenge

The first round of the ALTEN Open Mind Challenge was held in 2014, under the auspices of the ALTEN Innovation Center. The competition was organised in partnership with the National Confederation of Junior Enterprises (CNJE) and targets CNJE member schools through a call for projects aimed at students. Applicants submit to ALTEN, through a detailed technical file, a technology project that is both innovative and sustainable, and which can be conducted by a team of students during their final-year internship. ALTEN selects the winner from among the most realistic, creative and innovative proposals, in which the sustainable development aspect appears to offer significant added value. The winner selection comes after a rigorous selection process including the identification of finalists who present their project before a panel constituted by ALTEN. The winner receives a prize and the chance for his or her team to complete the project as part of end-of-course internships at ALTEN, overseen by ALTEN experts. Ownership of the work is ultimately transferred to the winner, who can use it as he or she wishes, to support an NGO or to create a start-up for instance.

INSA Toulouse students won the second round of the OpenMind Challenge in 2015. The team joined the ALTEN Innovation Center in 2016 for a unique final-year internship. Its goal is to carry out the initial work with the aim of developing their own project, with the support of ALTEN's resources and expertise. The aim of their project in the long run is to build structures by assembling a series of small polyhedrons joined by magnetic force in a network. This network of geodes will transmit electrical energy and data, and can be used to create all sorts of temporary structures, such as bridges, sheds, tables, chairs, etc. The key is foolproof adaptability and rational consumption of raw materials. ALTEN was convinced by the highly technological and very innovative character of this concept, its sustainable dimension, the multitude of possible applications, and the motivation shown by the project developers.



### Women of Industry Trophy

ALTEN is a partner of the Women of Industry Trophy. This annual event, organised by «L'Usine Nouvelle», aims to honour the careers of women who have distinguished themselves at the highest levels of industry.

ALTEN has been a partner of this event for five years.

Simon Azoulay, Chairman and CEO of the ALTEN Group, awarded the «Femme de Projets» prize. This trophy rewards «a woman who managed an industrial, technological or scientific project that transformed a company».

This initiative is part of ALTEN's commitment to promote engineering professions, with one of the main objectives being to arouse women's interest in the field. It supports the work carried out since 2009 by the Group alongside «Elles bougent», an association that promotes the engineering profession among young women.

### Engineer of the Future Award

In October, for the third year in a row, ALTEN was part of a panel of professionals responsible for selecting the winner of the Engineer of the Future Award, at the 15th edition organised by SYNTEC Ingénierie, in partnership with the Ministries of the Environment, Energy and the Sea; Economy, Industry and the Digital Sector; Housing and Sustainable Homes and ADEME (the French Environment and Energy Management Agency). This competition promotes the projects of engineering school and university students or apprentices who have developed scientific and technological solutions to address tomorrow's challenges.

The theme of this year's Engineer of the Future Award is «Rethinking the regions» and is open to multidisciplinary teams. It targets students from engineering schools, universities and apprentice training centres (CFAs). Nicolas G., Head of Quality & Performance Division (QHSE, IS, CSR), represented ALTEN and participated in the selection process alongside other panel members.

This year, the award was won by the Comforttrain project from students attending Paris Dauphine and INP Bordeaux. The project aims to improve management of passenger flows in trains, optimise access to platforms and at the same time limit peak traffic during rush hours.

## 3.3 R&D, A STRATEGIC ACTIVITY

The ALTEN Group has made innovation its priority, helping customers enhance their competitiveness by allowing them to benefit from best practice in terms of technology and development methodologies.

This passion is also a strategic challenge. The technological innovation capability of a company or a country is the foundation of its development.

The ALTEN Group has positioned itself as a stimulator of innovation alongside its customers, employees and society by developing innovative and sustainable solutions and supporting talented engineers.

### ALTEN's R&D strategy

Since 2010, ALTEN has implemented a self-funded R&D approach. The work done has been for the purpose of helping to develop new products, services and skills that we can use in future projects.

### Applied multi-technology programmes

Reflecting the innovation projects that our clients assign to us, ALTEN's approach to R&D is fundamentally application-oriented.

Guided by its R&D Division, ALTEN on its own initiative carries out projects to design disruptive solutions to technological, organisational or methodological challenges similar to those experienced by our clients. These projects are bundled into thematically related research programmes to maximise our ability to make technology transfers from one industry to another.

ALTEN's R&D programmes are designed to support sustainability. They seek to bring together environmental and societal dimensions, and highly technological, innovative projects.

### An activity with strategic stakes

R&D activity is run collaboratively. Within the Company, this means using human resources operating on specialised platforms (programme leaders, project managers, engineers, technical experts, etc.) as well as doctoral candidates funded by the Group on so-called CIFRE contracts (a French acronym for an industrial employment arrangement for training through research).

Outside the Company, it means making use of numerous partnerships, both industrial (innovative SMEs and large companies) and academic (government and private

laboratories and university or engineering school laboratories).

As our R&D work is centred on the front end of the innovation cycle and unhitched from the Group's commercial activities, it is first and foremost a powerful way to build skills, accelerated and given structure by our industrial and academic partnerships.

The R&D Division also has a mission to help develop our products and services, and to make them more competitive. It draws on the Group's Technical Departments to identify priority technology objectives, making the results of its work available to customer projects: presentation of demonstrators that showcase emerging know-how, standards for new types of consultations, tighter control of the analysis of specifications, etc.

Lastly, enhancing R&D enhances the image of ALTEN. For clients, it shows that the Group can respond proactively to tech-heavy projects. For employees, it helps develop technical skills. For job candidates, it shows the Group's ability to get ahead of future technological issues.

Since 2010, ALTEN's R&D programmes have been based on four major interlocking themes:

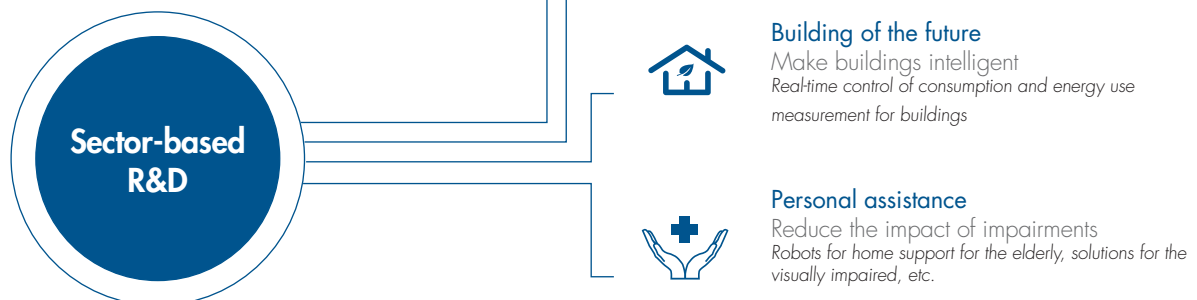
- global security and risk control;
- sustainable mobility;
- energy performance;
- quality of life and consumer services.



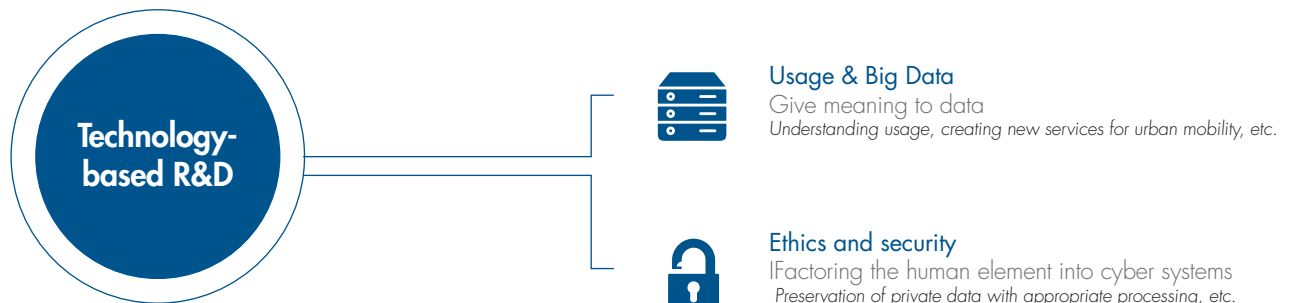
## A structured R&D approach

Since 2014, the R&D approach has been structured around six major innovative and sustainable programmes, broken down into four sector-based programmes and two technological programmes. These programmes are broken down into sub-programmes, before being split into R&D technology projects.

### Sector-based R&D programmes:



### Technology-based R&D programmes:



These programmes give ALTEN the opportunity of developing its core business skills (systems engineering, embedded systems, artificial intelligence, mechatronics, signal and image processing, mechanics, information systems, telecoms, big data, cyber security, etc.).

### Drone networks



The drone research programme was launched in 2012 in collaboration with an innovative SME in the field. This programme for the design of an unmanned fixed-wing aircraft intended to bring relief to victims of natural disasters has since been boosted significantly by extending to include unmanned rotary-wing aircraft, intended, for example, to provide security for the travel of young students, or travel assistance to people with motor disabilities.

In 2016, a large part of the research work carried out in previous years was continued. Examples include:

- telemetric systems (Radar, Lidar, infrared, ultrasound, etc.) for the geolocation, detection and identification of obstacles for autonomous avoidance systems (algorithmic, command control and artificial intelligence techniques) and return to the original flight plan
- developing image-based localisation solutions to improve the drone's sensor performance

### Autonomous vehicles



Initiated in 2012, the «Fog» programme, designed to develop a solution to improve vision in fog by means of image processing, continued in 2016 by introducing image differentiation analysis based on the degrees of interest («relevance»).

Activity in 2016 consisted in pursuing the «Hypovigilance» programme, initiated in 2014, to measure driver alertness, ability to drive and risks associated with automatic (supervised) or autonomous (unsupervised) driving.

### Building of the future



This new programme was initiated in 2014 as part of an R&D collaboration agreement signed between ALTEN and Bouygues Energie et Service for the development of innovative solutions for the energy efficiency of buildings.

The programme to develop an innovative telemetry solution for utility network consumption (water, electricity, gas) adapted to existing buildings continued in 2016.

Occupancy measurement work in buildings has been initiated to supplement usage control measures.

### Personal assistance



This programme was initiated in 2011 in partnership with renowned laboratories. Work continued on targeted projects in 2016.

The initial work to improve image processing from optical coherence tomography concluded with a doctoral thesis which validated the many gains made in characterising eye conditions such as age-related macular degeneration.

Work on HomDocBot, home care assistant robots for the elderly, designed in conjunction with Institut des Systèmes Intelligents et de Robotique (ISIR - Université Pierre et Marie Curie), continued in 2016. The work mainly concerned:

- 3D characterisation and modelling of the environment in real time;
- optimising learning techniques to maximise the performance of anti-collision algorithms;
- the smart movement of the robot taking into account the experience of the obstacles encountered.



### Usage & Big Data

This new programme aims to give ALTEN experience in the management of the contribution of Big Data in the modelling of user behaviour (in services).

For the most part, work in 2016 continued the work carried out in 2015 to deal specifically with problems of «urban transportation and mobility» by modelling user behaviour (walking, vehicle use, including ride-sharing, bus, urban railway transportation) and recommending the most economic (time, distance, etc.) or the most environmentally-friendly solutions.



### Ethics and security

This new programme aims to give ALTEN experience in the control of the “ethical” design principles of systems managing personal data.

The objective is to take into account, in the data storage and data processing architecture, and as such, in the resulting data stream, the strict «need to share», with the aim of limiting as far as possible the exposure of the most sensitive data to the risk of theft and to prevent commercial or malicious use.

In 2016, the work mainly concerned identifying technology opportunities contributing to securing a two-wheeled fleet.

### A comprehensive approach supported locally

Group subsidiaries also invest in R&D.

In Spain, the R&D Division gives work to volunteer consultants, allowing them to extend their skills by becoming involved in ALTEN or customer projects (application improvement or development, deployment of pilot projects, research on new technologies, etc.). This high value-added programme will not only increase the overall knowledge of the Group's engineers, but will also encourage their secondment to new customer projects and develop their employability. New projects are thus developed each year.

The main purpose of ALTEN in the Netherlands is technological innovation. The projects involve microchip development, embedded systems, SoftWard software solutions, etc.

In Germany, ALTEN GmbH introduced a number of R&D projects dealing with the automotive sector:

- reconstruction of an E-car;
- production of an electronic control unit;
- production of stability control software.

In Sweden, ALTEN is the partner of ICES which is the skills centre for the Royal Institute of Technology in Stockholm. It is made up of researchers and industry leaders.

Artemis EMC<sup>2</sup>, a committee working on embedded systems and research in general, can also be found at ALTEN Sweden. Lastly, ALTEN Sweden is working on the European platform project, AMASS.

### INNOVATION IS ALSO ORGANISATIONAL OR METHODOLOGICAL

AACFA (ALTEN Agile & Convergent Functional Analysis) resulted from one of our R&D projects. It has become an ALTEN solution for R&D project management using an agile and creative methodology for developing innovation. AACFA combines, in an original way, a number of approaches that had previously stood alone: a creativity technique, value analysis and a flexible approach. Deploying it on ALTEN's R&D projects accelerates research on innovative solutions.

ALTEN Netherlands is working on sustainable projects, such as charging stations for vehicles, autonomous vehicles, smart traffic routing systems (to reduce traffic congestion and pollution). Projects are currently under way to develop faster chip-making machines which use less energy and natural resources.

## 3.4 INNOVATIVE, SUSTAINABLE AND SHARED EXPERTISE

Integrating the circular economy is now fundamental to production processes. ALTEN wants to be part of this initiative by reducing the waste of resources and its negative impact on the environment. This determination is also reflected in the application of its skills and expertise to sustainable projects.

As a leader in engineering and technology consulting, ALTEN ensures that it uses its expertise and knowledge to create sustainable innovation. The Group is therefore involved with customers on a daily basis to develop projects designed to reduce the environmental impact of the sectors in which they operate. Here are a few examples from France or ALTEN's subsidiaries abroad.

### Mobility



The challenges of eco-mobility take centre stage as regulatory requirements promote the development of alternative means of transport. ALTEN and its engineers are increasingly approached by customers to develop innovative solutions in response to current technological challenges, such as: designing and developing electric bicycles; developing charging stations for electric vehicles; developing batteries and chargers for future hybrid vehicles; developing powertrain systems to comply with the new Euro 6 environmental standards, etc.

### Mission focus

#### Development of a charging solution for electric vehicles

##### Location: France

- To develop a product offering for charging 100% electric vehicles
- Architecture specification followed by the development of the man-machine interface
- Definition and conducting of compatibility tests between the charging terminals and the vehicles on the market
- Qualification of the charging terminals with automotive manufacturers

### Energy



Energy is critical and a priority across the globe, above and beyond purely environmental and climate concerns. The Group is applying its expertise to a large number of energy-related projects, such as: the development of offshore wind farms; design and dimensioning of photovoltaic power plant projects; mechanical and electrotechnical design for wind farms and oversight and commissioning of wind farms; industrialisation of tidal power generators; renovation and standardisation of hydropower plants; development of wind turbines; renovation of hydropower facilities; etc.

### Mission focus

#### Development of offshore wind farms

##### Location: France

- Study of environmental impacts tied to the monopile driving for the installation of offshore wind farms
- Minimising disturbance to fauna and the marine environment
- Physical study of piles and extrapolation of sound levels

#### Development of wind-farm fleets

##### Location: Spain

- Mechanical and electrotechnical studies
- Involvement in the design of the wind farms
- Oversight and commissioning

#### Development of wind turbines

##### Location: Germany

- Design and dimensioning of foundations, the mast, and its equipment
- Design of the metallic parts of the nacelle
- Design of the blades and optimisation of the composite materials
- Analyses and simulations

## Eco-design



In the aeronautics sector, industrial companies devote a significant portion of their development budgets to technologies that will be integrated into major civil aviation programmes. Among those are composite materials that facilitate a reduction in mass and optimise aeroplane dynamics.

### Mission focus

#### Reduction in mass

##### Location: France

- To assist in large-scale production and ramp-up
- To demonstrate returns on investment of the developments
- Work on the composite structure

## Information systems



Changing regulations, energy transition, new requirements on quality control, service, and traceability are having a profound impact on both operators and consumers. The development of IT solutions, at the heart of the network, is becoming crucial.

### Focus mission

#### Development of a global information system for a green operator in the waste-recycling sector

##### Location: France

- Development of an institutional website to present the operator's activities
- Development of an external website as the interface between the latter and its stakeholders
- Internal management system of the activities of the customer and its partners
- Business intelligence system

## Intelligent buildings



Integration into the landscape, energy consumption, materials and life cycle are some of the challenges and issues involved in designing the buildings of the future. The greening of buildings is the subject of research programmes and innovative pilot projects being conducted in-house and by our customers.

### Focus mission

#### «Building of the future» research programme as part of the collaboration between the Innovation Division at BOUYGUES Energies et Services and ALTEN's R&D Department.

##### Location: France

- Remote measurement of network consumption (water, electricity, gas, etc.) in existing buildings
- Exploratory studies on controlling building usage through innovative occupancy measurement solutions

## Waste



With world population projected to reach 9 billion by 2050, the consumption of exhaustible natural resources and, downstream, waste production and management, regardless of the source, have become fundamental issues.

### Focus mission

#### Elimination of paper and ink losses during printing, by developing a virtual printer driver

##### Location: India

- Integral design of the solution
- Software programming
- Development and delivery of the tool

Through its strategic R&D programme and the innovative projects developed in close and dedicated collaboration with customers, the Group continues to garner ever greater experience and expertise. ALTEN shares this knowledge with its stakeholders via the introduction of a knowledge management facility for employees, the transfer of best practices from one sector to another, the organisation of customer breakfasts and student conferences, and the drafting of white papers.

## 3.5 FOCUS ON MER AGITÉE'S TELL-TALE

**ALTEN is a technology partner of Mer Agitée, Michel Desjoyeaux's offshore racing team.**

**Innovation lies at the heart of the Vendée Globe race**

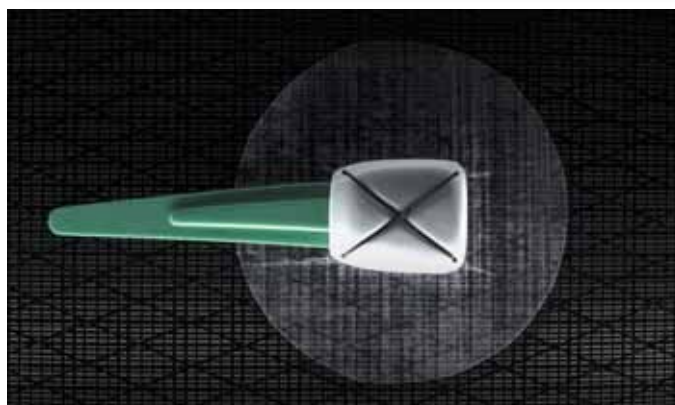
For the 2016-2017 edition of Vendée Globe, ALTEN lent its technological expertise to the offshore racing team Mer Agitée, founded by Michel Desjoyeaux, by finalising the monitoring software for electronic tell-tales which equipped skipper Paul Meilhat's boat, SMA, at the start of the 8th edition of the Vendée Globe. Electronic tell-tales, designed by Mer Agitée and named Trim Control™, represent a genuine innovation in navigational aids. On a sailing boat, a tell-tale consists of a piece of cloth or yarn attached to the sails or rigging (often tied to the shrouds). Typically attached in pairs close to the centre of forces produced by the wind on the sails, tell-tales make it possible to visualise wind direction and airflow over the sail.

Mer Agitée's invention of electronic tell-tales is a vast improvement over tying bits of cloth to the sails. Thanks to this invention, it is no longer necessary to leave the warmth of the cabin to face cold winds, or wait for the sunrise, to know the direction of the wind and adjust the sails. The electronic tell-tale can now send digital data to a repeater screen inside the cabin to inform the skipper about airflow.

For ALTEN, which has made human capital development one of its core principles, taking part in Vendée Globe and the success of a skipper or team in this adventure is a way of promoting the values of sport and personal excellence.

**A word from Laurent Moerman,**  
ALTEN Department Manager in Rennes

«Vendée Globe is the ultimate human adventure. ALTEN is very proud of this partnership with Michel Desjoyeaux's team for the 2016 edition. It's an opportunity for us to participate in this extraordinary history of courage, ambition, determination and solidarity and to take part in one of the most prestigious events.»



# A responsible partner

**Being a responsible partner means ensuring that the Group establishes relationships of trust with its stakeholders, founded upon principles of integrity and transparency, to meet their requirements and satisfy their expectations.**

## 4.1 INFORMATION SECURITY

Information security and cybersecurity are strategic challenges that are a focus of concern for the Group. As a partner of leading industrial and services companies in designing and implementing key technical projects relating to their core businesses, ALTEN has integrated an Information Management Security System into all of its processes, receiving ISO 27001 certification in May/June 2016.

Customer satisfaction and risk control are essential for the ALTEN Group. The changing face of consultancy, international business development and growth of information criticality have prompted the Group to undertake an ISO 27001 certification process since 2012. The first step was to hire an information system security manager. In 2014, the Executive Committee decided to undertake an ISO 27001 certification process. Led by management, an ISS governance structure was put in place. This committee, made up of the Chairman and CEO, the Deputy Chief Executive Officer responsible for business in France, the Deputy Chief Executive Officer responsible for Finance and Administration, the Manager of Information Systems, the Information Systems Security Officer, the Technical Manager and the Quality & Performance Manager, meets every six months to ensure that objectives are met, to carry out an ISS risk analysis and to develop an action plan.

Since the end of 2016, this approach has evolved to include the international perimeter in the presence of the Chief Operating Officer, responsible for International Zone 1.

ALTEN has built the ISO 27001 requirements into its quality, security and Sustainable Development policy. This standard lays down the measures to be implemented to ensure the security of information within an organisation and the functioning of the management system governing this information security. Covering the entire company, the project has several objectives:

- ensuring service continuity;
- guaranteeing control of intellectual capital;
- preserving the trust of our stakeholders by defending the confidentiality of information;
- building this approach into the Company's management system, ensuring that the entire workforce assumes ownership of it.

Thanks to this approach, ALTEN Spain has had ISO 27001 certification since 2013. ALTEN France and ALTEN India followed in 2016. This certification is just reward for a strategy and work started several years ago.

The ISO 27001 certification process is now in place in various countries where ALTEN operates. ALTEN GmbH in Germany and ALTEN Sweden introduced similar initiatives and are looking forward to certification in the coming months.



In addition to ensuring compliance with the ISO 27001 requirements, at the end of 2013 the ALTEN Group in France developed an e-learning training programme on personal data and customer data security, which is mandatory for all its employees. Comprising role-play and assessments, the course aims to raise awareness of all the situations employees are liable to face. It also informs them about their rights and obligations. The Group has also set up an intranet portal on issues relating to Information System security, which is accessible to all employees. On it, employees can consult the IT Charter and the security policy, or access dedicated e-learning modules, the Company organisation, best practice, incident reporting, etc.

### ALTEN SECURE Focus

By Stéphane P. Chief Information Security Officer  
for the ALTEN Group

The ALTEN Group has experienced strong growth around the world, with many perimeters now mature enough to obtain ISO 27001 certification. However, it is essential that we have a firm grasp on all the IS issues and risks for all the companies in our Group. For this reason, we have developed our own information security framework, ALTEN SECURE, which takes into account normative, legal and contractual requirements, best practices and requirements specific to the ALTEN Group. This policy framework is shared by the various entities and is managed on-site by information system security correspondents, in charge of compliance at ALTEN SECURE. In addition to managing risks, controls and KPIs, audits are conducted by the Group to verify the proper application of ALTEN SECURE. Drawn up in 2015, this policy framework has a defined implementation plan to cover all of the major perimeters by 2018.

## 4.2 ETHICS AND COMPLIANCE

ALTEN's policies, strategic guidelines and commitments to sustainable development are set out in the founding documents, echoing the fundamental principles of integrity and transparency implemented by the Group's management and employees to continuously forge bonds of trust.

The ALTEN Group has built its growth on the fundamental principles of integrity and transparency implemented by its management and employees to create lasting relationships of trust with employees, shareholders, public and private sector customers, suppliers, competitors and all of its partners.

As such, the ALTEN Group complies with:

- the ten principles of the United Nations Global Compact;
- the United Nations Universal Declaration of Human Rights;
- the various conventions of the International Labour Organization;
- the OECD Guidelines for Multinational Enterprises.

The Group's commitment to conducting and developing its activities in strict compliance with national and international laws and regulations is set forth in three founding documents, distributed both internally and externally: the Ethics & Compliance Code, the Sustainable Development Charter and the Responsible Purchasing Charter.

In 2015, ALTEN reaffirmed this approach with an update of its Ethics & Compliance Code. This new edition aims, at Group level, to formalise new commitments and to strengthen or supplement the driving principles contained in the first version, notably in respect of the following issues: respect for the Group; requirements placed on suppliers and subcontractors; anti-corruption and conflicts of interest; environmental preservation; protection of data and assets. The Ethics & Compliance Code of the ALTEN Group is intended for all of its employees, in all countries where the Group is established.

The Group also has a whistleblowing system. Accessible on the intranet by all employees, this system makes it possible to report any dysfunctions, non-compliant processes, security risks, hazardous situations, problems with PPE, documents that need to be updated, non-compliance with the Ethics Code, etc.

In addition, a Group Ethics & Compliance Committee was established to back deployment of this Code. It is tasked with actively overseeing application of the Group's commitments and principles, as well as monitoring all ethics and compliance issues in the Group.

**Nicolas G,**  
Head of Quality & Performance Division, lead member  
of the Ethics Committee

«The ALTEN Group has always been attentive to ethics and compliance matters in all its host countries. The processes which are deployed, controlled and certified according to numerous local or international benchmarks (ISO 9001, ISO 14001, ISO 27001, etc.) respond to the most demanding challenges in business ethics.

With an objective of continuous improvement, and led by our Chief Executive Officer, the ALTEN Group established an Ethics & Compliance Committee which met for the first time in late-January 2016. The committee's aim is to ensure compliance with ALTEN's ethical commitments, which underpin the Group's sustainable and profitable growth.

Its main missions are two-fold:

- to map the Group's risks, to build and deploy initiatives for structuring and raising awareness;
- to address any escalated red flags.

This committee, working directly with the Board of Directors and the Chairman and Chief Executive Officer, will meet regularly several times a year.»



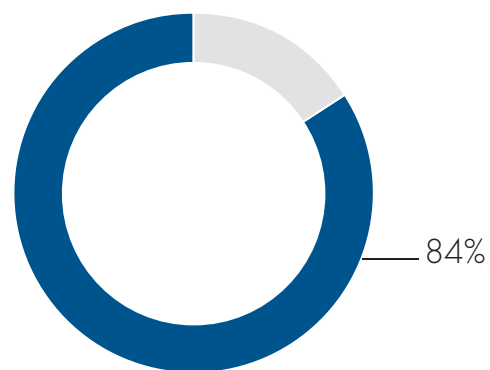
ALTEN is also committed to the implementation of responsible practices alongside SYNTEC Ingénierie. The Group participates in the work of the SYNTEC Ingénierie (SYNTEC Engineering) and SYNTEC Numérique (SYNTEC Digital) federations, particularly on the sector's advances in sustainable development.

Lastly, some ALTEN subsidiaries are especially proactive on the subject of ethics and Human Rights. Spurred on by the Group, they have introduced a number of measures, for example:

- For several years now, Italy has had a Supervisory Board and its own Code of Ethics, which is distributed to all employees. Internal audit processes are designed to prevent corruption, particularly in the hiring process. In 2016, the website was reorganised and two new sections were added: «company values» and «environmental commitment».
- ALTEN Sweden has also adopted a specific Code of Ethics, consisting of three chapters on alcohol and drugs, diversity and equality, and gifts and compensation. In 2016, at the Group's request, ALTEN Sweden began drawing up a Code of Conduct.
- Since 2015 in Germany, ALTEN GmbH has been working on writing a new Code of Conduct. It focuses on its social and environmental commitment, information security, dialogue with stakeholders, ethics, corruption, and employee health and safety. Approved in 2016, all employees must comply with this Code of Conduct in all dealings with customers, suppliers and employees. It serves as a reference for all activities. It applies to all employees, including senior executives and support functions.
- In India, these subjects are taken very seriously. From the outset, on-boarding of new hires has included a compulsory session on integrity, ethics and corruption. Preventing sexual harassment also constitutes a major challenge. This is evident in awareness-raising programmes, and a special committee formed to identify, receive and handle potential complaints filed by employees. Its legitimacy is strengthened by the presence of an outside member and a representative from an NGO. It vigorously supports awareness-raising programmes for employees.

- Lastly, ALTEN Spain has also adopted a Code of Ethics.

84% of the Group's employees



Lastly, it is worth noting that a Code of Human Relations in the Workplace has also been drawn up. Through this document, the Group sought to create the basis of a shared commitment, reflecting its determination to respect and ensure respect for principles of corporate action and conduct covering employment, working collectively and individual behaviours. This Code establishes a set of attitudes and goals to which ALTEN employees should aspire.



## 4.3 RESPONSIBLE PURCHASING

The Group, which is dedicated to promoting Sustainable Development throughout its sphere of influence, has reaffirmed its position with a new Responsible Purchasing Charter, setting out ALTEN's commitments to its suppliers in France and detailing its expectations and requirements.

ALTEN's Responsible Purchasing policy is a preferred means for the Group to promote its Sustainable Development requirements and the universal principles of the United Nations Global Pact and of the International Labour Organization in its sphere of influence.

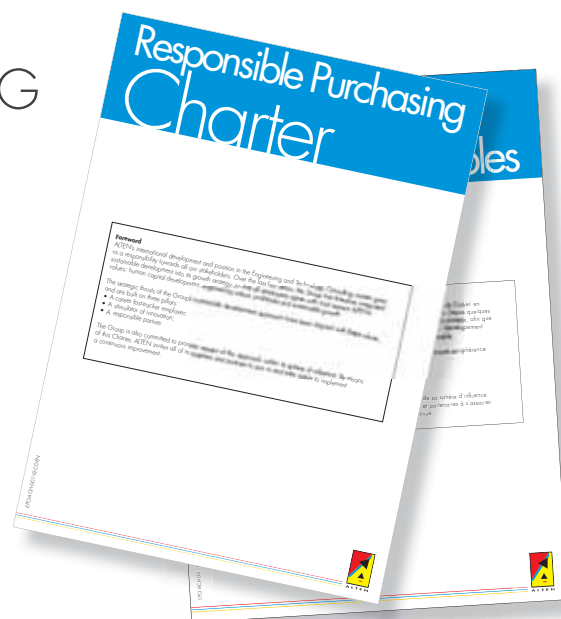
In 2011, ALTEN began this initiative with the creation of the first Responsible Purchasing Charter, systematically incorporated into the general purchasing terms, and communicated to all of the Group's suppliers in France. In 2015, ALTEN reaffirmed its convictions by updating its Charter. This new version specifies the Group's commitments towards its suppliers and details its expectations and requirements.

Moreover, ALTEN is a signatory to the Responsible Supplier Relations Charter, introduced in 2010 by Médiation Inter-entreprises and the CDAF, to provide incentive to businesses to adopt responsible purchasing practices regarding their suppliers.

CSR assessment and scoring is an essential part of the selection process of suppliers for the main invitations to tender, and is afforded the same degree of importance as the Quality, Cost and Lead-Time assessments. This score concerns both the supplier's internal Sustainable Development commitments and the social, societal, and environmental benefits of the services offered. This allows the cost of buying a product or service to be seen as a whole, across the entire length of the value chain and life-cycle of the product or service, while minimising the environmental risks and maximising the positive social and societal impacts. It should also be noted that buyers in France are regularly made aware of Responsible Purchasing so that 100% of them can be informed.

It is worth noting that the fight against corruption is an integral part of the Responsible Purchasing Charter.

In 2015, supplier risk mapping was undertaken in collaboration between the Purchasing and Sustainable Development Departments. A score based upon a multi-risk analysis can now be used to identify sensitive purchasing categories. For each supplier, additional requirements are necessary: signing the Responsible Purchasing Charter and



CRS assessment. ALTEN also reserves the option of carrying out purchaser audits.

In addition to this approach, which was renewed in 2016, the Purchasing Department and the Information System Security Officer incorporated supplier and IS risk into the mapping. ALTEN's IS requirements have also been included in all purchasing cycles and processes (invitations to tender, referencing, contractualisation, evaluating and reviewing trade payables, etc.)

In 2016, 42 ALTEN Group suppliers were identified as falling within the ISS perimeter and were subject to a control plan.

With a view to regulatory compliance and vigilance, in 2015, the Group reinforced its supplier referencing policy, in particular by requiring additional documentation from new service providers who are making their employees available to the Group.

Lastly, in 2016, as part of its approach to disability, the ALTEN Group strengthened its identification process for EAs (disability-friendly companies) and ESATs (centres that facilitate integration into the labour market for people with disabilities) to encourage employees to call upon the services of companies in the sheltered sector.

Some subsidiaries also act independently to promote responsible purchasing. In Sweden, for instance, environmental requirements are becoming increasingly common in purchasing procedures and the supplier assessment process. In Germany, organic fruit baskets are self-serve. Lastly, service providers for housekeeping, waste management, as well as furniture providers are selected based upon their commitment and their environmental performance.

## 4.4 ENVIRONMENTAL PROTECTION

The ALTEN Group has, and encourages all of its entities worldwide to have, a proactive environmental management policy that is based on a recognised standard or benchmark. Day-to-day, the Quality and Performance Department defines the Group's environmental policy and supports subsidiaries in the identification and implementation of concrete actions in the management of buildings, regulation of the carbon footprint and the sustainable utilisation of natural resources. Furthermore, and aware of the fact that its activities and the sectors in which it operates indirectly engage its environmental responsibility with respect to customers, ALTEN is committed to developing innovative sustainable solutions (see chapter «3.4 Innovative, sustainable and shared expertise»).

### Management of the environment and raising awareness

Spurred on by the Group, many of its companies are also proactive in upgrading their environmental management policies to comply with the requirements of ISO 14001, based on the principle of continuous improvement of environmental performance through the control of impacts linked to the company's business. This was particularly the case of ALTEN Spain, ALTEN GmbH in Germany, ALTEN Sweden and ALTEN SA, ALTEN SO and ALTEN SIR in France, which have been certified over the course of the previous years. Within the scope of this present report, 35% of floor space was certified ISO 14001 as of 31 December 2016.

In order to involve all employees in this initiative, emphasis is also placed on awareness and training regarding environmental impacts and, more broadly, the Group's corporate social responsibility. It was against this backdrop that the Group launched a carbon footprint assessment at the end of 2016. It will be carried out at the start of 2017 and allow a new assessment of the Group's carbon emissions to be made and measures taken four years ago to be adjusted.

Throughout the year, ALTEN reports sustainable development highlights to its employees during Mobility Week and Sustainable Development Week. A dedicated page on the intranet, e-learning modules, articles in the in-house magazine and other once-off events make it possible for each employee to be informed and to participate in the Group's effort on a daily basis.



Environmental awareness transcends borders.

- In Sweden, for example, sustainable development is everyone's business. Volunteer consultants chose to get involved by joining the think-tank launched by the Company aimed at defining an internal CSR strategy and a procedure for the identification and analysis of environmental risks.
- At ALTEN GmbH in Germany, an e-learning module on the Company's environmental management system is mandatory for all employees. They are also reminded about recommendations and eco-friendly behaviour on dedicated postings or their intranet.
- In Spain, ALTEN Spain employees are informed and trained several times a year in the best practices to be adopted on a variety of topics: reducing consumption, sorting waste, environmental management, etc.
- In India, onboarding of new hires includes a compulsory session on raising awareness on the environment and our 3R policy (Reduce, Recycle, Reuse).
- In Italy, in 2016, the website was reorganised and two new sections were added: «company values» and «environmental commitment».

## Building management and energy efficiency

In the context of demand for an ever-increasing move towards services provided in the ALTEN offices, adapting the real estate assets in the very best conditions for employees is a major challenge. The Group elected to give preference, whenever possible, to eco-designed buildings having the highest environmental certifications.

The decision to use buildings that are energy efficient and environmentally-friendly is deployed in a large number of countries where the ALTEN Group operates. In 2016, 22% of its buildings certified to BBC (Low-consumption Building) and/or HQE (High Environmental Quality) in France. At ALTEN GmbH in Germany, the process began in 2002 with Passivhaus certification for the site at Ulm, awarded as soon as it opened. It should be noted that this site is one of the world's largest office buildings with Passivhaus certification. This building consumes a minimal amount of energy and pollutes less as a result: it saves 175 metric tonnes of CO<sub>2</sub> annually.

In Sweden, the Stockholm site obtained «Gold» LEED (Leadership in Energy and Environmental Design) certification. This is a rating system for high environmental quality buildings. The assessment criteria include: energy efficiency, water consumption efficiency, heating efficiency, use of local materials and the reuse of their surplus.

Although the quality and efficiency of infrastructures are essential factors with regard to energy efficiency, the Group's different entities are aware of the impact of human behaviour on achieving energy performance goals. As a result, awareness campaigns, special events and training, in particular those developed within the framework of ISO 14001 certification programmes, are regularly organised in order to promote eco-behaviour and make it easier to adopt it. A «Life Charter» posted in all common areas and meeting rooms, along with a dedicated e-learning module, reminds people of good daily practices when it comes to respecting others and the environment.

In 2016, energy consumption by ALTEN sites within the CSR scope but excluding data centres, came to 10,108 MWh, an average of 114 kWh per sq. m.

|               | Gross consumption - 2016 | Consumption per sq.m. - 2016   |
|---------------|--------------------------|--------------------------------|
| France        | 6,189 MWh                | 134 kWh / m <sup>2</sup>       |
| International | 3,919 MWh                | 92 kWh / m <sup>2</sup>        |
| <b>TOTAL</b>  | <b>10,108 MWh</b>        | <b>114 kWh / m<sup>2</sup></b> |

In France since the beginning of 2013, ALTEN has been meeting the security and performance requirements of its partners by upgrading its server infrastructure to a «Private Cloud Data Centre» solution. The data centres chosen by ALTEN have the most stringent certifications with regard to information security, quality system management, environmental performance and health and safety in the workplace. ALTEN can now consume computing power on demand, to suit its needs at any given moment. Resources are pooled, streamlined and optimised by these data centres, thus reducing ALTEN's environmental footprint whilst guaranteeing high-security systems that are available 24/7.

To deal with both information system security and reduced energy consumption, ALTEN has undertaken a new digital archiving initiative.

In response to the significant growth of digital exchanges, process digitisation and paper-free environments, establishing a digital archiving policy has become essential. In 2016, work was carried out in the various departments to identify all documents/records, their retention and archiving period, and the person responsible for their archiving and disposal. This control makes it possible to rein in the often rapid growth in the volume of digital data.

The Dutch servers are housed in environmentally-friendly data centres with a sustainable energy policy.

The Group promotes the use of renewable energies. At the end of 2015, ALTEN in France entered a contractual agreement for the supply of electricity from 100% renewable sources for the next three years for all of its sites where the subscribed power is greater than 36kVA, or greater than 80% of its consumption.

In Germany also, the use of electricity from renewable sources is widespread at the main sites of ALTEN GmbH.



ALTEN GmbH uses geothermal energy on its sites in Ulm and Nuremberg for heating and cooling the buildings, and solar energy on its site in Ulm. Moreover, since 2003, two photovoltaic complexes have been installed on roofs with power ratings of 15 and 135 kWp able to produce almost 140,000 kWh annually. Lastly, most sites use 100% electricity from renewable energy.

Spain obtained ISO 50001 certification which awards its commitment to the company's energy performance. For its part, India uses more than 70% of energy from wind turbines. Lastly, Italy has conducted an energy efficiency audit in 2015 which resulted in LED replacement for some of the lights on its Milan site in 2016. In addition, 40% of their electricity comes from renewable energy.

Lastly, it should be noted that Spain achieved 31% of renewable energy in 2016.

### Business travel

According to the first Bilan Carbone® (carbon footprint assessment) conducted by the Group in 2014, these journeys account for 75% of ALTEN's greenhouse gas emissions. ALTEN is particularly watchful in this respect and proposes innovative alternatives to company teams.

Since 2011, ALTEN has deployed a solution in France to organise audio and web conferences from a computer, interacting with people via webcams whilst sharing documents, screenshots and files securely and interactively. For audio interactions, the international conference-call bridge infrastructure provided by the supplier guarantees



each participant a local number and optimal sound quality. This application avoids employees having to travel to meetings with interlocutors located far away. This solution has now been deployed for employees in the following eight countries: France, Belgium, Germany, Italy, Sweden, Spain, Romania and India.

In 2016, more than 33,000 hours of audio, video or web conferencing were recorded within this scope, and more than 16,400 conferences organised.

Business travel made by Group employees in France is overseen by a new Travel Policy, which is also intended to be more responsible. It was updated in 2014. This document reminds employees that preference should be given to alternatives to travel, such as conference calls and videoconferencing. It spells out very precise rules for transport and lays down the conditions under which business travel may be carried out: rail travel is mandatory for any journey of under two and a half hours; domestic and medium-haul flights in economy class; preference is given to «green» taxis, etc.

Also since 2014, ALTEN has tightened its «Car Plan» requirements governing the characteristics of company cars which make up the Group's vehicle fleet. Since 1 January 2015, the list of permitted vehicles has been restricted to 15 or so models with CO<sub>2</sub> emissions of under 120 grammes per kilometre. Four hybrid vehicles are now also available. As of the end of December 2015, the average CO<sub>2</sub> emission figure for the Group's vehicle fleet was 110 grammes of CO<sub>2</sub> per km (down for 125 in 2014), and 44% of vehicles were beneath the 110 grammes mark.

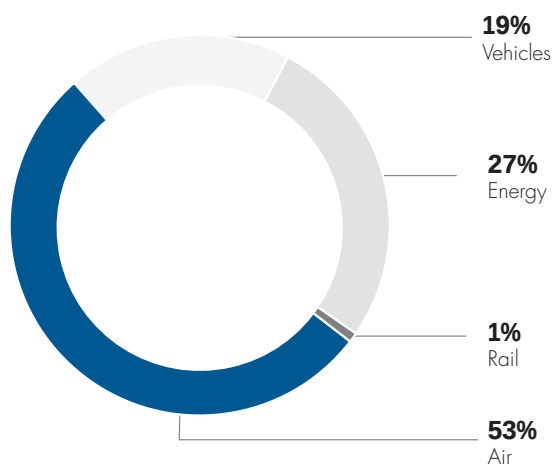
Furthermore, ALTEN is keen to raise employee awareness regarding best practices for safety and protection of the environment. Since the month of September 2014, all ALTEN employees have had access to an e-learning module that teaches the fundamentals of eco-driving. Under the new Car Plan, members are also required to take part in training for EcoDriving or the Prevention of Driving Risks within 12 months from joining the scheme.

The same requirements also apply in the Group's subsidiaries abroad.

- Over 98% of Italian fleet vehicles comply with the European Euro V and Euro VI emissions standards.
- In the Netherlands, 30% of fleet vehicles are hybrid.
- In Germany, Italy, the Netherlands and France, measures are being taken to assume the cost - in full or in part - of public transport passes for employees. In India, awareness-raising sessions promote ride-sharing amongst employees.
- ALTEN GmbH in Germany has included the use of more fuel-efficient engines and start-stop systems in its vehicle policy.
- Lastly, in every Group country, a number of initiatives are being considered: company bikes, charging terminals for electric vehicles in car parks, etc.

### Greenhouse gas emissions

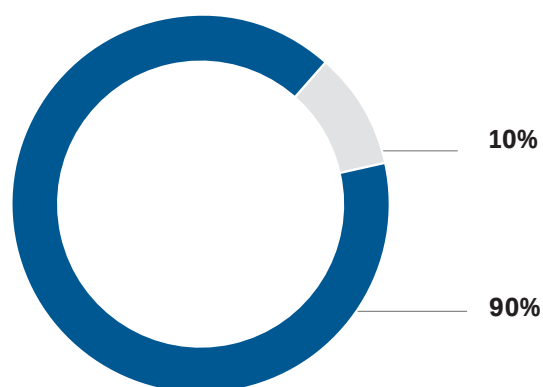
In 2016 and within the CSR scope, the Group's CO<sub>2</sub> emissions relating to energy consumption, business travel and mileage recorded by company cars broke down as follows:



ALTEN'S most recent Bilan Carbone® was carried out in 2014 covering all the Group's facilities in France. The Group's commitment goes beyond the regulatory requirements to which it is bound and measures emissions relative to three scopes of greenhouse gas emissions defined by the GHG Protocol:

- Scope 1: direct emissions caused primarily by the use of combustibles on site, the leakage of refrigerant fluids and fuel combustion by the vehicle fleet;
- Scope 2: indirect emissions caused by the purchase or production of electricity and steam;
- Scope 3: all other indirect emissions, for example business travel, employee meals, procurement and services, and fixed assets.

A new carbon footprint assessment was launched at the end of 2016 which will review the above emissions at ALTEN in France, as well as in six of its French subsidiaries and the eight international subsidiaries included in non-financial reporting. In order to transform this regulatory requirement into an effective management system, ALTEN has decided to expand carbon footprint assessments abroad.



close to 90% of revenue from the CSR scope will be taken into account

In 2014, total emissions for the Group amounted to 47,158 metric tonnes of CO<sub>2</sub>. Two items are responsible for close to 75% of those emissions: commuter journeys and business travel by employees. Given that this ranking showed no change since the last assessment, in 2011 ALTEN was able to introduce a specific action plan to reduce these emissions at source. These endeavours have paid off because, per

employee, the Group's emissions have fallen by 7% when compared with the previous Bilan Carbone®.

## Paper consumption and management



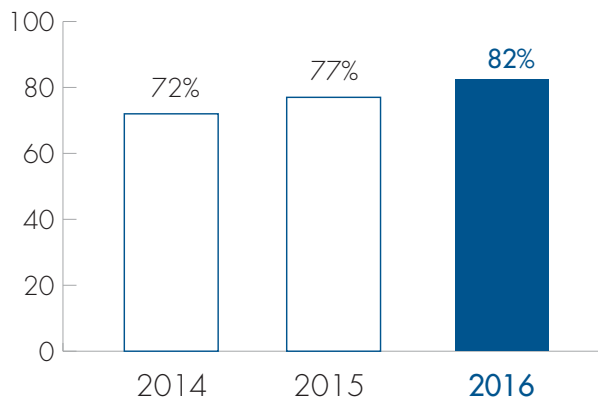
ALTEN uses paper essentially for purposes of office work and communication. In 2016, the Group's internal consumption in France and abroad came to 51 metric tonnes, i.e. an average of 10.5 kg per employee, a reduction compared with 2015.

This improvement reflects the efforts made by ALTEN to reduce paper consumption and develop a paper-free environment. In 2016, three major projects were pursued in that context.

- Paperless payslips: ALTEN has offered all its employees in France the possibility of opting for an electronic payslip.
- Deployment of the OPAD project: Optimisation of Administrative Processes and Payroll - intended to automate and discontinue the use of paper in a number of paper-hungry processes. The main services affected by this project concern significant processes connected to the administration of employee consultants.
- Streamlining of printer inventory: reduces paper consumption using a badge system to eliminate unnecessary, mistaken or forgotten print jobs.

Consequently, ALTEN strives to consume not only less, but also more efficiently. When purchasing paper, the Group chooses either recycled or Ecolabel paper. In France, 84% of the paper used in 2016 was recycled and/or certified, compared with 77% in 2015 and 72% in 2014.

## Evolution of recycled / certified paper consumption



At ALTEN GmbH, in Germany, and ALTEN Sweden, the rate is 100%. Additionally, most paper communication materials use recycled paper with a high level of environmental certification, whilst printing companies are selected wherever possible based on their willingness to reduce the environmental impact of their activities.

At the same time, the Group pays special attention to the end-of-life of this resource. As a result, a sorting and recycling system has been introduced in France and in many of the Group's facilities, particularly in Sweden, Italy, Belgium, the Netherlands and Spain, with 82% of sites covered over all of the CSR scope.

## IT resources

The Group is also working on the continuous improvement of its IT equipment management. From May 2015 onwards, IT energy is being produced, inter alia, on so-called hyper-convergent hardware. This change has reduced the hardware installed in the branches and in Europe, by pooling and optimising needs in new-generation data centres (Tier 4 + ISO 14001).

ALTEN also launched the “MPS” project in 2015 to supply a global, secured, centralised solution for the Group’s printing in France. This project is part of the Group’s eco-responsible approach and will also improve information security and increase employee awareness, due to: optimisation of the number of printers, reduced by close to 70% in two years; deployment of a printing system secured by the use of badges; provision of environmental impact information for each print job (CO<sub>2</sub>, water, energy); configuration of the machines to print in black-and-white and recto-verso as the default setting. Management of equipment end-of-life is also a crucial component, and was a priority project in 2016, which will continue in 2017.

These processes of streamlining, optimisation and improvement of IT hardware and consumables are ongoing at ALTEN GmbH in Germany and ALTEN Technology in Sweden, Spain, Belgium, India and Italy.

With regard to IT equipment, ALTEN now focuses on optimised solutions that are more environmentally-friendly through the lower consumption of energy and materials as well as the recycling potential of their components. Seals of approval representing an environmental benefit concerning consumables and equipment, such as Energy Star are seen as essential. From a social and societal viewpoint, the equipment must also be user-friendly for disabled employees.



## D3E management

Electric and electronic equipment waste (D3E), waste batteries and waste ink cartridges produced by the Group are very closely monitored. In 2016, five metric tonnes of waste from ALTEN and the Group’s solutions in France were collected by a provider specialising in the processing of this type of waste, and nearly eight metric tonnes under the CSR scope.

Furthermore, in 2013, ALTEN created a department for aid to associations (D2A) to offer IT hardware and development tools free of charge to charitable or public interest associations. This process allows the recycling of all end-of-life computers used by the Group’s employees nationwide in France. After remastering by D2A, these machines are given a second lease of life and put to use by various associations working to help children or people trying to return to the work environment or to help professional integration. Since the launching of the activity, more than 2,200 screens and computers, both desktops and laptops, have been distributed to some 15 partner associations. The ALTEN Group thus commits to reducing its environmental footprint through the recycling of these waste materials while also lending its support to associations.

## Beehives at ALTEN

In April 2016, ALTEN accepted beehives on its site in Silly. The purpose of this initiative is to raise employee awareness about biodiversity and climate change. Bees play a crucial role in our daily lives, with 30% of our food depending on pollination, while bees are in fact particularly sensitive to environmental changes.

Newsletters were distributed throughout the year to provide health updates on the four beehives and to raise awareness about biodiversity. Two awareness-raising workshops relating to biodiversity and honey tasting were organised. During the summer of 2016, the four hives each had close to 50,000 bees. Each beehive produced around ten kilos of honey.



## 4.5 SOLIDARITY INITIATIVES

In France and throughout the world, the Group and its subsidiaries develop philanthropy initiatives in their host regions.

In France, ALTEN employees came together on three sites in Boulogne to help the Cravate Solidaire association. The association's aim is to support the reintegration of the unemployed into the workforce by collecting «professional» clothes so that their job interviews take place under the best possible conditions. Employees took part by donating suits for men and women, shirts and other accessories. Close to 70 kilos of clothing was collected.

On the first day of the initiative, Simon Azoulay, Group Chairman and Chief Executive Officer, and Olivier Granger, Chief Operating Officer, responsible for International Zone 1, symbolically donated one of their ties. This initiative is also part of our Sustainable Development approach as it gives new life to old clothes. This initiative will be repeated at the end of H1 2017.

ALTEN GmbH introduced a new system of donations. In 2016, €6,500 were donated to NGOs proposed by the employees. In total, 26 NGOs each received €250.

ALTEN Spain participated in two community projects to collect food and toys for persons in precarious situations. During the festive season, ALTEN Spain employees came together to help children and donated 75 toys to children in need.

For its part, Italy mobilised its employees by organising two blood donation drives and allowing them to donate one hour of their work time to help earthquake victims. The Company made a contribution to the Italian Red Cross.



# NOTE ON METHODOLOGY

## Temporal and geographic scopes

- The period used for the data comprising the different indicators was from 1 January 2016 to 31 December 2016. Exception: the environmental data of the ALTEN GmbH entity in Germany is for the 2015 fiscal year.
- The CSR scope in this report covers ALTEN's legal entities and solutions located in France: ALTEN SA, Altén SIR, Pégase SI, ALTEN SO, MI GSO, ELITYS, Anotech Energy, Avenir Conseil Formation, Atexis France, Id Apps, Aptech, ALTEN Sir GTS Lincoln and Aixial - as well as international entities: ALTEN Spain, ALTEN Technology GmbH, ALTEN GmbH, ALTEN Digital GmbH, ALTEN SW GmbH, ALTEN Sweden, ALTEN Italy, ALTEN Belgium, ALTEN Netherlands, Calsoft Labs and ALTEN India Private Limited.
- Entities acquired during the financial year are included in the reporting process at the latest after one full year of business within the Group, when revenues in 2016 are other than zero and when headcount is other than zero as of 31 December 2015.
- GECL and Approva are outside the scope of reporting as they respectively merged with ALTEN, for the first on 18 June 2015 and with Aixial for the second on 1 January 2016.
- Lincoln, which was acquired in 2015, is included in 2016 reporting.

## Rate of coverage

- The performance indicators reported for France and internationally concern a workforce representing 78% of the Group's total headcount as of 31 December 2016, and 73% of revenues.
- More specifically, for the French entities, these indicators refer to the entire workforce of ALTEN Group entities in question (ALTEN and solutions), and to the entire floor space occupied by one or more ALTEN Group entities in France. For international entities, they refer to the number of employees and floor space occupied by each ALTEN entity in the country concerned.

## Guidelines

- The performance indicators and the text of this report were prepared in compliance with the requirements of Article 225 of the French Commercial Code and Decree N° 2016-1138 / 08/19/2016. The G4 Global Reporting Initiative guidelines and recommendations have also been taken into account.
- The guidelines for calculating and establishing performance indicators are available upon request by email: [alten.csr@alten.fr](mailto:alten.csr@alten.fr)

## Exceptions and limitations

The reporting tools currently used within the Group in France have not enabled us to establish comparable elements meeting the requirements of the Grenelle 2 Law for the other legal entities of the ALTEN Group operating internationally and within the given timeframe. However, the ALTEN Group endeavours each year to expand the scope of its reporting activity by integrating new entities.

## Origin and compilation of the data

### Employee-related indicators

- The data relating to the workforce, nationalities represented in the Company, hiring and terminations, work-study placements, total payroll, compensation, employee turnover, work schedules, and frequency and severity of workplace accidents were taken from the employee-related reports and the payroll software of the ALTEN Group companies in France and the international entities reported. The data relating to annual performance reviews, training and internal mobility were taken from the reports from departments in charge of those matters in the Group's various entities.
- Note that the total number of training hours and the number of employees trained take account of training undertaken by apprentices and employees on vocational training contracts. The ALTEN Sir GTS entity is not included in the training indicators.
- Turnover is calculated according to the following definition:  $(\text{Departures} / ((\text{Workforce N-1} + \text{Workforce N}) / 2))$ . Departures taken into account exclude trial periods, mobility and other reasons.
- The data from ALTEN GmbH in Germany does not include apprentices.

**Environmental indicators**

- Data related to floor space is taken from the lease documents. Data is collected and then consolidated annually per building. It is then split according to the floor space occupied by each legal entity of the ALTEN Group in France and for international entities within the scope of the report in the said buildings.
- Note that only the indicators for the consumption of paper and energy are consolidated for the Atexis leasehold buildings (three sites in France).
- Data relating to consumables and energy is taken from the invoices and statements provided by suppliers and service providers.
- In France, energy consumption indicators have been divided by the number of weighted square metres. For international entities, actual sq.m. are used as of 31 December 2016. In France and internationally, the indicators for consumables are divided by the number of employees present on site as of 31 December 2016.
- Annual mileage recorded by company cars has been estimated on the basis of the average mileage per month or per year, according to data available from providers. In addition, international data on company cars exclude India, Belgium, Spain and Sweden. Data for car travel cover the following entities: ALTEN SA, ALTEN SO, ALTEN SIR, Atexis, APTECH, Anotech Energy.
- Data for train travel cover the following entities: ALTEN SA, ALTEN SIR, APTECH, PEGASE, ID.APPS, ALTEN SO, ACF, ANOTECH, MIGSO, ALTEN Spain, ALTEN GmbH in Germany, ALTEN Belgium and ALTEN Italy. India, Sweden, ALTEN Technology in Germany and the Netherlands are excluded.
- Data for plane travel cover the following entities: ALTEN SA, ALTEN SIR, APTECH, PEGASE, ID.APPS, ALTEN SO, ACF, ANOTECH, MIGSO, ALTEN Spain, ALTEN GmbH and Technology in Germany, ALTEN India, ALTEN Belgium and ALTEN Italy. Sweden and the Netherlands are excluded.
- The CO<sup>2</sup> emissions emitted by consumption of energy and travel were calculated from raw data (kWh, km) through the corresponding emission factors of the Bilan Carbone® V7.6 method. Some differences can appear between 2015 and 2016 data report because of the use of Bilan Carbone® V7.1 method in 2015. For more coherence the new method is applied for 2015 data in this report.
- Data on building energy consumption does not include Belgium and the Netherlands.
- The increase of CO<sup>2</sup> emission is mostly due to the Netherlands entrance (cars) in CSR scope.
- WEEE data exclude Belgium, Netherlands and India.
- Drinks taken without a cup data are not available because of change of supplier (Enviro 7).
- Data related to video conference (Enviro 17 and Enviro 17.c) decrease due to introduction of skype for business. There was not possible to account those figure in 2016.

**Social indicators**

- Data relating to projects supported as part of the Group's promotion of the engineering professions comes from the partnerships for which financial support was given.

# Our social performance indicators at 31 December 2016

| ALTEN<br>INDICATOR NO.       | INDICATOR                                                                     | UNITS                                                             | GROUP<br>FRANCE 2016 | GROUP<br>FRANCE 2015 | GROUP 2016 |
|------------------------------|-------------------------------------------------------------------------------|-------------------------------------------------------------------|----------------------|----------------------|------------|
| HEADCOUNT AND DIVERSITY      |                                                                               |                                                                   |                      |                      |            |
| SOC 1                        | Total workforce as of 31/12/2015                                              | Actual number of employees                                        | 10,867               | 9,722                | 18,704     |
| SOC 2                        | Breakdown of employees by gender                                              | % men                                                             | 74%                  | 76%                  | 76%        |
|                              |                                                                               | % women                                                           | 26%                  | 24%                  | 24%        |
| SOC 3                        | reakdown of workforce by age grouping                                         | % of employees under 25 years                                     | 12%                  | 11%                  | 9%         |
|                              |                                                                               | % of employees between 25 and 35 years old                        | 63%                  | 63%                  | 60%        |
|                              |                                                                               | % of employees between 35 and 45 years old                        | 19%                  | 20%                  | 23%        |
|                              |                                                                               | % of employees over 45 years old                                  | 6%                   | 6%                   | 8%         |
|                              |                                                                               | % of employees who are engineers                                  | 88%                  | 88%                  | 86%        |
| SOC 5                        | Breakdown of headcount by type of job                                         | % of employees who are managers                                   | 4%                   | 4%                   | 6%         |
|                              |                                                                               | % of employees who are support staff                              | 8%                   | 8%                   | 8%         |
| SOC 6                        | Number of unique nationalities represented                                    | Number of unique nationalities                                    | 74                   | 68                   |            |
| HIRES AND TERMINATIONS       |                                                                               |                                                                   |                      |                      |            |
| SOC 7                        | Total number of hires                                                         | Number of hires                                                   | 4,226                | 3,492                | 7,694      |
|                              | Employees recruited on permanent contracts                                    | Number of hires                                                   | 3,997                | 3,228                | 6,767      |
|                              | incl. number of permanent hires under 25 years of age                         | Number of hires                                                   | 1,438                | 1,091                | 1,686      |
|                              | Employees recruited on fixed-term contracts                                   | Number of hires                                                   | 164                  | 192                  | 862        |
|                              | Number of hires on apprenticeship or vocational training contracts            | Number of hires                                                   | 65                   | 72                   | 65         |
| SOC 8                        | Total number of terminations                                                  | Number of terminations                                            | 3,505                | 3,035                | 6,245      |
|                              | Number of departures from fixed-term contracts                                | Number of terminations                                            | 3,280                | 2,799                | 5,521      |
|                              | of which resignations                                                         | Number of terminations                                            | 2,105                | 1,472                | 3,851      |
|                              | of which redundancies                                                         | Number of terminations                                            | 231                  | 348                  | 467        |
|                              | Number of departures from fixed-term contracts                                | Number of terminations                                            | 168                  | 188                  | 667        |
|                              | Number of terminations on apprenticeship or vocational training contracts     | Number of terminations                                            | 69                   | 48                   | 69         |
| SOC 17                       | Net jobs created                                                              | Number of jobs created                                            | 721                  | 457                  | 1,449      |
| TYPE OF EMPLOYMENT CONTRACT  |                                                                               |                                                                   |                      |                      |            |
| SOC 18                       | Breakdown of headcount by type of contract                                    | % of permanent employees                                          | 98.6%                | 98.4%                | 95.2%      |
|                              |                                                                               | % of temporary employees                                          | 0.5%                 | 0.6%                 | 4.3%       |
|                              |                                                                               | % of employees on apprenticeship or vocational training contracts | 0.9%                 | 1.0%                 | 0.5%       |
| REMUNERATION                 |                                                                               |                                                                   |                      |                      |            |
| SOC 19                       | Average annual remuneration by position                                       | in € managers                                                     | 37,971               | 38,124               | nc         |
|                              |                                                                               | in € non-managers                                                 | 26,110               | 25,739               | nc         |
| MANAGEMENT                   |                                                                               |                                                                   |                      |                      |            |
| SOC 21                       | % of employees having had an annual performance appraisal                     | % of employees                                                    | 90%                  | 92%                  | 68%        |
| SOC 22                       | Average rate of absenteeism (for sickness, work- or commute-related accident) | %                                                                 | 1.62%                | 1.67%                | nc         |
| SOC 23                       | ALTEN employee turnover                                                       | %                                                                 | 22.71%               | 19.06%               | nc         |
| ORGANISATION OF WORKING TIME |                                                                               |                                                                   |                      |                      |            |
| SOC 24                       | Percentage of employees working full-time                                     | % of employees                                                    | 98%                  | 98%                  | 98%        |
| SOC 25                       | Percentage of employees working part-time                                     | % of employees                                                    | 2%                   | 2%                   | 2%         |
| EMPLOYEE RELATIONS           |                                                                               |                                                                   |                      |                      |            |
| SOC 26                       | % of employees covered by a collective agreement                              | % of employees                                                    | 100%                 | 100%                 | nc         |
| TRAINING                     |                                                                               |                                                                   |                      |                      |            |
| SOC 27                       | Training expenditures                                                         | euros                                                             | 9,914,317            | 8,857,009            | 11,229,664 |
| SOC 28                       | Training expenditure as a % of payroll                                        | %                                                                 | 2.57%                | 2.53%                | nc         |
| SOC 29                       | Training expenditure as a % of revenue                                        | %                                                                 | 1.22%                | 1.18%                | 0.88%      |
| SOC 30                       | Total number of training hours                                                | hr                                                                | 114,411              | 98,892               | 190,368    |
| SOC 31.a                     | Percentage of people receiving training during the year, by gender            | % of men having received training                                 | 33%                  | 31%                  | 40%        |
|                              |                                                                               | % of women having received training                               | 34%                  | 35%                  | 38%        |
| SOC 31.b                     | Percentage of employees trained during the year                               | % of employees                                                    | 33.6%                | 32.9%                | 37.0%      |
| SOC 33                       | Number of e-learning courses taken                                            | no.                                                               | 5,883                | 3,644                | 8,179      |

| ALTEN<br>INDICATOR NO.            | INDICATOR                                              | UNITS | GROUP<br>FRANCE 2016 | GROUP<br>FRANCE 2015 | GROUP 2016 |
|-----------------------------------|--------------------------------------------------------|-------|----------------------|----------------------|------------|
| <b>WORK AND SAFETY CONDITIONS</b> |                                                        |       |                      |                      |            |
| SOC 34                            | Frequency rate of work-related accidents with time off | rate  | 3.28                 | 2.56                 | nc         |
| SOC 35                            | Severity rate of work-related accidents                | rate  | 0.06                 | 0.05                 | nc         |
| SOC 36                            | Number of hours of safety training                     | h     | 14,954               | 12,153               | nc         |
| SOC 38                            | Number of work-related illnesses reported              | no.   | 0                    | 0                    | nc         |

## Our societal performance indicators at 31 December 2016

| ALTEN<br>INDICATOR NO.             | INDICATOR                                                                                         | UNITS                  | GROUP<br>FRANCE 2016 | GROUP<br>FRANCE 2015 | GROUP 2016 |
|------------------------------------|---------------------------------------------------------------------------------------------------|------------------------|----------------------|----------------------|------------|
| <b>RELATIONS WITH STAKEHOLDERS</b> |                                                                                                   |                        |                      |                      |            |
| Societal 1                         | Number of partnerships for the promotion of engineering occupations (CNJE; "Elles Bougent"; etc.) | Number of partnerships | 31                   | 42                   | 61         |
| Societal 5                         | Total number of partnerships forged with higher education institutions in the current year        | no.                    | 26                   | 80                   | 174        |
| Societal 4                         | Total number of partnerships forged with NGOs or similar associations in the current year         | no.                    | 1                    | 4                    | 40         |
| <b>RELATIONS WITH STAKEHOLDERS</b> |                                                                                                   |                        |                      |                      |            |
| Societal 3                         | Percentage of women on the Board of Directors                                                     | %                      | 40%                  | 38%                  | 40%        |

## Our environmental performance indicators at 31 December 2016

| ALTEN<br>INDICATOR NO.                         | INDICATOR                                                                     | UNITS                      | GROUP<br>FRANCE 2016 | GROUP<br>FRANCE 2015 | GROUP 2016 |
|------------------------------------------------|-------------------------------------------------------------------------------|----------------------------|----------------------|----------------------|------------|
| <b>CONSUMPTION OF NATURAL RESOURCES</b>        |                                                                               |                            |                      |                      |            |
| Enviro 4                                       | Quantity of paper used per employee                                           | kg/emp                     | 10.2                 | 14.6                 | 10.4       |
|                                                | Total quantity of paper used                                                  | kg                         | 30,979               | 36,964               | 50,635     |
| Enviro 5                                       | % of paper recycled or certified                                              | %                          | 82%                  | 77%                  | 77%        |
| Enviro 6                                       | Quantity of opaque and translucent drinking cups per on-site employee         | number of cups/emp         | 439                  | 423                  | 277        |
| Enviro 7                                       | % of drinks taken without a cup                                               | %                          | nc*                  | 17%                  | nc*        |
| Enviro 8.a                                     | Total energy consumption                                                      | kWh                        | 6,189,628            | 6,389,016            | 10,108 964 |
| Enviro 8.b                                     | Total energy consumption per sq.m.                                            | kWh/sq.m./year             | 134                  | 147                  | 114        |
| Enviro 1                                       | CO <sup>2</sup> emissions linked to buildings' energy consumption.            | kg CO <sup>2</sup> eq.     | 507,550              | 523,899              | 2,642,903  |
| <b>BUSINESS TRAVEL</b>                         |                                                                               |                            |                      |                      |            |
| Enviro 14                                      | Number of kg of CO <sup>2</sup> eq. for business travel by train per employee | kg CO <sup>2</sup> eq./emp | 1.81                 | 1.99                 | 5.08       |
| Enviro 16                                      | Number of kg of CO <sup>2</sup> eq. for business travel by plane per employee | kg CO <sup>2</sup> eq./emp | 421                  | 529                  | 303        |
| Enviro 17                                      | Number of minutes of audio, video or web conferencing                         | min                        | voir Groupe          | 39,551               | 33,018     |
| Enviro 17.c                                    | Number of videoconferences organised                                          | no.                        | voir Groupe          | 20,018               | 16,422     |
| Enviro 21                                      | Average CO <sup>2</sup> emissions per km from company vehicle fleet           | g CO <sup>2</sup> /km      | 110                  | 110                  | nc         |
| Enviro 23.a                                    | Number of kg CO <sup>2</sup> eq. from kilometres driven by company vehicles   | kg CO <sup>2</sup> eq.     | 308,338              | 262,094              | 6,391,051  |
| <b>EXTERNAL CERTIFICATIONS AND ASSESSMENTS</b> |                                                                               |                            |                      |                      |            |
| Enviro 10                                      | % of occupied sq.m. that is certified (BBC, HQE)                              | %                          | 22%                  | 23%                  | 19%        |
| Enviro 18                                      | EcoVadis score out of 100                                                     | score                      | voir Groupe          | 74/100               | 74/100     |
| <b>WASTE</b>                                   |                                                                               |                            |                      |                      |            |
| Enviro 25                                      | Total quantity of D3E removed by an external company                          | metric tons                | 5.0                  | 4.7                  | 7.8        |
| Enviro 11                                      | % of sites covered by a waste sorting scheme                                  | %                          | 86%                  | 91%                  | 82%        |

NB: The 2015 and 2016 indicators are not always comparable, due to changes in scope.

nc = not consolidated

\*See methodological note

# Compliance matrix

| ARTICLE 225 - GRENELLE 2<br>DECREE N° 2016-1138 / 08/19/2016                                                                                                                          |                                                                                                                                       | PRINCIPLES OF THE GLOBAL COMPACT | GRI                                  | ISO 26 000           | CHAPTER 3 - 2015 REGISTRATION DOCUMENT                                                                                                                                                     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|--------------------------------------|----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>EMPLOYEE-RELATED INFORMATION</b>                                                                                                                                                   |                                                                                                                                       |                                  |                                      |                      |                                                                                                                                                                                            |
| <b>EMPLOYMENT</b>                                                                                                                                                                     |                                                                                                                                       |                                  |                                      |                      |                                                                                                                                                                                            |
| Total workforce and breakdown of employees by gender, age and geographical region                                                                                                     |                                                                                                                                       |                                  | G4-9, G4-10, LA1, LA12               | *6.4.4               | 2.1                                                                                                                                                                                        |
| Recruitments and redundancies                                                                                                                                                         |                                                                                                                                       |                                  | EC6, LA1                             |                      | 2.1                                                                                                                                                                                        |
| Remuneration and remuneration increases                                                                                                                                               |                                                                                                                                       |                                  | G4-51, G4-52, G4-53, G4-55, EC1, EC5 |                      | 2.1<br>Part of Annual Report - Chap. 17.3 and 17.5                                                                                                                                         |
| <b>WORK ORGANISATION</b>                                                                                                                                                              |                                                                                                                                       |                                  |                                      |                      |                                                                                                                                                                                            |
| Organisation of working time                                                                                                                                                          |                                                                                                                                       |                                  |                                      | *6.4.4               | 2.4                                                                                                                                                                                        |
| Absenteeism                                                                                                                                                                           |                                                                                                                                       |                                  |                                      |                      | 2.4                                                                                                                                                                                        |
| <b>EMPLOYEE RELATIONS</b>                                                                                                                                                             |                                                                                                                                       |                                  |                                      |                      |                                                                                                                                                                                            |
| Organisation of dialogue with employees, such as procedures for informing, consulting and negotiating with employees                                                                  | 3. Respect for freedom of association and recognition of the right to collective bargaining                                           |                                  | LA4                                  | *6.4.3<br>*6.4.5     | 2.1<br>Annual Report - Chap. 17.5                                                                                                                                                          |
| List of collective agreements                                                                                                                                                         |                                                                                                                                       |                                  |                                      |                      | 2.1<br>Annual Report - Chap. 17.4                                                                                                                                                          |
| <b>HEALTH &amp; SAFETY</b>                                                                                                                                                            |                                                                                                                                       |                                  |                                      |                      |                                                                                                                                                                                            |
| Occupational health and safety conditions                                                                                                                                             |                                                                                                                                       |                                  | LA5                                  |                      | 2.4                                                                                                                                                                                        |
| List of agreements signed with unions and staff representative bodies pertaining to occupational health and safety                                                                    | 4. Elimination of all forms of forced or compulsory labour                                                                            |                                  | LA8                                  | *6.4.6               | 2.4<br>Annual Report - Chap. 17.5                                                                                                                                                          |
| Work-related accidents, particularly their frequency and severity, together with occupational illnesses                                                                               | 5. Effective abolition of child labour                                                                                                |                                  | LA6/LA7                              |                      | 2.4                                                                                                                                                                                        |
| <b>TRAINING</b>                                                                                                                                                                       |                                                                                                                                       |                                  |                                      |                      |                                                                                                                                                                                            |
| Policies implemented regarding training                                                                                                                                               |                                                                                                                                       |                                  | LA10, LA11                           | *6.4.7               | 2.2                                                                                                                                                                                        |
| Number of training hours                                                                                                                                                              |                                                                                                                                       |                                  | LA9, HR2                             |                      | 2.2                                                                                                                                                                                        |
| <b>EQUAL TREATMENT</b>                                                                                                                                                                |                                                                                                                                       |                                  |                                      |                      |                                                                                                                                                                                            |
| Measures taken to promote gender equality                                                                                                                                             |                                                                                                                                       |                                  | LA3, LA12, LA13                      |                      | 2.3                                                                                                                                                                                        |
| Measures taken to promote the employment and integration of disabled persons                                                                                                          |                                                                                                                                       |                                  | LA12                                 | *6.3.10<br>*6.3.7    | 2.3<br>Annual Report - Chap. 17.5                                                                                                                                                          |
| The anti-discrimination policy                                                                                                                                                        |                                                                                                                                       |                                  | LA12, HR3                            |                      | 2.3                                                                                                                                                                                        |
| <b>PROMOTION OF AND COMPLIANCE WITH THE STIPULATIONS OF THE CORE CONVENTIONS OF THE INTERNATIONAL LABOUR ORGANIZATION ON</b>                                                          |                                                                                                                                       |                                  |                                      |                      |                                                                                                                                                                                            |
| Respect for freedom of association and the right to collective bargaining                                                                                                             | 3. Respect for freedom of association and recognition of the right to collective bargaining                                           |                                  | HR5, LA13, LA14                      |                      | 4.2                                                                                                                                                                                        |
| the elimination of discrimination in respect of employment and occupation                                                                                                             | 6. Elimination of discrimination in respect of employment and occupation                                                              |                                  | HR3                                  | *6.3.10<br>*6.3.7    | 2.3<br>4.2                                                                                                                                                                                 |
| the elimination of forced or compulsory labour                                                                                                                                        | 4. Elimination of all forms of forced or compulsory labour                                                                            |                                  | HR6                                  |                      | 4.2                                                                                                                                                                                        |
| effective abolition of child labour                                                                                                                                                   | 5. Effective abolition of child labour                                                                                                |                                  | HR5                                  |                      | 4.2                                                                                                                                                                                        |
| <b>ENVIRONMENTAL INFORMATION</b>                                                                                                                                                      |                                                                                                                                       |                                  |                                      |                      |                                                                                                                                                                                            |
| <b>GENERAL POLICY IN ENVIRONMENTAL MATTERS</b>                                                                                                                                        |                                                                                                                                       |                                  |                                      |                      |                                                                                                                                                                                            |
| The company's organisational structure for taking into account environmental issues and, where applicable, environmental assessment and certification procedures                      |                                                                                                                                       |                                  | G4-1                                 |                      | 4.4                                                                                                                                                                                        |
| Training and information for employees on environmental protection matters                                                                                                            | 7. Taking a conservative approach to dealing with environmental matters                                                               |                                  | G4-43                                |                      | 4.4                                                                                                                                                                                        |
| Resources devoted to preventing environmental hazards and pollution                                                                                                                   | 8. Promoting greater responsibility in environmental matters<br>9. Developing and disseminating environmentally friendly technologies |                                  | EN30, EN31                           | *6.5.2.1<br>*6.5.2.2 | ALTEN provides intellectual services. By their nature, these activities present little environmental risk and do not generate significant pollution.                                       |
| The amount of accounting provisions and guarantees for environmental risks, provided that this information is not likely to cause the company serious prejudice in an ongoing lawsuit |                                                                                                                                       |                                  | EC2                                  |                      | ALTEN has no reserves or guarantees for environmental risks in France.<br>The environmental management (ISO 14001 certified) that we apply to buildings does reduce environmental hazards. |

## POLLUTION

|                                                                                                                                   |                                                                         |                                    |        |                                                                                                                                                                                                                                                                                                                                   |
|-----------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|------------------------------------|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Measures to prevent, reduce and compensate for emissions into the atmosphere, soil and water that severely affect the environment | 7. Taking a conservative approach to dealing with environmental matters | EN10, EN20, EN21, EN22, EN24, EN26 | *6.5.3 | ALTEN provides intellectual services. By their nature, these activities have little direct environmental impact and do not seriously affect it; emissions into the air are limited in normal situations to greenhouse gas emissions.                                                                                              |
|                                                                                                                                   | 8. Promoting greater responsibility in environmental matters            |                                    |        |                                                                                                                                                                                                                                                                                                                                   |
| Taking into account noise pollution and all other forms of pollution specific to an activity                                      | 9. Developing and disseminating environmentally friendly technologies   | EN 24                              |        | The ALTEN Group provides intellectual services. By nature, such activities have little impact on the environment, generate little pollution and do not cause noise pollution. However, measures are taken to ensure the smooth integration of buildings in residential areas into their neighbourhoods (BBC/HQE, ISO 14001, etc.) |

## CIRCULAR ECONOMY

|                                                                        |                                                                         |                        |        |                                                                                                                                                                                        |
|------------------------------------------------------------------------|-------------------------------------------------------------------------|------------------------|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Waste management and prevention                                        |                                                                         |                        |        |                                                                                                                                                                                        |
| Measures to prevent, recycle, reuse, other upgrade and eliminate waste |                                                                         | EN23, EN24, EN25, EN28 | *6.5.3 | 4.4<br>Taking into account tertiary activities of ALTEN's Engineering and Technology Consulting, there is no global waste management publication. Publication are about paper and WEEE |
| Fight against food wastage initiatives                                 | 7. Taking a conservative approach to dealing with environmental matters | EN23                   |        | Taking into account tertiary activities of ALTEN's Engineering and Technology Consulting, the Fight against food wastage is not significant                                            |

## SUSTAINABLE USE OF RESOURCES

|                                                                                             |                                                                       |                    |        |                                                                                                                                             |
|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|--------------------|--------|---------------------------------------------------------------------------------------------------------------------------------------------|
| Consumption and supply of water in accordance with local constraints                        | 8. Promoting greater responsibility in environmental matters          | EN8, EN9           | *6.5.4 | Taking into account tertiary activities of ALTEN's Engineering and Technology Consulting, the Group's water consumption is not significant. |
| Consumption of raw materials and measures taken to use them more efficiently                | 9. Developing and disseminating environmentally friendly technologies | EN1, EN2           |        |                                                                                                                                             |
| Energy consumption, measures taken to improve energy efficiency and use of renewable energy |                                                                       | EN3, EN4, EN6, EN7 |        | 4.4                                                                                                                                         |
| Land use                                                                                    |                                                                       | EN11               |        | Given ALTEN's services business of Engineering and Technology Consulting, the Group has no activity that involves land use.                 |

## CLIMATE CHANGE

|                                                                                                                 |                                                                         |                                                   |                  |            |
|-----------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|---------------------------------------------------|------------------|------------|
| Significant greenhouse gas emission caused by society activity, especially by using goods and services produced |                                                                         | EN3, EN4, EN6, EN7, EN15, EN16, EN17, EN18, EN19, | *6.5.4<br>*6.5.5 | 4.4<br>3.4 |
|                                                                                                                 | 7. Taking a conservative approach to dealing with environmental matters |                                                   |                  |            |
| Adapting to the consequences of climate change                                                                  | 8. Promoting greater responsibility in environmental matters            | EN15, EN16, EN17, EN18, EN19,                     | *6.5.5           | 3.4<br>4.4 |
|                                                                                                                 | 9. Developing and disseminating environmentally friendly technologies   |                                                   |                  |            |
| <b>PROTECTION OF BIODIVERSITY: MEASURES TAKEN TO PRESERVE OR DEVELOP BIODIVERSITY</b>                           |                                                                         | EN11 to 14, EN26                                  | *6.5.6           | 4.4        |

## INFORMATION PERTAINING TO SOCIETAL COMMITMENTS IN FAVOUR OF SUSTAINABLE DEVELOPMENT

### LOCAL, ECONOMIC AND SOCIAL IMPACT OF THE COMPANY'S ACTIVITY

|                                                 |  |                                   |                            |                                                                                                                                                                     |
|-------------------------------------------------|--|-----------------------------------|----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| In terms of employment and regional development |  | EC6, EC7, EC8, EC9, SO1           | *6.8.5<br>*6.8.7<br>*6.8.8 | 2.1                                                                                                                                                                 |
| On neighbouring and local populations           |  | EC6, EC7, EC8, EC9, HR8, SO1, SO2 |                            | ALTEN is present in employment hotspots and works closely with its customers. Its impact on neighbouring and local populations is thus limited and not significant. |

### RELATIONS WITH THE PEOPLE OR ORGANISATIONS RELATED TO OR AFFECTED BY THE COMPANY'S ACTIVITY, PARTICULARLY LABOUR-MARKET INCLUSION ASSOCIATIONS, EDUCATIONAL INSTITUTIONS, ENVIRONMENTAL PROTECTION ASSOCIATIONS, CONSUMER ASSOCIATIONS AND LOCAL POPULATIONS

|                                                                    |  |              |                  |                                                            |
|--------------------------------------------------------------------|--|--------------|------------------|------------------------------------------------------------|
| Conditions conducive to dialogue with such people or organisations |  | G4-26, G4-37 | *5.3.3<br>*6.8.9 | Values, strategy and challenges<br>Mapping of stakeholders |
| Partnership and sponsorship initiatives                            |  | EC7          |                  | 2.3<br>3.1<br>4.5                                          |

## SUB-CONTRACTING AND SUPPLIERS

|                                                                                                                                                         |                                                                                                  |                                                          |        |                                      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|----------------------------------------------------------|--------|--------------------------------------|
| Taking social and environmental issues into account in the purchasing policy                                                                            | 1. Promoting and respecting international human rights law protection in the sphere of influence | LA14, LA15, EN33, HR5, HR9, HR11                         | *6.6.6 | 4.3                                  |
| The importance of sub-contracting and taking their social and environmental responsibility into account in relations with suppliers and sub-contractors | 2. Guarding against complicity in human rights violations                                        | LA14, LA15, G4-12, EN32, EN33, HR5, HR9, HR11, SO9, SO10 |        | Part of Annual Report - Chap. 17.5.9 |

## FAIR COMMERCIAL PRACTICES

|                                                              |                                                                                          |                                              |                  |     |
|--------------------------------------------------------------|------------------------------------------------------------------------------------------|----------------------------------------------|------------------|-----|
| Actions undertaken to prevent corruption                     | 10. Acting against corruption in all its forms, including extortion of funds and bribery | G4-56, G4-58, SO3, SO4, SO5                  | *6.6.3<br>*6.7.4 | 4.2 |
| Measures taken to promote the health and safety of consumers |                                                                                          | EN27, PR1, PR2, PR3, PR4, PR6, PR7, PR8, PR9 |                  | 4.1 |

## OTHER ACTIONS TAKEN TO PROMOTE HUMAN RIGHTS

|  |                                                                                                  |                                           |         |            |
|--|--------------------------------------------------------------------------------------------------|-------------------------------------------|---------|------------|
|  | 1. Promoting and respecting international human rights law protection in the sphere of influence | HR1, HR2, HR7, HR8, HR9, HR10, HR11, HR12 | *6.3.10 | 4.2<br>4.3 |
|  | 2. Guarding against complicity in human right solutions                                          |                                           |         |            |

# Report of one of the statutory auditors, appointed as independent third party, on the consolidated human resources, environmental and social information included in the management report

For the year ended December 31st 2016

**This is a free English translation of the statutory auditors' report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.**

ALTEN SA

For the year ended December 31st 2016

## To the Shareholders,

In our capacity as statutory auditor of Alten, (the "Company"), appointed as independent third party and certified by COFRAC under number n° 3-1080, we hereby report to you on the consolidated human resources, environmental and social information for the year ended December 31st 2016, included in the management report (hereinafter named «CSR Information»), pursuant to article L.225-102-1 of the French Commercial Code (Code de commerce).

## Company's responsibility

The Board of directors is responsible for preparing a company's management report including the CSR Information required by article R.225-105-1 of the French Commercial Code in accordance with the procedures used by the Company (hereinafter the «Guidelines»), available on request from the company's head office and summarized in the «Methodological note» of the registration document chapter entitled «Operational excellence and sustainable development.»

## Independence and quality control

Our independence is defined by regulatory texts, the French Code of ethics (Code de déontologie) of our profession and the requirements of article L.822-11 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements and applicable legal and regulatory requirements.

## Statutory Auditor's responsibility

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);

- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

Our work involved four persons and was conducted between November 2016 and March 2017 during approximately four week period. We were assisted in our work by our CSR experts.

We performed our work in accordance with the French professional standards and with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and with ISAE 3000 concerning our conclusion on the fairness of CSR Information.

## 1. Attestation regarding the completeness of CSR Information

### Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

We compared the CSR Information presented in the management report with the list provided in article R.225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by article L.233-1 and the controlled entities as defined by

article L.233-3 of the French Commercial Code within the limitations presented in the «Methodological note» of the registration document chapter entitled «Operational excellence and sustainable development.»

## Conclusion

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

## 2. Conclusion on the fairness of CSR Information

### Nature and scope of our work

We conducted around ten interviews with the persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate ;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices. Regarding the CSR Information that we considered to be the most important:

- at parent entity level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- at the level of a representative sample of countries selected by us on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents 73% of headcount and between 20% and 90% of quantitative environmental data disclosed.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the company. We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

## Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Paris, April 28th 2017

French original signed by one of the statutory auditors:

**Grant Thornton**  
**Membre français de Grant Thornton International**

**Vincent Frambourt**  
**Partner**

<sup>1</sup> whose scope is available at [www.cofrac.fr](http://www.cofrac.fr)

<sup>2</sup> ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information

<sup>3</sup> **Quantitative social information:** total workforce at 31 December and breakdown by gender, age, geographical area and contract type; hirings and departures; average absenteeism rate; employee turnover; number of training hours; number of trained employees.

**Quantitative environmental information:** paper consumption and proportion of recycled paper; quantity of WEEE waste; pourcentage de surfaces couvertes par le tri sélectif ; total floor space of certified buildings (BBC/HQE); energy consumption by floor space; kilometers travelled by train, plane and company vehicle; CO<sub>2</sub> emissions from the buildings' energy consumption and business trips.

**Qualitative information** relating to "diversity", "innovation catalyst" and "responsible partner".

<sup>4</sup> Alten Sweden, Alten France, Alten GmbH et GmbH Digital (Munich), Alten Technology (Hambourg).

# Shareholder information

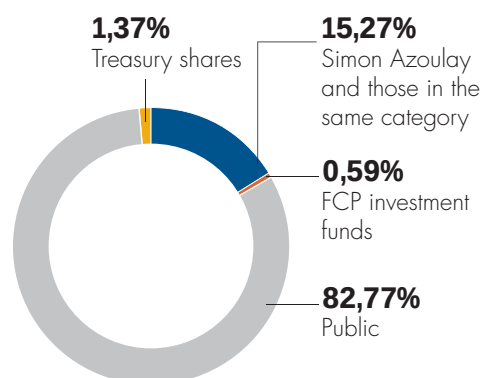
## Investor information

|                                               |                                                         |
|-----------------------------------------------|---------------------------------------------------------|
| Company name                                  | ALTEN                                                   |
| Activity                                      | Engineering and Technology Consulting                   |
| APE Code                                      | 6202A                                                   |
| Trade and Companies Register number           | 348 607 417 Nanterre                                    |
| Registered office address                     | 92513 Boulogne-Billancourt                              |
| Founding date:                                | 1988                                                    |
| Nationality                                   | Française                                               |
| Share capital                                 | 34,240,683.47 €                                         |
| Number of shares representing ALTEN's capital | 33,689,525 shares                                       |
| Legal form:                                   | A French public limited company with Board of Directors |
| Financial year                                | 1 January to 31 December                                |
| Market                                        | ALTEN is listed in Compartment A of Euronext Paris      |
| Stock market indices including ALTEN shares   | SBF 120, SBF 250, IT CAC 50, CACMID 100                 |
| ISIN Code                                     | FR 0000071946                                           |

## Financial analysts

Aurel BGC  
 Berenberg  
 Bryan Garnier  
 Cheuvreux Kepler  
 CIC Securities  
 Exane BNP Paribas  
 Gilbert Dupont  
 Natixis  
 Oddo Securities  
 Société Générale

## Shareholder structure (at 01/03/2016)



## Financial calendar

|                   |                                 |
|-------------------|---------------------------------|
| 25 January 2017   | Revenue from 4th quarter 2016   |
| 22 February 2017  | 2016 annual results             |
| 26 April 2017     | Revenue from 1st quarter 2017   |
| 22 May 2017       | General Meeting of Shareholders |
| 26 July 2017      | Revenue from 1st half 2017      |
| 20 September 2017 | Results from 1st half 2017      |
| 25 October 2017   | Revenue from 3rd quarter 2017   |

## Stock market performance

| DATE     | MONTHLY VOLUME | MONTHLY VOLUME IN EUROS | HIGH    | LOW     | AVERAGE PRICE | AVERAGE DAILY TRADING VOLUME | AVERAGE DAILY TRADING IN EUROS |
|----------|----------------|-------------------------|---------|---------|---------------|------------------------------|--------------------------------|
| jan-16   | 1,404,380      | 72,662,621.2 €          | 54.90 € | 45.12 € | 51.74         | 70,219                       | 3,633,131.1 €                  |
| feb-16   | 1,140,136      | 54,612,514.4 €          | 53.03 € | 43.73 € | 47.90         | 54,292                       | 2,600,595.9 €                  |
| march-16 | 810,468        | 43,170,031.0 €          | 54.24 € | 52.09 € | 53.28         | 38,594                       | 2,055,715.8 €                  |
| apr-16   | 385,270        | 20,829,767.0 €          | 55.80 € | 52.98 € | 53.98         | 18,346                       | 991,893.7 €                    |
| may-16   | 711,866        | 40,519,706.0 €          | 58.24 € | 53.78 € | 56.89         | 32,358                       | 1,841,804.8 €                  |
| june-16  | 917,181        | 49,158,298.0 €          | 58.79 € | 49.07 € | 54.50         | 41,690                       | 2,234,468.1 €                  |
| jul-16   | 802,611        | 45,542,126.0 €          | 62.76 € | 51.07 € | 55.70         | 38,220                       | 2,168,672.7 €                  |
| aug-16   | 488,918        | 30,017,726.0 €          | 63.52 € | 59.92 € | 61.48         | 21,257                       | 1,305,118.5 €                  |
| sept-16  | 751,231        | 47,102,507.0 €          | 65.10 € | 60.66 € | 62.74         | 34,147                       | 2,141,023.0 €                  |
| oct-16   | 784,498        | 48,529,934.0 €          | 67.00 € | 58.60 € | 61.07         | 37,357                       | 2,310,949.2 €                  |
| nov-16   | 736,724        | 47,683,802.0 €          | 67.30 € | 61.20 € | 64.35         | 33,487                       | 2,167,445.5 €                  |
| dec-16   | 587,572        | 38,656,107.0 €          | 68.70 € | 62.58 € | 65.85         | 27,980                       | 1,840,767.0 €                  |
| jan-17   | 561,916        | 37,870,363.0 €          | 69.56 € | 64.90 € | 67.46         | 25,542                       | 1,721,380.1 €                  |
| feb-17   | 779,429        | 53,383,242.0 €          | 71.84 € | 64.77 € | 68.76         | 38,971                       | 2,669,162.1 €                  |

# 2016 Annual financial report



ALTEN

INGÉNIERIE ET CONSEIL EN TECHNOLOGIES

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# PERSONS RESPONSIBLE

## 1.1 PERSON IN CHARGE OF THE REGISTRATION DOCUMENT AND THE ANNUAL FINANCIAL REPORT

---

### STATEMENT BY THE PERSON IN CHARGE OF THE REGISTRATION DOCUMENT AND THE ANNUAL FINANCIAL REPORT

*"After having taken all reasonable precautions, I declare that the information contained in this Registration Document is, to my knowledge, true and contains no omissions likely to affect its interpretation.*

*I declare, to the best of my knowledge, that the financial statements have been compiled in accordance with the applicable accounting standards and provide an accurate picture of the assets, financial position and results of the Company and its subsidiaries, and that the management report (see cross-reference table on page 285) gives a fair reflection of the business trends, the results and the financial position of the Company and its subsidiaries and describes the main risks and uncertainties that these companies currently face.*

*I have obtained an end-of-mission statement from the Statutory Auditors indicating that they have verified the information concerning the financial position and the financial statements presented in this Registration Document and have read this entire document".*

*Signed at Boulogne-Billancourt on 28 April 2017.*

Simon AZOULAY - Chairman and Chief Executive Officer

## 1.2 PERSON IN CHARGE OF FINANCIAL INFORMATION

---

**Bruno BENOLIEL**

*Deputy Chief Executive Officer.*

# 1

## PERSONS RESPONSIBLE

# STATUTORY AUDITORS

## 2.1 IDENTITY

### 2.1.1 PRINCIPAL STATUTORY AUDITORS

#### KPMG Audit IS

Represented by Jean-Pierre Valensi, Tour EQHO, 2 avenue Gambetta, CS 60055, 92066 Paris-La Défense.

Date of first appointment: 18 June 2015.

Term of office expires on: Ordinary General Meeting to be held in 2021 called to approve the financial statements for the financial year ending 31 December 2020.

#### Grant Thornton

Represented by Vincent Frambourt, 29 Rue du Pont, 92200 Neuilly-sur-Seine.

Date of first appointment: 25 June 2003.

Reappointment dates: 23 June 2009 and 18 June 2015.

Term of office expires on: Ordinary General Meeting to be held in 2021 called to approve the financial statements for the financial year ending 31 December 2020.

### 2.1.2 ALTERNATE STATUTORY AUDITORS

#### Salustro Reydel – Alternate Statutory Auditors for KPMG Audit IS

Represented by Bertrand Desbarrières, Tour EQHO, 2 avenue Gambetta, CS 60055, 92066 Paris-La Défense Cedex, France.

Date of first appointment: 18 June 2015.

Term of office expires on: Ordinary General Meeting to be held in 2021 called to approve the financial statements for the financial year ending 31 December 2020.

#### IGEC – Alternate Statutory Auditors for Grant Thornton

Represented by Vincent Papazian, 22 rue Garnier, 92200 Neuilly-sur-Seine.

Date of first appointment: 25 June 2003.

Reappointment dates: 23 June 2009 and 18 June 2015.

Term of office expires on: Ordinary General Meeting to be held in 2021 called to approve the financial statements for the financial year ending 31 December 2020.



# SELECTED FINANCIAL INFORMATION

# 3

## 3.1 HISTORICAL FINANCIAL INFORMATION

### KEY FIGURES FOR THE PERIOD COVERING THE HISTORICAL FINANCIAL INFORMATION

| <i>(In millions of euros)</i>                  | 2016    | 2015    | 2014    |
|------------------------------------------------|---------|---------|---------|
| Revenue                                        | 1,748.3 | 1,540.9 | 1,373.2 |
| France                                         | 47.5%   | 51.6%   | 55.5%   |
| International                                  | 52.5%   | 48.4%   | 44.5%   |
| Operating profit on activity                   | 180.9   | 152.5   | 132.2   |
| Operating profit on activity (as % of revenue) | 10.3%   | 9.9%    | 9.6%    |
| Operating profit                               | 157.4   | 147.1   | 117.5   |
| Net income, Group share                        | 112.4   | 106.3   | 79.5    |
| Net cash flow from operating activities        | 112.4   | 105.1   | 48.3    |
| Workforce                                      | 24,000  | 20,400  | 18,400  |

| <b>ASSETS</b> <i>(in thousands of euros)</i> | 2016             | 2015             | 2014           |
|----------------------------------------------|------------------|------------------|----------------|
| Goodwill                                     | 411,200          | 331,617          | 276,259        |
| Trade receivables                            | 579,164          | 499,378          | 462,256        |
| Other current and non-current assets         | 243,617          | 239,742          | 180,317        |
| Cash and cash equivalents                    | 94,986           | 91,918           | 70,467         |
| <b>TOTAL ASSETS</b>                          | <b>1,328,967</b> | <b>1,162,655</b> | <b>989,299</b> |

| <b>LIABILITIES</b> <i>(in thousands of euros)</i>   | 2016             | 2015             | 2014           |
|-----------------------------------------------------|------------------|------------------|----------------|
| Shareholders' equity, Group share                   | 738,747          | 648,034          | 560,950        |
| Non-controlling interests                           | 374              | 1,777            | 1,281          |
| Financial liabilities                               | 90,737           | 74,916           | 45,008         |
| Other current and non-current financial liabilities | 499,110          | 437,928          | 382,060        |
| <b>TOTAL LIABILITIES</b>                            | <b>1,328,967</b> | <b>1,162,655</b> | <b>989,299</b> |

# 3

## SELECTED FINANCIAL INFORMATION

# RISK FACTORS

# 4

|            |                                                               |            |            |                                                    |            |
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The Group has reviewed the risks that could have a significant adverse effect on its business, its financial position or its results (or its capacity to meet its targets) and considers that there are no significant risks other than those presented below:

## 4.1 INTEREST RATE, FOREIGN EXCHANGE AND STOCK MARKET RISKS

### 4.1.1 INTEREST RATE RISK

The Group's interest rate risk relates primarily to the Club Deal contract signed on 20 March 2015, which is indexed to the Euribor for the corresponding interest period. It therefore incurs an interest rate risk based on changes in the reference index.

Due to low debt levels and interest rate changes, the Group did not consider it necessary to arrange interest rate hedging, especially since its financing is short term. The Group's exposure remains limited. At 31 December 2016, financial debt at variable rate amounted to €76 million. An average increase of 100 basis points in the reference variable rate over a year would increase the cost of the Group's financial debt by €0.8 million.

### 4.1.2 FOREIGN EXCHANGE RISK

#### Operating foreign exchange risk

Although the Group has broad international presence, the currency flows linked to its activity are limited to each subsidiary's internal market and primarily converted into local currencies.

transactions may have resulted in refinancing by the Group in foreign currencies but remain limited and are completely or partially covered by bank loans in foreign currencies.

See also section 20.3.1, Note 2.3 "Financial risk factors".

#### Foreign exchange risk

The financing needs of subsidiaries outside the eurozone and some of the Group's financing transactions expose certain entities to a foreign exchange risk (risk linked to the change in value of debts or receivables in currencies other than the operating currency of the lending or borrowing entity). In general, the Group's external financing is denominated in euros. However, certain external growth

#### Risk of translation change

Some of the Group's subsidiaries are located outside the eurozone, in particular the USA, Sweden and the United Kingdom. The financial statements of these subsidiaries are subject to certain volatility when translated into the consolidation currency linked to changes in the local currency compared to the euro. The risk of translation change constitutes the Group's main exposure to foreign exchange risk.

### 4.1.3 EQUITY RISK

The risk relating to stock market prices is low. In addition to treasury shares held under the liquidity contract, ALTEN holds only 460,022 treasury shares, representing 1.36% of its share capital at 31 December 2016.

Share options giving future access to capital represent only 0.07% of ALTEN's share capital at 31 December 2016.

Shares awarded free of charge during the financial year and not yet issued represent a maximum 2.03% dilution of share capital.

In addition, ALTEN held 509,614 ordinary shares in AUSY (listed on the NYSE Euronext, Compartment C) representing 9.26% of this company's share capital at 31 December 2016. ALTEN no longer holds any AUSY shares.

Reference is expressly made to section 21.1.4 on securities conferring a right in the share capital.

## 4.2 LIQUIDITY RISK

A prudent liquidity management plan involves keeping a sufficient level of liquid assets, having financial resources through appropriate credit facilities and being able to settle one's positions on the market. The Group ensures that it always has sufficient liquidity to meet its commitments, in particular to realise investment opportunities.

At 31 December 2016, the Group has:

- centralised cash management when local legislation permits;
- internal procedures to optimise debt recovery;
- credit lines set up for €160 million as part of the Club Deal contract and short-term confirmed credit lines for €29.2 million, renewable annually.

At 31 December 2016, the ratios under the Club Deal contract signed on 20 March 2015 had been met, namely:

- ratio 1 – “Consolidated net financial debt/Consolidated operating profit on activity”. This ratio is less than 2.5;
- ratio 2 – “Consolidated net financial debt/Consolidated equity”. This ratio is less than 0.7.

Additional information on the Club Deal contract is set out in section 20.3.1, Note 2.3 “Financial risk factors”.

The Company performed a specific review of its liquidity risk and considers that it is in a position to meet its future commitments.

## 4.3 CREDIT/COUNTERPARTY RISK

ALTEN's services are invoiced mainly on a time-spent basis. In reality, there are few risks related to fixed-price contracts (less than 10% of revenue). Internal procedures established by certain major account customers with regard to the issue of purchase orders and payment of invoices affect payment time frames. In light of these ever-growing difficulties, the Group had to strengthen its procedures to limit the increase in outstanding customer accounts and the risk of non-payment by customers.

The ALTEN Group derives 33.4% of its revenue from approximately ten customers, with its largest customer representing 10.6% of Group revenue, within various entities in several countries.

The ALTEN Group has also established internal procedures to assess the risk of customer insolvency during the pre-sales process and subsequently to efficiently collect these receivables.

ALTEN Group's customers are among the largest European accounts: close to 90% of revenue is generated by this type of customer, thus limiting the risk of insolvency. Its credit risk is therefore limited. Customer account collection periods were 94 days in 2016 (93.5 days in 2015).

### MAJOR ACCOUNTS' SHARE

| <i>(as % of revenue)</i> | 2016 | 2015 | 2014 |
|--------------------------|------|------|------|
| First                    | 10.6 | 11.2 | 11.1 |
| Top five                 | 23.7 | 25.2 | 25.9 |
| Top ten                  | 33.4 | 35.8 | 37.1 |

There is no identified risk of dependency with regard to a specific client. See also section 20.3.1, Note 2.3.

## 4.4 RISKS CONNECTED WITH INTANGIBLE ASSETS

Goodwill represents the difference between the purchase price and the fair value at the date of acquisition of identifiable assets and liabilities and contingent liabilities. Goodwill is not amortised. The Group has a period of 12 months from the date of acquisition to finalise the valuation of these assets and liabilities. Beyond this period, the effects are recognised directly under earnings.

Goodwill is allocated to cash generating units (CGUs) or groups of cash generating units that could benefit from the consortium that generated the goodwill. The ALTEN Group performs impairment tests of goodwill as soon as an indication of impairment is identified

and at least once a year. Goodwill impairment losses are not reversible (see section 20.3.1, Notes 2.2.5.3 and 2.2.5.6 to the consolidated financial statements).

When the acquisition cost is less than the fair value of the share belonging to the Group in the net assets of the subsidiary acquired, the difference is recorded directly in the income statement over the vesting period, after verification of the process of identifying and evaluating various factors taken into account in its calculation.

See also Section 20.3.1, Note 3.1 to the consolidated financial statements.

## 4.5 LEGAL RISKS

Most of the services provided by the ALTEN Group are subject to an obligation of means.

However, services that are results-based (fixed-price contracts) may, in case of a delay in execution or incorrect execution, lead to the application of penalties, or result in ALTEN's liability being committed. The Group has developed specific methodological processes for the management of projects of this type. The Structured Projects Division, which deploys the methodologies and drives the delivery of the work packages, was certified CMMI<sup>(1)</sup> level 3 in December 2015 for a new three-year period. All of these processes associated with a rigorous management of its contractual commitments enable ALTEN to control this risk.

In connection with its activities, the Group is involved in certain legal actions, mainly relating to former employees, commercial matters and taxes. A provision is posted when the Group has an obligation to a third party and it is certain or likely that it will lead to an outflow of resources for the benefit of said third party. Provisions are broken down by type, amount and expected maturity in the notes to the

consolidated financial statements (see section 20.3.1, details of consolidated financial statements, Note 3.9).

There is no other governmental, judicial, arbitration or administrative procedure, including all procedures known to the Company, that is pending or liable to occur and is likely to result or has resulted in a material impact on the financial position or the profitability of the Company and/or the Group over the past 12 months.

ALTEN conducts its own research and development projects and develops its own technologies, methods and tools through its centres of expertise and excellence. In the framework of projects undertaken for customers, ALTEN ensures the transfer of intellectual property rights that may be created by its employees and sub-contractors for the benefit of its customers.

In addition, as part of the ISO 27001 certification obtained in 2016 regarding information security management systems, ALTEN has strengthened its IT policy on risk prevention for infringement of third party rights by Group employees within the scope of their activity.

(1) CMMI is registered in the US Patent and Trademark Office by Carnegie Mellon University.

## 4.6 RISKS CONNECTED TO ACQUISITIONS

The ALTEN Group has carried out, and may again be led to carry out, transactions involving the acquisition of assets or equity interests, and more generally, any transactions involving external growth.

Such transactions involving acquisitions primarily imply the following risks:

- the assumptions made by the Group for the valuation of the acquisition may not be verified, in particular with regard to the prices, costs, synergies and profitability expected;
- difficulties connected to the implementation of the integration of the businesses or of the companies acquired may occur;
- the Group may not be able to retain certain employees or key customers;
- the Group's debt may deteriorate in order to finance such acquisitions, thereby limiting its financial flexibility and the possibilities of contracting new external financing.

Consequently, the benefits expected from future or now-realised acquisitions may not be able to be verified within the timeframes and

levels expected, which could have a negative impact on net financial income, the financial position, or the Group's outlook.

Within the framework of its development strategy, particularly abroad, the ALTEN Group completed a certain number of business combinations during the course of the last few financial years and is constantly looking at new opportunities (see in particular Chapter 5 of this Document).

The modest size of the acquisitions completed by ALTEN (between 50 to 200 consultants) enables control of integration risks and limits any impact on the size of the Group.

An acquisition process has been implemented within the Group, involving several ALTEN departments (including a department dedicated to researching and analysing potential targets, which informs and advises Management on investment options), as well as external advisers.

When an investment is decided upon, the Group develops an integration programme and puts into place the resources necessary for its implementation.

## 4.7 BUSINESS ACTIVITY RISKS

### 4.7.1 PROCEDURES AND REFERENCING POLICIES

The major accounts have implemented policies to rationalise their use of engineering and technology consultancy companies, the effect of which is to limit the number of listed partners in the context of a general policy aiming to increase productivity.

At end-2016, ALTEN was confirmed as a preferred supplier for all of its customers in the Aeronautical, Automotive, Energy, Telecoms and other sectors.

If ALTEN were to lose its preferred supplier status with a major account (a single customer representing more than 5% of revenue), its activity ratio and, as a result, its profitability could be affected. However, preferred supplier status with the customer is divided by business lines, and the loss of preferred status with such a customer would not impact all of the revenue generated by it.

In view of the rationalisation of supplier panels and changing demand among project owners, ALTEN assists its customers by

implementing a work package offer that delivers productivity gains and which can be combined with a nearshore or offshore approach.

For some years now, customers' Purchasing Divisions have expressed interest in performing some of their research and development activities in "low-cost" countries. Accordingly, the ALTEN Group has established structures to meet this demand and thus keep up the customer relationship. In practice, the number of projects carried out in offshore or nearshore mode remains very limited, but is gradually increasing.

ALTEN has nearshore and offshore organisations in Romania, India and Morocco.

The share of revenue generated by the ALTEN Group in offshore mode and nearshore mode is insignificant.

At this time, there are almost no relocation risks. This offshore/nearshore offering should enable ALTEN to gain ground in new markets.

### 4.7.2 HUMAN RESOURCES MANAGEMENT

Close to 90% of ALTEN's employees are engineers whose profiles are much sought after in a very tight labour market.

ALTEN is a major player in the engineering job market in Europe. In 2016, the Group continued its active recruitment policy, adding more than 7,600 high-potential engineers and employees to its teams, including over 4,200 employees in France. This recruitment trend is underpinned by an industrialised skills analysis process to identify and recruit high-level profiles. Published at the beginning of the year, the exclusive survey of the magazine "L'Usine Nouvelle" ranks ALTEN among the top 10 recruiters in 2017 with a projection of 3,000 recruitments in France.

In 2017, for the sixth consecutive year, ALTEN once again received 'Top Employer' certification in France, which recognises the Group's investment in people and its training and development scheme. ALTEN was also recognised as a Top Employer for the second consecutive year in Spain and Germany, and was awarded this certification for the first time in Italy. ALTEN applies "best practices" in the field of human resource management. For example, internationally, programmes to support the integration of new employees (known as on-boarding platforms) were introduced in Spain, Welcome meetings were organised at all entities within the scope of consolidation, and an 'Agile Quality' policy was implemented to support monitoring of employees.

## 4.8 INDUSTRIAL RISKS RELATED TO THE ENVIRONMENT

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These risks are not material. The ALTEN Group provides intellectual services. Therefore, these activities have little environmental impact.

## 4.9 INSURANCE

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The Group's insurance policy is linked to a strong initiative to prevent and protect against risk. All Group companies are insured through top ranking insurance companies for all major risks that could significantly impact its business, results or assets.

The main insured risks concern:

- indirect intangible damages;
- damage to property and business interruption;
- damage incurred by customers and third parties.

# INFORMATION ABOUT THE ISSUER

## 5

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## 5.1 HISTORY AND DEVELOPMENT OF THE COMPANY

### 5.1.1 COMPANY AND COMMERCIAL NAME OF THE ISSUER

Issuer's Company name: ALTEN.

Issuer's commercial name: ALTEN.

### 5.1.2 TRADE AND COMPANIES REGISTER

The Company has been registered in the Nanterre Trade and Companies Register under the number 348,607,417 since 16 November 1988.

### 5.1.3 DATE OF INCORPORATION AND TERM

The Company was formed on 28 October 1988.

The duration of the Company is 99 years as from its registration in the Trade and Companies Register, except in the case of premature winding up or extension of such duration.

### 5.1.4 REGISTERED OFFICE, LEGAL FORM, APPLICABLE LEGISLATION

Registered office and headquarters: 40, avenue André-Morizet, 92513 Boulogne-Billancourt Cedex, France.

The telephone number of the registered office is +33 (0)1 46 08 72 00.

Sales Division: 221 bis, boulevard Jean Jaurès, 92514 Boulogne-Billancourt Cedex, France.

The telephone number of the Sales Division is +33 (0)1 46 08 70 00.

ALTEN is a French limited company (*Société Anonyme*) with a Board of Directors subject to French law, especially the provisions of the French Commercial Code.

### 5.1.5 HISTORY AND DEVELOPMENT OF THE GROUP STRUCTURE

Since its inception, ALTEN has developed in two strategic directions: geographical proximity to its customers, (in France and abroad) and continued enhancement of its offer by developing new expertise and

services. ALTEN has quickly become a European leader in the engineering and technology consultancy sector.

#### 1988

ALTEN is founded by three engineers, all graduates of prestigious French universities, who are at the Company's helm.

#### 1989-2000

1989: ALTEN creates its first subsidiaries in France: ALTEN Sud-Ouest, ALTEN Industrie (fixed-price integration in the railway industry), GIST and abroad: ALTEN Ltd (UK).

ALTEN continues to expand despite the recession. It doubles its workforce and generates a profit in every year from 1991 to 1994.

ALTEN broadens its range of services by setting up subsidiaries that specialise in network architecture, open systems, client-server applications, and object-oriented technologies.

ALTEN opens two offices in western and eastern France (ALTEN Ouest and ALTEN Est) as part of its regional expansion strategy.

1999: ALTEN SA is launched on the *Second Marché* of the Paris Stock Exchange on 1 February 1999. The Company continues to expand regionally with the opening of ALTEN PACA and ALTEN Nord. It spins off its operations in Belgium with the creation of ALTEN Benelux in late December.

2000: ALTEN continues to set up foreign operations. It creates Altek in Germany, ALTEN Spain, Axen in the Benelux region, and increases its stake in ALTEN Ltd. in the UK to 100%. The Group acquires Abilog, Anotech, Cogitel and the Techniques Avancées Group.

## 2001-2010

- 2001: ALTEN steps up its policy of growth through acquisition to sustain its rate of expansion in a less favourable economic climate and acquires three new companies, including one overseas: Eben Technologies, SD Partners and ETIC.
- 2002: ALTEN continues its growth and acquires another four companies (SBD Technologies and Siatcom in Spain, Orion in the Netherlands and Groupecyber in France).
- 2003: Reinforcement of its international position, which at end 2003 represents 20% of ALTEN Group revenue, particularly following implementation in Italy (acquisition of DEC Informatica) and Germany (acquisition of IMP GmbH). Acquisition of a company in France, the GSO Group, which specialises in research and development project management.
- 2004: ALTEN achieves significant organic growth in France and continues its international development. The Group records more than 25% of its revenue outside France. Acquisition of three new companies: Cronos in Spain, Syselog in France and Aerotec in Germany, allowing ALTEN to become a European leader in R&D project management.
- 2005: ALTEN exceeds its objective of 6,000 employees a year ahead of schedule (workforce of 6,540 at the end of 2005). The Group records more than 27% of its revenue outside France. ALTEN carries out diverse internal restructuring operations in 2005 and acquires Quaternove in France.
- 2006: ALTEN becomes the European leader in advanced technology consultancy and continues its expansion through organic growth and acquisitions. In response to the growing demand from customers for work package<sup>(1)</sup> and offshore/nearshore<sup>(2)</sup> services, ALTEN creates a special division dedicated to structured projects and acquires a company specialising in R&D engineering and work package design.
- The nearshore offer is expanded with an acquisition in Romania and now includes the Czech Republic, Slovakia, Poland, Romania and Vietnam.
- 2008: ALTEN confirms the almost comprehensive nature of its listings and partnerships in Europe, and is included among EADS' listed E2S service providers throughout the world (the top five engineering service providers for the EADS Group). Sustained organic growth (16.2%) is achieved mainly through the Energy, Rail, Aeronautics and Banking sectors. ALTEN thereby strengthens its position as a leader in the ETC market (source: PAC 200<sup>(3)</sup>).
- 2009: The decline in economic activity affects most business sectors, mainly the Automotive industry. ALTEN's listings are confirmed and it continues its growth in other sectors such as Aeronautics, Energy and Banking/Finance. The ALTEN Group becomes the French leader in integrated projects.
- 2010: The ALTEN Group continues to redeploy its offer towards structured projects. This strategy leads it to strengthen and restructure its Technical Division and to start the CMMI certification process.

## 2011-2015

- 2011: ALTEN continues to gain market share through sustained organic growth and internal growth operations to speed up its development internationally.
- 2012 - 2015: ALTEN continues its strategy of organic growth and speeds up development through external growth in order to strengthen its market positions on the international stage.
- In 2012, ALTEN acquired four companies outside France. It acquired six new companies in 2013 – one in France and five internationally – and eight in 2014, seven of which were abroad. Six new companies joined the Group worldwide in 2015. ALTEN is expanding its operations in Germany, Scandinavia, the United Kingdom, Eastern Europe and the United States.
- In 2015, International business represents 48.4% of total Group activity, thanks to organic growth that is twice as strong as in France and a very dynamic acquisitions policy.

## 2016

ALTEN accelerates implementation of its development strategy, based on dynamic, targeted external growth, completing ten acquisitions during 2016, of which nine abroad, while maintaining its capacity for organic development in line with its margin policy.

For the first time since its inception, ALTEN records more than 50% of its revenue abroad.

During the next three years, ALTEN will strengthen its positions in Eastern Europe, Germany, Benelux and North America. ALTEN will successfully pursue the transformation of its German Workpackage consulting mode operations to achieve critical mass with all of its OEMs and equipment suppliers, enabling it to restore its operating margin.

(1) Subcontracted services where technical resources are made available (premises, computers, business software).

(2) Services consumed in France performed abroad (in geographically nearby countries: nearshore or in distant or very distant countries: offshore).

(3) Study carried out by Pierre Audoin Conseil.

## 5.2 INVESTMENTS

### 5.2.1 PRINCIPAL INVESTMENTS MADE DURING THE PAST THREE FINANCIAL YEARS

Companies acquired by ALTEN Group during the past three financial years

| 2016                    |                               | 2015          |                     | 2014                                     |                              |
|-------------------------|-------------------------------|---------------|---------------------|------------------------------------------|------------------------------|
| Companies               | Country                       | Companies     | Country             | Companies                                | Country                      |
| NEXSE                   | Italy                         | ECLIPSE       | The Netherlands     | AVENTON (formerly MATIS DEUTSCHLAND)     | Germany                      |
| CRESSTTEK               | United States/India           | EXPERCO       | Canada              | GECI (GECI Group engineering activities) | Spain/Germany/France/Romania |
| PVR SIRILAN             | United States                 | LINCOLN       | France              | POSITECH                                 | Italy                        |
| ASM                     | United States/Singapore/India | AIXIAL        | France/Belgium      | SACC                                     | United States                |
| IST                     | Germany                       | CORALIUS      | Belgium             | ALTE OY                                  | Finland                      |
| PROEX                   | Canada                        | CREATIVE DATA | Germany             | WOTECH                                   | Germany                      |
| CLOVER GLOBAL SOLUTIONS | United States                 | BEONE         | Germany/Switzerland | AVENTON TECHNOLOGY (formerly ICT)        | Germany                      |
| KEPLER ROMINFO          | Romania                       | HOTSWAP       | Sweden/Germany      | CPRIME                                   | United States                |
| CADUCEUM                | France                        |               |                     |                                          |                              |
| CLEARGROUP              | Germany/Poland                |               |                     |                                          |                              |

Amount of net disbursements on acquisitions including earn-outs (in millions of euros)

| 2016 | 2015 | 2014 |
|------|------|------|
| 86.6 | 58.6 | 40.3 |

### 5.2.2 PRINCIPAL INVESTMENTS MADE OR COMMITTED SINCE YEAR-END

The German company KS ENGINEERING and its Polish subsidiary were acquired on 3 April 2017.

### 5.2.3 PRINCIPAL FUTURE INVESTMENTS

No investment planned in the future has given rise to a firm commitment by the Company's management bodies, with the exception of earn-out clauses relating to acquired subsidiaries, whose amounts were duly posted in the Group's consolidated

financial statements. The corresponding debt, estimated at €31 million at 31 December 2016, is posted in other current and non-current liabilities.

# OVERVIEW OF THE BUSINESS AND STRATEGY

## 6

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## 6.1 MAIN ACTIVITIES

### 6.1.1 OPERATIONS AND MAIN ACTIVITIES

The ALTEN Group's main activities are described in the Chapters of the business report entitled "ALTEN, technology partner" and "Our customers".

The tables below supplement this information.

Breakdown of consolidated revenue by main business sector for the period covered by the historical financial information

|                          | 2016  | 2015  | 2014  |
|--------------------------|-------|-------|-------|
| Aerospace                | 15.9% | 17.1% | 17.5% |
| Defence & Security       | 4.6%  | 4.9%  | 5.3%  |
| Automotive               | 20.8% | 19.1% | 17.8% |
| Rail & Naval             | 2.9%  | 3.1%  | 3.9%  |
| Multimedia & Electronics | 6.4%  | 6.0%  | 5.3%  |
| Telecoms                 | 8.4%  | 8.9%  | 10.4% |
| Finance & Services       | 18.6% | 16.1% | 15.0% |
| Energy & Life Sciences   | 17.9% | 19.9% | 20.5% |
| Other industries         | 4.5%  | 4.9%  | 4.3%  |

Breakdown of consolidated revenue and engineer workforce by main geographical regions for the period covered by the historical financial information

|                        |                                           | 2016                  | 2015                  | 2014                  |
|------------------------|-------------------------------------------|-----------------------|-----------------------|-----------------------|
| <b>France</b>          | <b>Revenue</b>                            | <b>€830.1 million</b> | <b>€795.3 million</b> | <b>€761.5 million</b> |
|                        | <i>Proportion of consolidated revenue</i> | 47.5%                 | 51.6%                 | 55.5%                 |
|                        | Engineers                                 | 9,568                 | 8,917                 | 8,228                 |
| <b>Germany</b>         | <b>Revenue</b>                            | <b>€177.2 million</b> | <b>€160.2 million</b> | <b>€145.2 million</b> |
|                        | <i>Proportion of consolidated revenue</i> | 10.2%                 | 10.4%                 | 10.6%                 |
|                        | Engineers                                 | 1,783                 | 1,632                 | 1,580                 |
| <b>North America</b>   | <b>Revenue</b>                            | <b>€162.9 million</b> | <b>€109.6 million</b> | <b>€54.2 million</b>  |
|                        | <i>Proportion of consolidated revenue</i> | 9.3%                  | 7.1%                  | 3.9%                  |
|                        | Engineers                                 | 950                   | 414                   | 291                   |
| <b>Scandinavia</b>     | <b>Revenue</b>                            | <b>€135.9 million</b> | <b>€121.6 million</b> | <b>€114.8 million</b> |
|                        | <i>Proportion of consolidated revenue</i> | 7.8%                  | 7.9%                  | 8.4%                  |
|                        | Engineers                                 | 1,445                 | 1,257                 | 1,217                 |
| <b>UK</b>              | <b>Revenue</b>                            | <b>€93.1 million</b>  | <b>€86.1 million</b>  | <b>€73.2 million</b>  |
|                        | <i>Proportion of consolidated revenue</i> | 5.3%                  | 5.6%                  | 5.3%                  |
|                        | Engineers                                 | 625                   | 573                   | 564                   |
| <b>Spain</b>           | <b>Revenue</b>                            | <b>€82.8 million</b>  | <b>€69.8 million</b>  | <b>€60.6 million</b>  |
|                        | <i>Proportion of consolidated revenue</i> | 4.7%                  | 4.5%                  | 4.4%                  |
|                        | Engineers                                 | 1,654                 | 1,509                 | 1,296                 |
| <b>Italy</b>           | <b>Revenue</b>                            | <b>€74.1 million</b>  | <b>€56.9 million</b>  | <b>€47.4 million</b>  |
|                        | <i>Proportion of consolidated revenue</i> | 4.2%                  | 3.7%                  | 3.4%                  |
|                        | Engineers                                 | 975                   | 812                   | 710                   |
| <b>Belgium</b>         | <b>Revenue</b>                            | <b>€61.6 million</b>  | <b>€52.9 million</b>  | <b>€46.5 million</b>  |
|                        | <i>Proportion of consolidated revenue</i> | 3.5%                  | 3.4%                  | 3.4%                  |
|                        | Engineers                                 | 601                   | 536                   | 421                   |
| <b>The Netherlands</b> | <b>Revenue</b>                            | <b>€53.8 million</b>  | <b>€51.8 million</b>  | <b>€37.1 million</b>  |
|                        | <i>Proportion of consolidated revenue</i> | 3.1%                  | 3.4%                  | 2.7%                  |
|                        | Engineers                                 | 556                   | 516                   | 413                   |
| <b>Other</b>           | <b>Revenue</b>                            | <b>€76.5 million</b>  | <b>€36.6 million</b>  | <b>€32.8 million</b>  |
|                        | <i>Proportion of consolidated revenue</i> | 4.4%                  | 2.4%                  | 2.4%                  |
|                        | Engineers                                 | 3,215                 | 1,827                 | 1,526                 |

## 6.1.2 NEW OFFERS

The ALTEN Group's range of services is described in the Chapter entitled "ALTEN, technology partner" in the "Range of service" section of the business report.

## 6.2 MAIN MARKETS

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A presentation of the ALTEN Group's principal markets is given in the Chapter of the business report entitled "Our customers".

## 6.3 EXCEPTIONAL EVENTS

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None.

## 6.4 ISSUER'S DEPENDENCY ON PATENTS OR LICENCES, INDUSTRIAL, COMMERCIAL OR FINANCIAL AGREEMENTS, OR NEW MANUFACTURING METHODS

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See Chapter 4 "Risk factors".

## 6.5 COMPETITIVE POSITION

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ALTEN has been the number one provider in the engineering and technology consulting market for several years. ALTEN is N°2 in the European market, in which it is reinforcing its front-running position.

The engineering and technology consulting market is fragmented.

In France, around ten players have revenue in excess of €120 million and jointly represent nearly 45% of activity.

The market, excluding France, remains highly fragmented.

Only seven market players in the engineering and technology consulting field have a European presence; they are all French.

(Source: Pierre Audoin Consultants 2016).

# ORGANISATION CHART

## 7.1 BRIEF DESCRIPTION OF THE GROUP

ALTEN SA is the parent company of the ALTEN Group. ALTEN SA conducts both operational activities and operational holding activities for the Group. It conducts the following activities as part of its parent-subsidary relationship with the Group's, mainly French, subsidiaries:

- legal (company law, contracts, dispute resolution, labour law, claims, mergers and acquisitions, etc.);
- finance (accounting, management oversight, cash management, etc.);
- administration and human resource management (career management, payroll, employee relations, etc.);
- support services (logistics, care and maintenance, etc.);
- computing (Information Systems and Networks/Telecommunications);
- internal development (recruitment and training of sales managers, etc.);

- communication and marketing;
- management and strategy consultancy.

The subsidiaries are billed for these services in line with the transfer pricing policy implemented within the Group.

ALTEN SA has formed a central corporate treasury within the Group through its wholly-owned subsidiary, ALTEN CASH MANAGEMENT SARL.

ALTEN SA also allows some of its subsidiaries to benefit from major account referrals.

At 31 December 2016, the ALTEN Group was composed of 144 subsidiaries located in Europe, North and South America, Asia, Africa and the Middle East.

## 7.2 LIST OF MAJOR SUBSIDIARIES

The list of major subsidiaries is given in Note 2.4 to the consolidated financial statements, "Scope of consolidation", in Section 20.3.1 of this Registration Document.

# 7

## ORGANISATION CHART

# PROPERTY, PLANT AND EQUIPMENT

## 8

### 8.1 SIGNIFICANT PROPERTY, PLANT AND EQUIPMENT

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None.

### 8.2 ENVIRONMENTAL ISSUES THAT MAY AFFECT THE USE OF PROPERTY, PLANT AND EQUIPMENT

---

None.



## PROPERTY, PLANT AND EQUIPMENT

# REVIEW OF THE FINANCIAL POSITION AND RESULT

## 9

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All subsidiaries of ALTEN (hereafter the “Company” or “ALTEN”) are consolidated into the Group financial statements in accordance with the methods described in the notes to the consolidated financial statements.

## 9.1 FINANCIAL POSITION

### 9.1.1 ACTIVITY OF THE GROUP AND ALTEN SA OVER THE LAST FINANCIAL YEAR

#### 9.1.1.1 Activity of the Group during the financial year

ALTEN, the European leader in Engineering and Technology Consulting (ETC), carries out design and research projects for the Technical and Information Systems Divisions of major industrial, telecoms and service-provider customers.

The market encompasses the full range of ETC services, specifically:

- Scientific and Technical Research;
- Network and IT System Architecture.

The ALTEN Group continued to expand internationally (+23.2%), which now accounts for 52.5% of the Group’s total activity.

The operating margin rose by 18.6% during the financial year compared with 31 December 2015, totalling 10.35% of revenue at 31 December 2016 (9.9% in 2015).

At the end of December 2016, ALTEN had 24,000 employees, of which 88% are engineers.

The breakdown by location and by activity is presented in Chapter 6 of this Registration Document.

ALTEN made a number of acquisitions during the last financial year:

- acquisition on 25 January 2016 of NEXSE in Italy, specialising in Software Engineering (Revenue €8 million, 60 consultants);
- acquisition on 4 February 2016 of Cresstek in the United States, which owns a subsidiary in India, specialising in the Automotive sector (Revenue €6 million, 70 consultants);
- acquisition on 2 March 2016 of the PVR corporate group in the United States, specialising in Life Sciences and Health (Revenue €18 million, 175 consultants);

- acquisition on 7 March 2016 of the ASM corporate group, located in the United States, India and Singapore, specialising in the ETC market (Revenue €16 million, 720 consultants);
- acquisition on 11 April 2016 of IST in Germany, specialising in the ETC market (Revenue €12 million, 75 consultants);
- acquisition on 1 July 2016 of PROEX in Canada, specialising in IT consulting (Revenue €6 million, 40 consultants);
- acquisition on 28 July 2016 of two companies, CLOVER GLOBAL SOLUTIONS in the United States, specialising in Oil & Gas (Revenue €13 million, 100 consultants);
- acquisition on 5 October 2016 of KEPLER ROMINFO and its subsidiary in Romania, specialising in Software Engineering (Revenue €9 million, 185 consultants);
- acquisition on 21 October 2016 of CADUCEUM in France, specialising in the pharmaceutical and health sector (Revenue €19 million, 190 consultants);
- acquisition on 18 November 2016 of the CLEARGROUP corporate group in Germany and in Poland, specialising in Software Engineering and ECT (Revenue €12 million, 130 consultants).

In addition, the Group’s French companies were subject to URSSAF audits, whose financial impact was fully provisioned in the 2016 financial statements.

#### Events after year end

The German company KS Engineering and its Polish subsidiary were acquired on 3 April 2017.

### 9.1.1.2 Activity of ALTEN SA

ALTEN SA carries out research and design projects for the Technical and Information Systems Divisions of major customers in the industrial, telecommunications and service sectors.

ALTEN SA works with its customers through various types of contracts:

- consulting;
- “workpackage” method.

Workpackages include several levels of responsibility and risk-sharing, and may be carried out on the client's premises or may be partially or completely outsourced to an ALTEN facility. These services are generally provided by committing resources, with corresponding invoicing on a time-spent basis. The share in the work package product offer of fixed-price projects with commitments in terms of results, for a fixed fee, represents less than 10% of ALTEN SA's total activity.

Business in 2016 was satisfactory overall, even though its key customers continue to pursue productivity gains.

The Automotive sector, the Manufacturing Engineering business within the Aeronautics sector and the Aerospace sector continued their solid growth, as in previous years. The Telecom sector saw a gradual upturn in its business. The Oil & Gas and Nuclear sectors again faced difficulties during 2016, though ALTEN SA remained relatively unexposed (8.5% of revenue).

### Key events

The ALTEN SA Board of Directors proceeded with the allocation of free shares and preferred shares under the delegations of authority given by the General Meeting held on 24 May 2016 (see section 15.2 of this Registration Document).

### Events after year end

The 509,614 AUSY ordinary shares held by ALTEN SA were tendered as part of the tender offer made by Randstad in the first quarter of 2017.

## 9.1.2 REVENUE GROWTH

### 9.1.2.1 ALTEN Group

The ALTEN Group's consolidated revenue at 31 December 2016 totalled €1,748.3 million, up 13.5% from 2015.

International markets now account for 52.5% of revenue (compared to 48.4% in 2015).

Activity at constant scope rose by 7.3% (+3.4% in France and +11.5% internationally). Business growth accelerated throughout the year, both in France and abroad.

The acquisitions, mainly made abroad, accounted for close to 6.7% of the business growth, primarily internationally. In reported figures, growth increased by 4.4% in France and by 23.2% on the international market.

### 9.1.2.2 ALTEN SA

ALTEN SA posted revenue of €505.6 million, up by 8.7% on the previous year (€465.3 million).

98.5% of the Company's revenue is generated in France, and 1.5% outside of France, from projects carried out for French customers.

This includes direct invoicing for services rendered by some Group subsidiaries to customers with whom ALTEN SA is a listed supplier, together with related services consisting of fees billed back to subsidiaries, the rebilling of shared services, etc.

Consequently, operating revenue (excluding ongoing management income) from services carried out by ALTEN SA for its customers amounted to €400.9 million in 2016, up by 8.7% over 2015 (€368.9 million).

Other external purchases and costs totalled €179.8 million, versus €160.5 million as at 31 December 2015, an increase of 12.03% owing mainly to a rise in sub-contracting costs and travel expenses, in line with activity.

Employee expenses stood at €277.8 million, versus €264.4 million in 2015, an increase of 5.07% owing to the growth in headcount consistent with higher business activity.

## 9.1.3 EARNINGS TRENDS

At 31 December 2016, operating profit on activity amounted to €180.9 million, or 10.35% of revenue (€152.5 million or 9.9% of revenue in 2015), up 18.6% from 31 December 2015. The operating margin was 10.2% for the first half of 2016 and reached 10.5% in the second half of the year, despite unfavourable seasonal factors in the second half compared with 2015 (2 fewer working days).

The improvement in operating margin resulted from better operational performance, at constant scope, across all geographic regions, and the lesser impact of profitability of subsidiaries acquired in 2014 and 2015 on profitability at Group level.

The Group's operating profit amounted to €157.4 million, or 9.0% of revenue, up 7.0% compared with the previous year (in 2015, Group operating profit was €147.1 million, representing 9.5% of revenue). It included €9 million in costs related to the allocation of free shares, with no impact on the Group's cash flow.

The Group's non-recurring loss came to €14.5 million at 31 December 2016 (versus a loss of €5.5 million at 31 December 2015). It is composed mainly of the impact of adjustments under social security audits in France, and restructuring and acquisition costs.

The Group posted a net financial loss of €0.1 million. It mainly consisted of capital gains from the sale of non-consolidated securities and from financing costs connected to borrowings.

Group income tax expenses came to €49.9 million and earnings of equity-accounted companies came to €5.3 million.

Net income, Group share amounted to €112.4 million and 6.4% of revenue, up 5.7% from 2015 (€106.3 million or 6.9% of revenue).

The ALTEN Group's consolidated results are presented in the following table:

|                              | 2016                   |       | 2015                   |     | Change |
|------------------------------|------------------------|-------|------------------------|-----|--------|
|                              | (In millions of euros) | %     | (In millions of euros) | %   | %      |
| Revenue                      | 1,748.3                | 100   | 1,540.9                | 100 | +13.5  |
| Operating profit on activity | 180.9                  | 10.35 | 152.5                  | 9.9 | +18.6  |
| Share-based payments         | (9.0)                  |       | 0.1                    |     |        |
| Non-recurring profit         | (14.6)                 |       | (5.5)                  |     |        |
| Operating profit             | 157.4                  | 9.0   | 147.1                  | 9.5 | +7.0   |
| Net financial income         | (0.1)                  |       | 4.9                    |     |        |
| Taxes                        | (49.9)                 |       | (47.6)                 |     |        |
| EMCs and minority interests  | 5.0                    |       | 1.9                    |     |        |
| Net income, Group share      | 112.4                  | 6.4   | 106.3                  | 6.9 | +5.7   |

### 9.1.3.2 ALTEN SA

Operating profit stood at €34.3 million (6.78% of revenue) at 31 December 2016 versus €27.9 million as at 31 December 2015 (6% of revenue).

Net financial income stood at €30 million at 31 December 2016, compared to €8.4 million as at 31 December 2015. This was primarily made up of dividends paid by ALTEN subsidiaries (€38.8 million) less impairment losses (-€8.6 million).

Non-recurring loss amounted to -€12.7 million, compared to €2.7 million as a profit at 31 December 2015. It mainly comprised an URSSAF audit adjustment expense (partially contested).

After taking income tax of €3 million into account, net profit came to €54.5 million, or 10.78% of revenue.

In the balance sheet, non-current financial assets of €201.36 million mainly consist of investment securities.

As at 31 December 2016, ALTEN SA's net cash position (including financial current accounts) was positive at €41.8 million (€37.5 million as at 31 December 2015).

## 9.2 OPERATING PROFIT

### 9.2.1 SIGNIFICANT FACTORS

The factors that affected business and operating profit are set out in section 9.1. An analysis by business sector is also available in the “Our customers” chapter of the business report.

### 9.2.2 MATERIAL CHANGES

None.

### 9.2.3 EXTERNAL EVENTS

None.

## 9.3 ALLOCATION OF EARNINGS

The General Meeting of Shareholders will be asked to approve the Company financial statements for the year ended 31 December 2016, which closed with a profit of €54,545,298.41.

#### Source:

|                                  |                  |
|----------------------------------|------------------|
| • profit for the financial year: | €54,545,298.41;  |
| • retained earnings:             | €122,075,890.83; |
| • earnings to be allocated:      | €176,621,189.24. |

#### Allocation:

|                                   |                  |
|-----------------------------------|------------------|
| • legal reserve:                  | €1,280.49;       |
| • dividends: 33,691,670 shares at | €33,691,670.00;  |
| • retained earnings:              | €142,928,238.75. |

The gross dividend per share will be €1.

The dividend payment date is set for 30 June 2017.

The ex-dividend date is set for 28 June 2017.

## 9.4 NON-DEDUCTIBLE CHARGES

The amount of sumptuary expenses and other non-deductible charges referred to in Article 39-4 of the French General Tax Code came to €92,454 for the 2016 financial year.

## 9.5 DUE DATES FOR PAYMENT

Pursuant to Articles L. 441-6-1 and D. 441-4 of the French Commercial Code, at 31 December 2016, the balance of trade payables was €54,002 thousand.

| (In thousands of euros)       | Total trade payables |               | Due payables on closure |            | Total debt not yet due |            | Including due dates less than 30 days |            | Including due dates between 30 and 60 days |            | Including due dates more than 60 days |            |
|-------------------------------|----------------------|---------------|-------------------------|------------|------------------------|------------|---------------------------------------|------------|--------------------------------------------|------------|---------------------------------------|------------|
|                               |                      |               |                         |            |                        |            |                                       |            |                                            |            |                                       |            |
|                               | 31/12/2016           | 31/12/2015    | 31/12/2016              | 31/12/2015 | 31/12/2016             | 31/12/2015 | 31/12/2016                            | 31/12/2015 | 31/12/2016                                 | 31/12/2015 | 31/12/2016                            | 31/12/2015 |
| Trade payables                |                      |               |                         |            |                        |            |                                       |            |                                            |            |                                       |            |
| Operating suppliers           | 12,619               | 10,843        | 6,303                   | 2,313      | 6,313                  | 8,530      | 5,199                                 | 7,106      | 1,071                                      | 1,423      | 43                                    | 1          |
| Group suppliers               | 22,011               | 19,065        | 2                       | 42         | 22,009                 | 19,024     | 11,865                                | 9,273      | 10,145                                     | 9,750      | 0                                     | 0          |
| Total workforce suppliers     | 34,630               | 29,908        | 6,305                   | 2,354      | 28,322                 | 27,554     | 17,063                                | 16,380     | 11,216                                     | 11,173     | 43                                    | 1          |
| Accounts payable not received | 19,372               | 12,198        |                         |            |                        |            |                                       |            |                                            |            |                                       |            |
| <b>TOTAL TRADE PAYABLES</b>   | <b>54,002</b>        | <b>42,106</b> |                         |            |                        |            |                                       |            |                                            |            |                                       |            |

## 9.6 TABLE OF RESULTS FOR THE PAST FIVE FINANCIAL YEARS

| Financial table<br>(in thousands of euros)                          | 31/12/2016    | 31/12/2015    | 31/12/2014    | 31/12/2013    | 31/12/2012    |
|---------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>Share capital</b>                                                | <b>34,240</b> | <b>34,215</b> | <b>34,140</b> | <b>33,618</b> | <b>32,953</b> |
| Number of ordinary shares                                           | 33,687,725    | 33,662,625    | 33,589,610    | 33,075,301    | 32,421,753    |
| Maximum number of future shares to be created:                      |               |               |               |               |               |
| • by convertible bonds                                              | -             | -             | -             | -             | -             |
| • by exercising subscription rights                                 | 22,472        | 57,472        | 170,687       | 694,606       | 1,425,534     |
| • by issuance of free shares and preferred shares                   | 675,240       | -             | -             | -             | -             |
| Revenue (net of tax)                                                | 505,595       | 465,268       | 434,762       | 442,091       | 452,616       |
| EBITDA                                                              | 65,688        | 68,652        | 38,410        | 64,842        | 43,756        |
| Income tax                                                          | (3,001)       | 2,924         | 616           | 2,164         | 7,053         |
| Employee profit-sharing                                             | 0             | 1,768         | 61            | 229           | 3,262         |
| Net earnings                                                        | 54,545        | 34,313        | 32,327        | 70,615        | 27,725        |
| Distributed earnings                                                | 33,224        | 33,160        | 33,013        | 32,262        | 31,823        |
| Earnings per share after tax and before depreciation and provisions | 2.04          | 1.90          | 1.12          | 1.89          | 1.03          |
| Earnings per share after tax, depreciation and provisions           | 1.62          | 1.02          | 0.96          | 2.13          | 0.86          |
| Dividend per share                                                  | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          |
| Average workforce during the financial year                         | 5,223         | 4,940         | 4,738         | 4,812         | 4,895         |
| Total payroll                                                       | 194,501       | 183,678       | 176,462       | 179,523       | 180,661       |
| Total payroll and employee benefits                                 | 83,185        | 80,619        | 79,532        | 86,093        | 88,562        |

# CASH FLOW AND CAPITAL RESOURCES

# 10

|                                                        |            |                                            |            |
|--------------------------------------------------------|------------|--------------------------------------------|------------|
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## 10.1 INFORMATION REGARDING CAPITAL

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Information regarding capital is presented in Note 3.5.9 to the Company financial statements under section 20.3.2.

## 10.2 CASH FLOW

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The ALTEN Group generated gross cash flow of €185.7 million at 31 December 2016 (10.6% of revenue), up 15.8% from 2015 (€160.4 million or 10.4% of revenue).

Net cash flow from operating activities stood at €112.4 million. It represented 6.4% of 2016 revenue (€105.1 million, or 6.8% in 2015).

Investments in property, plant and equipment and intangible assets (CAPEX) amounted to -€1.2 million and included the disposal of a lease by an ALTEN subsidiary (€12.6 million). Excluding this transaction, CAPEX would amount to €13.8 million (0.8% of revenue), consistent with previous years.

Net financial investments totalled -€84.9 million at 31 December 2016. They mainly related to acquisitions (-€86.6 million).

Net cash flow from financing activities amounted to -€22.4 million, made up mostly of dividends of -€33.2 million paid to shareholders, capital increases of €0.5 million and changes in current financial liabilities of €11.5 million.

Consequently, the change in cash position under IFRS at 31 December 2016 was +€3.1 million in 2016 (including the impact of exchange rate variations).

At 31 December 2016, the ALTEN Group thus had a net cash position of €4.6 million as against €17.4 million at the end of 2015.

The cash flow tables may be found in section 20.3.1 of the consolidated financial statements.

## 10.3 LENDING CONDITIONS AND FINANCING STRUCTURE

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Lending conditions and financing structure are presented in section 4.2 of the Registration Document.

### 10.3.1 FINANCING OF RECEIVABLES

The Company mostly finances its trade receivables with shareholders' equity or occasionally uses credit lines as part of the Club Deal and/or lines of credit (see section 4.2 of this Document).

### 10.3.2 FINANCING OF INVESTMENTS

See section 4.2 of this Document.

## 10.4 RESTRICTIONS ON USE OF CAPITAL

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None.

## 10.5 SOURCES OF FINANCING

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The ALTEN Group has the sources of financing described in section 4.2 of this Document to finance its future investments.



# RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES

# 11

|                                                                 |            |
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ALTEN and some of its subsidiaries have a portfolio of brand names, filed on their own behalf, mainly with the INPI and the OHMI.

Moreover, ALTEN participates in research and development projects for its clients and also carries out research and development on its own behalf. ALTEN pursues an equity-financed research and development policy.

## 11.1 EQUITY-FINANCED RESEARCH AND DEVELOPMENT POLICY

### 11.1.1 AIM

Significant efforts are devoted to equity-financed research and innovation to reinforce the ALTEN Group's position:

- by developing qualitative and quantitative expertise; and

- by promoting the Group's image to existing and prospective clients and to existing and prospective employees.

### 11.1.2 APPROACH

ALTEN structures this activity around four major themes:

- global security and risk control;
- sustainable mobility;

- energy performance;
- quality of life and consumer services.

### 11.1.3 STRUCTURE

These themes guide ALTEN's investment in major R&D programmes that combine innovative and Sustainable Development to design modern and effective solutions to present and future problems.

Research and development is divided along four business lines: Drone networks/Autonomous vehicles/Building of the future/Personal assistance, as well as along two technological lines: Usage and Big Data/Ethics and Security.

More detailed information on the programmes carried out is presented in the Chapter "ALTEN, technology partner" of the business report. Whenever possible, R&D programmes are carried out with academic partners, such as research foundations or big laboratories, and/or industrial partners, such as start-ups or multinationals, in order to accelerate the development of ALTEN's expertise.

### 11.1.4 METHODOLOGY

R&D programmes are broken down into technology projects with the dual objective of developing an innovative solution (modelling) and testing it through experimentation (prototyping or emulation). ALTEN's know-how in innovative development has enabled it to

perfect this methodology by combining applied research and experimental development to increase the scope of development of its expertise (applied research) and ground the skills thus developed in areas of interest to its clients (experimental testing prototyping).

### 11.1.5 OVERSIGHT

The management of innovative development also rests on dedicated methods and tools elaborated by ALTEN to stimulate the emergence of new and effective concepts. These methods integrate, among other things, an “agile” approach that lays stress on the

thoroughness and flexibility needed to manage R&D projects. These R&D methods have been included in the Group's CMMI Services level 3 guidelines since 2014.



# INFORMATION ON TRENDS

# 12

## 12.1 MAIN TRENDS

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In a still uncertain economic climate, the ALTEN Group, with its healthy financial structure will continue to pursue a dynamic acquisitions strategy and its capacity for organic growth, in line with its margin policy.

ALTEN, indeed, remains a preferred supplier for all of its existing customers in France and abroad. Accordingly, given the growth that occurred in 2016 and the trends observed since the start of 2017, ALTEN should achieve positive organic growth in 2017.

## 12.2 ELEMENTS LIABLE TO HAVE A SIGNIFICANT IMPACT ON PROSPECTS

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None.



# EARNINGS FORECASTS AND ESTIMATES

# 13

None.



# ADMINISTRATIVE AND MANAGEMENT BODIES

# 14

|                                                                                            |            |                                   |            |
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## 14.1 INFORMATION ABOUT OFFICERS

### 14.1.1 COMPOSITION OF THE BOARD OF DIRECTORS

The composition of the Board of Directors is presented in section 16.4.1 of this Registration Document, in the report by the Chairman of the Board related to corporate governance, as well as

internal audit and risk management procedures implemented by ALTEN.

### 14.1.2 OFFICES AND POSITIONS HELD BY CORPORATE OFFICERS

#### SIMON AZOULAY

*Chairman and Chief Executive Officer of ALTEN*

**Date of first appointment:** 19 February 1997 (Director) - 22 September 1998 (Chairman and Chief Executive Officer)

**Date appointment last renewed:** 19 June 2013 (Director and Chairman and Chief Executive Officer)

**Expiry of terms of office:** General Meeting to be held in 2017 to approve the financial statements for the last financial year (Board member, Chairman and Chief Executive Officer)

Simon AZOULAY, age 60, is a graduate of Supélec.

After having managed the R&D laboratory at Thalès, he founded ALTEN in 1988 with two associates who are also engineers.

Simon AZOULAY has French nationality.

#### Mandates and positions held at 31 December 2016

##### Within the ALTEN Group (excluding ALTEN SA)

- Permanent representative of ALTEN SA, a legal entity, Chairman of ALTEN SIR SAS (since 2002);
- Manager of:
  - ALTEN Training Center SARL (since 1996),
  - ALTEN Europe SARL (since 2004);
- Permanent representative of ALTEN Europe SARL, a legal entity, Secretary (UK) of Anotech Energy Ltd (since 2006);

- Permanent representative of SGTI SAS, a legal entity, Consejero (Spain) of ALTEN Soluciones Productos Auditoría e Ingeniería (2014);
- Chairman of ALTEN Fund for Engineering (since 2010).

##### Other positions held in any other company (excluding the ALTEN Group)

- Manager of:
  - Avenir Montmorency SCl,
  - Cakciv SC,
  - SEV 56 SC;
- Chairman of SGTI SAS (since 1998);
- Manager of Simalep SC.

##### Mandates and positions held during the past five years which are no longer held

##### Within the ALTEN Group (excluding ALTEN SA)

- Chairman of the Supervisory Board (Germany) of Creative Data AG (2015);
- *Administrador Unico* of SGTI 2 in ATEXIS Spain SL (2014).

##### Other positions held in any other company (excluding the ALTEN Group)

- Director of Des Systèmes et des hommes SA;
- Manager of ALT1 SC;
- SGTI 2 SAS.

#### GÉRALD ATTIA

*Deputy Chief Executive Officer and Director of ALTEN*

**Date of first appointment:** 23 January 1998 (Director) - 21 December 1998 (Deputy Chief Executive Officer)

**Date appointment last renewed:** 18 June 2014 (Director) - 19 June 2013 (Deputy Chief Executive Officer)

**Expiry of terms of office:** General Meeting to be held in 2017 to approve the financial statements for the last financial year (Deputy Chief Executive Officer) and the General Meeting to be held in 2018 to approve the financial statements for the last financial year (Board member)

Gérald ATTIA, age 55, holds an MBA from Hartford.

He joined the founding partners of ALTEN in 1993.

He is currently a Director and Deputy Chief Executive Officer in charge of Business Development, Integrated Projects and International Markets (Zone 2).

Gérald Attia has French nationality.

#### Mandates and positions held at 31 December 2016

##### Within the ALTEN Group (excluding ALTEN SA)

- Chairman of:
  - Avenir Conseil Formation SAS (since 2010),
  - ID APPS SAS (since 2011),
  - APTECH SAS (since 2011),
  - Hubsan SASU (since 2014) (formerly APTECH OP2);
- *Consejero del consejo de Administracion* (Spain) of:
  - ALTEN Soluciones, Productos, Auditoría e Ingeniería SAU (since 2009);
- *Administrador* (Spain) of AVENIR CONSEIL FORMATION ESPANA SL;

- *Consejero – Vocal* (Spain) of ALTEN Soluciones, Productos, Auditoria e Ingeniería SAU (since 2013);
- Director (India) of:
  - ALTEN India Private Ltd (since 2010),
  - ALTEN Calsoft Labs (India) Private Ltd (since 2011);
- Director (India) of:
  - ASM Enterprise Solutions Private Limited (since 2016),
  - Cresttek Engineering Solutions Private Limited (since 2016);
- Chairman (India) of:
  - ALTEN Calsoft Labs (India) Private Ltd (since 2015);
- Manager (Romania) of:
  - ALTEN SI Techno Romania SRL (since 2012),
  - GECE Engineering Services SRL (since 2014);
- Director (Romania) of:
  - KEPLER ROMINFO SA,
  - KEPLER ENGINEERING SRL;
- Sole Director (Canada) of:
  - ALTEN Canada Inc. (since 2012);
- Manager of:
  - ALTEN Canada Inc. (since 2012);
- Director (Canada) of:
  - Proex Inc. (since 2016);
- Secretary (Canada) of:
  - Proex Inc. (since 2016);
- Chairman (Canada) of:
  - Proex Inc. (since 2016);
- Director (United States) of:
  - Calsoft Labs Inc. (since 2011),
  - ALTEN USA Inc. (since 2013),
  - ALTEN Technology USA Inc. (since 2013),
  - Cprime (since 2014),
  - Abacus Business Solutions Inc. (since 2016),
  - Cresttek LLC (since 2016),
  - PVR Technologies Inc. (since 2016),
  - Sirilan Corporation (since 2016),
  - Statminds (since 2016),
  - Suhas Ahuja Computer Consultants Inc. (since 2016);
- Chief Executive Officer (China) of:
  - ALTEN China Ltd (since 2014);
- Director (United Kingdom) of:
  - Calsoft Labs UK private Ltd (since 2014);
- President (USA) of:
  - ALTEN USA Inc. (since 2013),
  - ALTEN Technology USA Inc. (since 2013),
  - Cresttek LLC (since 2016),
  - PVR Technologies Inc. (since 2016),
  - Sirilan Corporation (since 2016),
  - Statminds (since 2016);
- Chairman of the Board of Directors (United States) of:
  - Calsoft Labs Inc. (since 2011),

- ALTEN USA Inc. (since 2013),
- Cprime (since 2014),
- ALTEN Technology USA Inc. (since 2013);
- Sole Director (China/Hong-Kong) of:
  - Sesame Beijing Co. Ltd. (since 2014),
  - Sesame Group Ltd (since 2014);
- Director (China/Hong-Kong) of:
  - HINS Hong Kong Co. Ltd. (since 2014);
- President (Mexico) of:
  - ALTEN Ingenieria Mexico S.A. de C.V. (since 2016);
- Director (Singapore) of:
  - ALTEN calsoft labs private limited (since 2016).

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**Other positions held in any other company (excluding the ALTEN Group)**

- Permanent representative of ALTEN SA, member of the Supervisory Board of X Ange Capital SA;
- Manager of:
  - ASA SC,
  - GMA SC.

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**Mandates and positions held during the past five years which are no longer held**
**Within the ALTEN Group (excluding ALTEN SA)**

- Director of Sesame Consulting Private Ltd (India);
- Director of:
  - ALTEN SIR GTS SAS (2010-2015);
- Director (Sweden) of:
  - HRH Consulting AB (2009-2013),
  - XDIN Francisco AB (2009-2013),
  - XDIN Systems AB (2009-2013),
  - Recoverrest (2009-2016);
- Director (UK) of:
  - SD Partners Ltd (2001-2014);
- Director (UK) of:
  - SD Partners Ltd (2001-2014);
- Director, Secretary and Chairman (Canada) of:
  - Experco Inc. (2015);
- Member of the Management Board (Poland) of:
  - IMP Engineering Poland SP ZOO (since 2014);
- Member of the Management Board (Sweden) of:
  - ALTEN Sverige AB (2001-2014);
- Director (United States) of:
  - Creative Data Inc;
- Chairman and Member of the Management Board (Poland) of:
  - Itkna Polska SP ZOO,
  - IMP Engineering Poland SP ZOO;

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**Other positions held in any other company (excluding the ALTEN Group)**

- Manager of:
  - Proxym SARL;
- Permanent representative of ALTEN SA, Director of:
  - Smart Trade Technologies SA,
  - X Ange Capital 2 SA.

**BRUNO BENOLIEL***Deputy Chief Executive Officer and Director of ALTEN***Date of first appointment:** 22 June 2011 (Director) - 27 September 2011 (Deputy Chief Executive Officer)**Date appointment last renewed:** 18 June 2015 (Director) - 19 June 2013 (Deputy Chief Executive Officer)**Expiry of terms of office:** General Meeting to be held in 2019 and to approve the financial statements for the past financial year (Board member) and General Meeting to be held in 2017 and to approve the financial statements for the past financial year (Deputy Chief Executive Officer)

Bruno BENOLIEL, age 52, graduated from ESC Reims in 1985.

He joined the ALTEN Group in 1997.

He is currently a Director and Deputy Chief Executive Officer, Responsible for Finance, Legal and Information Systems.

Bruno BENOLIEL has French nationality.

**Mandates and positions held at 31 December 2016****Within the ALTEN Group (excluding ALTEN SA)**

- Manager of:
  - ALTEN Cash Management SARL (since 2011);
- Director of:
  - ALTEN SIR Global Security Services SAS (since 2014);
- Secretary representing ALTEN Europe SARL in Anotech Energy Solutions LTD:
- *Consejero y Presidente del consejo de Administracion* of:
  - ALTEN Soluciones, Productos, Auditoria e Ingeniería SAU (since 2009);
- *Consigliere* (Italy) of:
  - ALTEN Italia SPA (since 2012);
- Vice President (Italy) of:
  - ALTEN Italia SPA (since 2012);
- Director (the Netherlands) of:
  - ALTEN Nederland BV (since 2005);
  - ALTEN DDA BV (since 2006);
  - ORION Engineering BV (since 2012);
- Director (Sweden) of:
  - ALTEN Sverige AB (Publ) (since 2009);
  - Hot Swap Norden AB (since 2015);
- Director (Finland) of:
  - ALTE OY (since 2014);
- President of the Management Board (Poland) of:
  - IMP Engineering Poland SP ZOO (since 2004);
- Member of the Management Board (Poland) of:
  - Itelna Polska SP ZOO (since 2013);
- Director (India) of:
  - ALTEN India Private Ltd (since 2012);
  - ALTEN Calsoft Labs (India) Private Ltd (since 2012);
- Director (India) of:
  - ASM Enterprise solutions private limited (since 2016);

- Member of the Corporate Social Responsibility Committee (Poland) of:
  - ALTEN Calsoft Labs (India) private limited;
- Director (UK) of:
  - ALTEN Ltd (formerly ALTEN Technology Ltd) (since 2013)
- Director (United States) of:
  - Calsoft Labs Inc. (since 2011),
  - ALTEN USA Inc. (since 2013),
  - ALTEN Technology USA Inc. (since 2013),
  - Anotech Energy USA Inc. (since 2013),
  - Cprime Inc. (since 2014),
  - Abacus Business Solutions Inc. (since 2016);
- Manager (United States) of:
  - Clover Corporate Services LLC (since 2016);
- Director and Chairman of:
  - Les institutions or Raphaël (since 2016);
- Director (China/Hong-Kong) of:
  - HINS Hong Kong Co. Ltd. (since 2014);
- Director (Singapore) of Anotech Energy Singapore Pte Ltd. (since 2015);
- Treasurer (Mexico) of ALTEN Ingenieria Mexico S.A. de C.V. (since 2016);
- Supervisor (China) of ALTEN China Limited (since 2016);

**Other positions held in any other company (excluding the ALTEN Group)**

- Manager of:
  - Balantine SC,
  - Balantino SC,
  - Balantina SC,
  - SEV 56 SC;

**Mandates and positions held during the past five years which are no longer held****Within the ALTEN Group (excluding ALTEN SA)**

- Chairman of the Supervisory Board (Germany) of Creative Data AG (2015);
- Chairman of the Board of Directors (United States) of Creative Data INC (2016);
- Director (the Netherlands) of:
  - EclipseIT BIS BV (2015),
  - EclipseIT MN BV (2015),
  - EclipseIT Services BV (2015),
  - EclipseIT TS BV (2015);
- Permanent representative of the Idestyle Group, a legal entity Chairman of Idestyle Technologies SAS (2009-2013);
- Director (Sweden) of:
  - HRH Consulting AB (2009-2013),
  - XDIN Francisco AB (2009-2013),
  - XDIN Systems AB (2009-2013),
  - Recoverrest AB (since 2009-2016);

- Director (Finland) of:
  - ALTE VISETEC OY (since 2014),
  - TSS GROUP OY;
- Sole director (Romania) of B2I Ingénierie et Technologies SRL (2012-2014);
- Director (UK) of ALTEN 2 Ltd (formerly ALTEN Ltd) (2014-2016);
- Director (Canada) of Experco Inc. (2015);

- Director (Finland) of:
  - ALTE VISETEC OY (since 2014),
  - TSS GROUP OY (since 2014);
- Director of Sesame Consulting Private Ltd (since 2013).

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**Other positions held in any other company (excluding the ALTEN Group)**  
None.

**PIERRE MARCEL***Deputy Chief Executive Officer of ALTEN*

**Date of first appointment:** 28 January 2013 (Deputy Chief Executive Officer)

**Date appointment last renewed:** 19 June 2013 (Deputy Chief Executive Officer)

**Expiry of the term of office:** General Meeting to be held in 2017 to approve the financial statements for the last financial year (Deputy Chief Executive Officer)

Pierre MARCEL, age 55, joined the ALTEN Group in April 2000.

He has occupied various Operational Director functions within the Group.

He is currently Deputy Chief Executive Officer in charge of ALTEN France and the subsidiaries of the Solutions Division.

Pierre MARCEL has French nationality. He is not a member of the Board of Directors.

**Mandates and positions held at 31 December 2016****Within the ALTEN Group (excluding ALTEN SA)**

- Chairman of:
  - Elitys Consulting SAS (since 2009),
  - ATEXIS France SAS (since 2010),
  - Anotech Energy SAS (since 2014),
  - ALTEN Sud-Ouest SAS (since 2014),
  - Lincoln SASU (since 2016),
  - Abilene SASU (since 2016),
  - ALTEN Systèmes d'Information et réseaux Global Testing Services SAS (since 2016),
  - ALTEN Sir Global Security Services SAS (since 2016),
  - Pegase Systèmes d'information SAS (since 2016),
  - Caduceum SAS (since 2016);
- Manager of:
  - ALTEN Technologies SARLAU (since 2016);
- Director of:
  - ALTEN Sir Global Security Services SAS (since 2016);
- Director (UK) of:
  - Anotech Energy Ltd (since 2006),
  - ALTEN Ltd (formerly ALTEN Technology Ltd) (since 2013);
- Director and Chairman of the Board of Directors (Nigeria) of:
  - Anotech Energy Nigeria Ltd (since 2011);
- General Director (Congo) of:
  - Anotech Energy Congo SA (since 2015);
- Director (United States) of:
  - Anotech Energy USA Inc. (since 2013);
- President (Chief Executive Officer) (United States) of:
  - Anotech Energy USA Inc. (since 2014);

- Administrador Unico (Spain) of:
  - Geci Ingenieria SL (since 2014);
- Director (Singapore) of:
  - Anotech Energy Singapore Pte Ltd. (since 2015);
- Director (Qatar) of:
  - Anotech Energy Doha LLC. (since 2017);
- Manager (United States) of:
  - Clover Corporate Services LLC (since 2016).

**Other positions held in any other company (excluding the ALTEN Group)**

- Manager of:
  - Amarcis SC
  - Lomaris SC

**Mandates and positions held during the past five years which are no longer held****Within the ALTEN Group (excluding ALTEN SA)**

- Permanent representative of ALTEN SA, a legal entity; Chairman of:
  - Anotech Energy SAS (since 2008-2014);
- Chairman of:
  - Assistance Générale Ingénierie Réalisation (AGIR) SAS (2014),
  - Geci Systèmes SASU (2014),
  - Geci Services SAS (2014);
- Manager of:
  - HPA SARL,
- Director (Germany) of:
  - Aerotec Engineering (2011-2012);
- Administrator Unic (Romania) of:
  - Geci Engineering Services SRL (2014);
- Manager (Switzerland) of:
  - ALTEN Switzerland SARL (2008-2013),
  - ALTEN Consulting SARL (2011-2013);
- Director (Switzerland) of:
  - Elitys SA (2011-2013);
- Director (UK) of:
  - ALTEN 2 Ltd (formerly ALTEN Ltd) (2014);
- Chairman (Norway) of:
  - Anotech Energy Norge AS (2013-2015).

**Other positions held in any other company (excluding the ALTEN Group)**

None.

## EMILY AZOULAY

*Director of ALTEN*

*Member of the Remuneration and Nomination Committee*

**Date of first appointment:** 22 June 2011

**Date appointment last renewed:** 18 June 2015

**Expiry of the term of office:** General Meeting to be held in 2019 to approve the financial statements for the last financial year

Emily AZOULAY, age 68, has worked for the ALTEN Group since ALTEN SA was formed in 1988.

Among other positions, she was Sales Manager and Head of Administration and Finance.

Her involvement with the ALTEN Group no longer extends beyond her capacity as a Director.

Emily AZOULAY has French nationality.

**Mandates and positions held at 31 December 2016**

**Within the ALTEN Group (excluding ALTEN SA)**

None.

**Other positions held in any other company (excluding the ALTEN Group)**

- Manager of Sicogex SC.

**Mandates and positions held during the past five years which are no longer held**

**Within the ALTEN Group (excluding ALTEN SA)**

None.

**Other positions held in any other company (excluding the ALTEN Group)**

None.

## ANAËLLE AZOULAY

*Director of ALTEN*

**Date of first appointment:** 18 June 2014

**Date appointment last renewed:** N/A

**Expiry of the term of office:** General Meeting to be held in 2018, to approve the financial statements for the last financial year

Anaëlle AZOULAY, age 26, earned a Master in Economics and Finance at Paris Dauphine.

She acquired a solid international experience at Regent's Business School London and the Havas Group in New York.

Anaëlle AZOULAY has French nationality.

**Mandates and positions held at 31 December 2016**

**Within the ALTEN Group (excluding ALTEN SA)**

None.

**Other positions held in any other company (excluding the ALTEN Group)**

- Cakciv SC;
- Avenir Montmorency SCL.

**Mandates and positions held during the past five years which are no longer held**

**Within the ALTEN Group (excluding ALTEN SA)**

None.

**Other positions held in any other company (excluding the ALTEN Group)**

None.

## JANE SEROUSSI

*Director of ALTEN*

**Date of first appointment:** 18 June 2014

**Date appointment last renewed:** N/A

**Expiry of the term of office:** General Meeting to be held in 2018 to approve the financial statements for the last financial year.

Jane SEROUSSI, age 51, is a businesswoman who has created her own successful brand. She has been her company's Managing and Financial Director since its inception. The Group is expanding in France and abroad through an exclusive network of branded boutiques.

Jane SEROUSSI has French nationality.

**Mandates and positions held at 31 December 2016**

**Within the ALTEN Group (excluding ALTEN SA)**

None.

**Other positions held in any other company (excluding the ALTEN Group)**

- Manager of Cécile et Jeanne SARL;
- Manager of SIAM I SARL.

**Mandates and positions held during the past five years which are no longer held**

**Within the ALTEN Group (excluding ALTEN SA)**

None.

**Other positions held in any other company (excluding the ALTEN Group)**

None.

**MARC EISENBERG***Independent Director of ALTEN***Date of first appointment:** 18 June 2014**Date appointment last renewed:** N/A**Expiry of the term of office:** General Meeting to be held in 2018, to approve the financial statements for the last financial year

Marc EISENBERG, age 62, began his career as a management consultant.

In 1986, he formed a cost-reduction consultancy in France, which has since become a European leader in its field and of which he was Operating Manager until 2012. He remains a major shareholder to this day.

He also sat on the Nanterre Employment Tribunal from 1995 to 1999 and on the Bobigny Commercial Court from 2000 to 2001.

Marc EISENBERG has French nationality.

**Mandates and positions held at 31 December 2016****Within the ALTEN Group (excluding ALTEN SA)**

None.

**Other positions held in any other company (excluding the ALTEN Group)**

- Manager of:
  - Almanagers SC,
  - Almalabar SC,
  - Alice SC,
  - Société Civile Allifond SC,
  - La Bruyère - Pigalle - Trinité SC,
  - SCI MAZAL.

**Mandates and positions held during the past five years which are no longer held****Within the ALTEN Group (excluding ALTEN SA)**

None.

**Other positions held in any other company (excluding the ALTEN Group)**

- Chairman of Almarkup SAS.

**JÉRÔME VALAT***Director representing ALTEN employees***Date of first appointment:** 23 October 2014**Date appointment last renewed:** N/A**Expiry of the term of office:** 22 October 2018

Jérôme VALAT, age 47, has been employed at ALTEN since June 1999.

He joined ALTEN after a nine-year stint in software development and network &amp; telecoms administration when the fixed-line Internet was taking shape.

In his 11 years as an ALTEN consultant, he worked with the R&amp;D Division of a telecoms equipment manufacturer on the design of 2G and 3G mobile internet before managing successive projects at the three French telecoms operators.

In 2010, he became Project Manager in the Technical Telecoms Unit of the Integrated Projects Division where he oversaw major service contracts for telecoms operators.

Jérôme VALAT has French nationality.

**Mandates and positions held at 31 December 2016****Within the ALTEN Group (excluding ALTEN SA)**

None.

**Other positions held in any other company (excluding the ALTEN Group)**

None.

**Mandates and positions held during the past five years which are no longer held****Within the ALTEN Group (excluding ALTEN SA)**

None.

**Other positions held in any other company (excluding the ALTEN Group)**

None.

## EVELYNE FELDMAN

*Director of ALTEN*

*Chairman of the Remuneration and Nomination Committee*

**Date of first appointment:** 24 May 2016

**Date appointment last renewed:** N/A

**Expiry of the term of office:** General Meeting to be held in 2020, to approve the financial statements for the last financial year

Evelyne FELDMAN, age 59, began her career with a human resources consulting firm, then joined the Human Resources Department of one of the leading French retailers (15,000 employees), where she was responsible for recruitment, training, internal mobility and career management over a ten-year period.

She then founded a human resources consulting firm, offering recruitment and training services for clients in a wide range of sectors.

Finally, in 2006, she joined Pôle Emploi, where she provided consulting and support services to engineering and consulting companies in the science sector.

Ms FELDMAN is an active member of Syntec Recrutement.

Evelyne FELDMAN has French nationality.

### Mandates and positions held at 31 December 2016

#### Within the ALTEN Group (excluding ALTEN SA)

None.

#### Other positions held in any other company (excluding the ALTEN Group)

None.

### Mandates and positions held during the past five years which are no longer held

#### Within the ALTEN Group (excluding ALTEN SA)

None.

#### Other positions held in any other company (excluding the ALTEN Group)

None.

## PHILIPPE TRIBAUDEAU

*Director of ALTEN*

**Date of first appointment:** 24 May 2016

**Date appointment last renewed:** N/A

**Expiry of the term of office:** General Meeting to be held in 2020, to approve the financial statements for the last financial year

Philippe TRIBAUDEAU, age 55, has more than 25 years of experience in the Corporate Finance, Investment Banking and M&A fields.

He is authorised by the Financial Services Authority in the United Kingdom.

He spent several years at Merrill Lynch – Bank of America in the United Kingdom, where he served as First Vice-President.

Philippe TRIBAUDEAU has French nationality

### Mandates and positions held at 31 December 2016

#### Within the ALTEN Group (excluding ALTEN SA)

None.

#### Other positions held in any other company (excluding the ALTEN Group)

None.

### Mandates and positions held during the past five years which are no longer held

#### Within the ALTEN Group (excluding ALTEN SA)

None.

#### Other positions held in any other company (excluding the ALTEN Group)

None.

To the Company's knowledge, the Corporate Officers of ALTEN SA do not hold office in any other listed companies.

**14.1.4 DECLARATIONS PERTAINING TO MEMBERS OF THE BOARD OF DIRECTORS AND GENERAL MANAGEMENT**

To the Company's knowledge, at the time this document was prepared and during the last five years: (i) no conviction for fraud has been pronounced against a member of the Board or the General Management, (ii) no member of the Board or General Management has been disqualified by a court from acting as a member of an administrative, management or supervisory body or an issuer or from

acting in the management or conduct of the affairs of an issuer, (iii) no conviction and/or official public sanction has been imposed on a member of the Board or the General Management by statutory or regulatory authorities, and (iv) no member of the Board or General Management has been involved in a bankruptcy, receivership or liquidation.

**14.1.5 SPECIFIC INFORMATION REGARDING CORPORATE OFFICERS**

Emily AZOULAY, Anaëlle AZOULAY and Jane SEROUSSI have family ties with Simon AZOULAY.

There are no other related family members among the Company's Corporate Officers.

For the purpose of their corporate mandates, the Members of the Board of Directors and General Management are domiciled at the Company's head office.

**Transactions in the Company's securities by Executive Officers during the 2016 financial year**

Consolidated summary statement of transactions referred to under Article L. 621-18-2 of the French Monetary and Financial Code conducted during the past financial year:

| Name of Executive Officer and/or the person cited in Article L. 621-18-2 of the French Monetary and Financial Code | Duties performed at ALTEN            | Type of transaction | Total number of instruments | Total amount of transactions (in euros) |
|--------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------|-----------------------------|-----------------------------------------|
| Pierre BONHOMME                                                                                                    | Senior manager                       | Disposal            | 5,000                       | 275,000                                 |
| Simon AZOULAY                                                                                                      | Chairman and Chief Executive Officer | Disposals           | 286,000                     | 16,555,715                              |
| Pierre MARCEL                                                                                                      | Deputy Chief Executive Officer       | Disposals           | 14,000                      | 822,987                                 |

## 14.2 CONFLICTS OF INTEREST

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To the Company's knowledge and at the date on which this Document was prepared, no conflicts of interests have been identified between the duties of each of the members of the Board of Directors and General Management in relation to their capacity as Corporate Officers and their private interests or other duties.

To the Company's knowledge and at the date on which this Document was prepared, there are no pacts or agreements concluded with the main shareholders, customers or suppliers under which a member of the Board of Directors or General Management has been designated as such.

To the Company's knowledge and at the date on which this Document was prepared, no restriction has been agreed to by the members of the Board of Directors and the other members of management concerning the sale of their interests in the Company's share capital.

Because ALTEN SA refers to the Middelnext Code of Corporate Governance, it complies with the second recommendation in the Code on the prevention, identification and management of conflicts of interest that may arise on the Board of Directors.



# REMUNERATIONS AND BENEFITS

# 15

|                                             |     |                                             |     |
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## 15.1 REMUNERATION POLICY

Pursuant to Article L. 225-37-2 of the French Commercial Code, the General Meeting of 22 June 2017 will be asked to approve (on the basis of this report contained in Section 15.1) the principles and criteria for deciding, allocating and awarding the fixed, variable and exceptional elements composing the overall remuneration and benefits of any kind that may be awarded to the Executive Corporate Officers (the Chairman and Chief Executive Officer and the Deputy Chief Executive Officers) in respect of their office.

ALTEN has summarised these items in the “Remuneration policy” described below. This policy applies to the Corporate Officers of ALTEN SA (the Chairman and Chief Executive Officer and the Deputy Chief Executive Officers) and to the Group’s senior executives, i.e. members of the Executive Committee and their direct reports. Together they represent the senior management of the ALTEN Group.

For the avoidance of doubt, only the principles and criteria set out below for Executive Corporate Officers are subject to shareholder approval (ex ante vote).

This remuneration policy aims to offer attractive compensation to recruit and retain a high calibre of executive managers who will be able to implement the Group’s strategy, and to provide compensation in keeping with the position held.

This objective is part of a process to build a link between remuneration levels and the company’s overall performance, and accordingly to create value for shareholders. It also takes individual performance into account.

The Group’s multi-year development plan is based on profitable growth (both organic and through acquisitions). For this reason, executive management remuneration is in part based on the Group’s economic performance.

In addition, to ensure that the interests of executive management align with those of the shareholders over the long-term, ALTEN has implemented 3 and 4-year performance-based share plans (in the form of free preferred shares) (“LTIP” below).

ALTEN has therefore endeavoured to create a simple, transparent and understandable remuneration framework for all stakeholders (beneficiaries, employees and shareholders).

The key remuneration components for the Group’s executive management are:

| Purpose and connection with the strategy                                                                                                                                                | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Performance indicators |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| <b>Fixed remuneration</b>                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                        |
| <b>Base Salary</b><br>To recruit and retain a high calibre of executive managers able to implement the Group’s strategy, and to provide compensation in keeping with the position held. | <p>The Base Salary (and subsequent increases) reflects the level of responsibility in relation to the position held, the value of the individual in terms of performance, skills and experience. It also takes the company’s overall performance into account, along with its size, organisation and complexity.</p> <p>The Base Salary is subject to an annual review, which considers the remuneration levels within the Group, the results of the business, market conditions and the impact on overall remuneration.</p> <p>A review of remuneration levels at companies of similar size, complexity and activities is conducted to determine market trends.</p> <p>An exceptional review may take place during the year to reflect an increase in the scope of responsibility or account for an expansion of the individual’s role, etc.</p> <p>The basic salary includes remuneration in respect of any appointments held within the Group, such as directors’ fees paid by ALTEN’s subsidiaries.</p> | n/a                    |

| Purpose and connection with the strategy                                                                                                                      | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Performance indicators |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| <b>Benefits of any kind</b><br>To recruit and retain a high calibre of executive managers to implement the strategy by offering competitive benefits in kind. | <p>Benefits are determined by taking into account local practice in the country where the duties are performed. They include a company vehicle (including insurance, fuel and related costs) in keeping with the position held, company housing when the employee must frequently work at a location a long distance from where they were hired, enrolment in health insurance plans established within the entity where the duties are performed, under the same terms as those enjoyed by employees.</p> <p>Travel expenses may be paid when incurred during the performance of duties. Extraordinary cash compensation may be paid to cover reasonable expenses.</p> <p>Tables set the maximum authorised levels of benefits in kind for managerial staff. There is no maximum level for Corporate Officers. However, the Board of Directors ensures that benefits in kind are appropriate and proportional.</p> <p>If assignments are performed outside of the country, daily subsistence allowances may be allocated. They are payable in cash, with the annual amount capped at 40% of Base Salary<sup>(1)</sup>.</p> |                        |
| <b>Pension/retirement</b><br>To offer market-level remuneration and support the recruitment and retention of senior managers.                                 | <p>No specific scheme has been established, aside from statutory plans open to all employees, for which participation is authorised for senior managers of the entity in question.</p> <p>Corporate Officers do not benefit from top hat retirement benefits.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | n/a                    |

(1) This cap only covers persons linked to a French company who receive remuneration as a result.

| Purpose and connection with the strategy                                                                                                                                      | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Performance indicators                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Performance-based remuneration</b>                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Annual bonus</b><br>Incentives to achieve short and long-term objectives (financial and non-financial).<br>Align remuneration costs to the value created for shareholders. | Bonuses are paid in cash at the end of reference periods.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <p>The Board of Directors has not established short-term variable remuneration for Corporate Officers.</p> <p>This policy is justified by the fact that for many years they have carried out the Group strategy and have successfully demonstrated their ability to do so without remuneration based on short-term objectives. In addition, most Corporate Officers are shareholders and benefit from a three-year motivation and incentive plan, which awards free preferred A shares (see below).</p> <p>Other managerial employees benefit from a four-year motivation and incentive plan which awards free preferred B shares (see below) and variable annual remuneration based on achieving individual performance goals.</p> <p>These performance goals are based on creation of value as measured by financial (increasing operating margins) and non-financial criteria (project implementation, improved operational indicators).</p> <p>The objectives are weighted annually and take into account the operational and financial challenges in the coming year.</p> <p>A scale to assess progress toward achieving these goals is established and consequently triggers the bonus level.</p> |
| <b>Extraordinary bonus</b><br>To reward an executive manager's completion of an exceptional project in line with the Group's strategy.                                        | <p>The Board of Directors, after hearing the opinion of the Remuneration and Nomination Committee (for Corporate Officers) or General Management (for other executive managers), may award an extraordinary bonus for completion of an exceptional project in line with the Group's strategy (such as closing a key acquisition).</p> <p>The bonus is paid in cash and may not exceed 100% of Base Salary.</p> <p>The payment of any exceptional bonus awarded to Executive Corporate Officers in respect of their office for a given financial year is subject to approval by the Ordinary General Meeting of the remuneration paid or allocated to them for that year (ex post vote).</p> | n/a                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

| Purpose and connection with the strategy                                                                                                              | Description                                                                                                                                                                                                                                                                                                                                                                                           | Performance indicators                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Long Term Incentive Plan (LTIP)</b><br>To align the interests of management staff and shareholders by promoting value creation over the long term. | <p>LTIPs operate by awarding free preferred shares, convertible into a maximum of 100 ordinary shares based on the achievement of performance criteria over 3 or 4 years (preferred A or B shares).</p> <p>The conversion rules and the associated performance criteria were approved by the company shareholders at the Combined Ordinary and Extraordinary General Meeting held on 24 May 2016.</p> | <p>Vesting of the preferred A or B shares is subject to continued employment within the Group on the anniversary date of the preferred shares (one year for class A and two years for class B).</p> <p>The preferred shares may then be converted at the end of a 2-year lock-up period. The conversion ratio for a preferred share is based on achievement of financial performance criteria and on continued employment on the date the conversion period begins. Departure after the start of the conversion period shall result in a division of the conversion ratio, by up to 100.</p> <p>The financial criteria include an increase in consolidated revenue (weighted 20%) and growth of operating profit on activity (weighted 80%) between the reference years stated in the plan (at three years for preferred A shares and four years for preferred B shares).</p> <p>A range of objectives is set for each criteria, with a floor and a ceiling. It is capped at a 100% conversion rate.</p> <p>The range is based on the ALTEN strategic plan, with more demanding criteria.</p> |

#### Employee shareholding: 2016 Motivation Plan - France

|                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                         |
|---------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| To encourage share ownership within the Company and enable French employees to share in the results of performance achieved in France since 2010. | <p>The 2016 Motivation Plan - France awards free ordinary shares to a significant number of ALTEN Group employees in France (around 10,000).</p> <p>ALTEN SA Corporate Officers are not eligible for this plan.</p> <p>The plan provides for a one-year vesting period followed by a one-year lock-up period.</p> | <p>Continued employment on the anniversary date of the award of free ordinary shares is the sole condition for the shares to vest at the end of the vesting period.</p> |
|---------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

## 15.2 REMUNERATION PAID AND BENEFITS IN KIND

### SUMMARY TABLE OF REMUNERATION PAID AND OPTIONS AND SHARES AWARDED TO EACH CORPORATE OFFICER

| <i>Simon AZOULAY - Chairman and Chief Executive Officer</i>                 | 2016            | 2015            |
|-----------------------------------------------------------------------------|-----------------|-----------------|
| Remuneration due for the financial year                                     | €125,811        | €125,811        |
| Value of options awarded during the financial year                          | None            | None            |
| Value of multi-year variable remuneration awarded during the financial year | None            | None            |
| Value of performance-based shares awarded during the financial year         | None            | None            |
| <b>TOTAL</b>                                                                | <b>€125,811</b> | <b>€125,811</b> |

| <i>Gérald ATTIA - Deputy Chief Executive Officer</i>                               | 2016              | 2015            |
|------------------------------------------------------------------------------------|-------------------|-----------------|
| Remuneration due for the financial year                                            | €293,266          | €266,097        |
| Value of options awarded during the financial year                                 | None              | None            |
| Value of multi-year variable remuneration awarded during the financial year        | None              | None            |
| Value of performance-based shares awarded during the financial year <sup>(1)</sup> | 2,906,744         | None            |
| <b>TOTAL</b>                                                                       | <b>€3,200,010</b> | <b>€266,097</b> |

(1) Value of the shares when allotted under the three-year LTIP, calculated in accordance with IFRS 2 before deferral of the liability. ALTEN has not set up an LTIP (stock options, free shares etc.) for Executive Corporate Officers since 2008.

| <i>Bruno BENOLIEL - Deputy Chief Executive Officer</i>                      | 2016            | 2015            |
|-----------------------------------------------------------------------------|-----------------|-----------------|
| Remuneration due for the financial year                                     | €249,157        | €249,157        |
| Value of options awarded during the financial year                          | None            | None            |
| Value of multi-year variable remuneration awarded during the financial year | None            | None            |
| Value of performance-based shares awarded during the financial year         | None            | None            |
| <b>TOTAL</b>                                                                | <b>€249,157</b> | <b>€249,157</b> |

| <i>Pierre MARCEL - Deputy Chief Executive Officer</i>                              | 2016              | 2015            |
|------------------------------------------------------------------------------------|-------------------|-----------------|
| Remuneration due for the financial year                                            | €329,260          | €328,979        |
| Value of options awarded during the financial year                                 | None              | None            |
| Value of multi-year variable remuneration awarded during the financial year        | None              | None            |
| Value of performance-based shares awarded during the financial year <sup>(1)</sup> | 2,906,744         | None            |
| <b>TOTAL</b>                                                                       | <b>€3,236,004</b> | <b>€328,979</b> |

(1) Value of the shares when allotted under the three-year LTIP, calculated in accordance with IFRS 2 before deferral of the liability. ALTEN has not set up an LTIP (stock options, free shares etc.) for Executive Corporate Officers since 2008.

SUMMARY TABLE OF REMUNERATION PAID TO EACH CORPORATE OFFICER

|                                  | 2016                  |                     | 2015                  |                     | 2014                  |                     |
|----------------------------------|-----------------------|---------------------|-----------------------|---------------------|-----------------------|---------------------|
|                                  | Amount paid           | Amount due          | Amount paid           | Amount due          | Amount paid           | Amount due          |
| <b>Simon AZOULAY</b>             |                       |                     |                       |                     |                       |                     |
| Fixed remuneration               | €120,000              | €120,000            | €120,000              | €120,000            | €120,000              | €120,000            |
| Variable remuneration            | None                  | None                | None                  | None                | None                  | None                |
| Multi-year variable remuneration | None                  | None                | None                  | None                | None                  | None                |
| Extraordinary remuneration       | None                  | None                | None                  | None                | None                  | None                |
| Directors' fees                  | None <sup>(1)</sup>   | None <sup>(1)</sup> | None <sup>(2)</sup>   | None <sup>(2)</sup> | None <sup>(2)</sup>   | None <sup>(2)</sup> |
| Benefits in kind                 | €5,811 <sup>(3)</sup> | €5,811              | €5,811 <sup>(3)</sup> | €5,811              | €5,811 <sup>(3)</sup> | €5,811              |
| <b>TOTAL</b>                     | <b>€125,811</b>       | <b>€125,811</b>     | <b>€125,811</b>       | <b>€125,811</b>     | <b>€125,811</b>       | <b>€125,811</b>     |

(1) SGTI 2, of which Mr AZOULAY was Chairman and sole shareholder, dissolved in May 2016, received during the 2016 financial year:

- €37,500 euros from the Spanish company ALTEN Spain SAU, in directors' fees for its role as Consejero;
- €37,500 from ALTEN Ltd, subsidiary of ALTEN Europe in directors' fees for its role as Director;
- €37,500 euros from ATEXIS Spain SLU in directors' fees for its role as Administrador unico.

SGTI, of which Simon AZOULAY is Chairman and sole shareholder, also received during the 2016 financial year:

- €75,000 from the Spanish company ALTEN Spain SAU, in directors' fees for its role as Consejero. It is due to receive €37,500 in 2017 on this basis;
- €112,500 from ALTEN Ltd in directors' fees for its role as Director;
- €75,000 from ATEXIS Spain SLU in directors' fees for its role as Administrador unico. It is due to receive €37,500 in 2017 on this basis.

(2) SGTI 2 received during the 2015 financial year:

- €150,000, including €75,000 paid in January 2016, by ALTEN Spain SAU in directors' fees for its role as Consejero;
- €75,000, paid in 2016, by the Spanish company ATEXIS Spain SLU in directors' fees for its role as Administrador unico.

(3) Company car.

(4) SGTI 2, of which Mr AZOULAY was Chairman and sole shareholder, received €150,000 in directors' fees from ALTEN Spain SAU for its role as Consejero in 2014. SGTI 2 also received €150,000 in directors' fees from Atexis Spain SLU for its role as Administrador único in 2014.

## REMUNERATIONS AND BENEFITS

### REMUNERATION PAID AND BENEFITS IN KIND

|                                  | 2016                   |                        | 2015                   |                        | 2014                   |                        |
|----------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
|                                  | Amount paid            | Amount due             | Amount paid            | Amount due             | Amount paid            | Amount due             |
| <b>Gérald ATTIA</b>              |                        |                        |                        |                        |                        |                        |
| Fixed remuneration               | €205,118               | €205,118               | €178,224               | €178,224               | €178,224               | €178,224               |
| Variable remuneration            | None                   | None                   | None                   | None                   | None                   | None                   |
| Multi-year variable remuneration | None                   | None                   | None                   | None                   | None                   | None                   |
| Extraordinary remuneration       | None                   | None                   | None                   | None                   | None                   | None                   |
| Directors' fees                  | €84,000 <sup>(1)</sup> | €84,000 <sup>(2)</sup> | €84,000 <sup>(1)</sup> | €84,000 <sup>(2)</sup> | €84,000 <sup>(1)</sup> | €84,000 <sup>(2)</sup> |
| Benefits in kind                 | €4,152 <sup>(3)</sup>  | €4,152                 | €4,148 <sup>(3)</sup>  | €3,873                 | €4,148 <sup>(3)</sup>  | €3,873                 |
| <b>TOTAL</b>                     | <b>€293,270</b>        | <b>€293,270</b>        | <b>€266,372</b>        | <b>€266,097</b>        | <b>€266,372</b>        | <b>€266,097</b>        |

(1) In January 2016, Mr ATTIA received €84,000 in directors' fees from ALTEN Spain SAU, the wholly owned Spanish subsidiary of ALTEN Europe, for his role as Consejero in 2015.

(2) In January 2017, Mr ATTIA received €84,000 in directors' fees from ALTEN Spain SAU, the wholly owned Spanish subsidiary of ALTEN Europe, for his role as Consejero in 2016.

(3) In January 2015, Mr ATTIA received €84,000 in directors' fees from ALTEN Spain SAU, the wholly owned Spanish subsidiary of ALTEN Europe, for his role as Consejero in 2014.

(4) Company car.

(5) Mr ATTIA's fixed remuneration was raised in 2016 to take into account his increased operational responsibilities.

|                                   | 2016            |                 | 2015            |                 | 2014            |                 |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                   | Amount paid     | Amount due      | Amount paid     | Amount due      | Amount paid     | Amount due      |
| <b>Bruno BENOLIEL</b>             |                 |                 |                 |                 |                 |                 |
| Fixed remuneration <sup>(1)</sup> | €249,157        | €249,157        | €249,157        | €249,157        | €249,157        | €249,157        |
| Variable remuneration             | None            | None            | None            | None            | None            | None            |
| Multi-year variable remuneration  | None            | None            | None            | None            | None            | None            |
| Extraordinary remuneration        | None            | None            | None            | None            | None            | None            |
| Directors' fees                   | None            | None            | None            | None            | None            | None            |
| Benefits in kind                  | None            | None            | None            | None            | None            | None            |
| <b>TOTAL</b>                      | <b>€249,157</b> | <b>€249,157</b> | <b>€249,157</b> | <b>€249,157</b> | <b>€249,157</b> | <b>€249,157</b> |

(1) Taking into account Mr BENOLIEL's remuneration under the employment contract he has had with the ALTEN Group since 29 September 1997, as Head of the Finance, Legal and Information Systems Department. Mr BENOLIEL also holds an employment contract with a Group subsidiary under which he received €99,000 in 2016.

|                                   | 2016                  |                       | 2015                  |                       | 2014                  |                       |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                   | Amount paid           | Amount due            | Amount paid           | Amount due            | Amount paid           | Amount due            |
| <b>Pierre MARCEL</b>              |                       |                       |                       |                       |                       |                       |
| Fixed remuneration <sup>(1)</sup> | €324,006              | €324,006              | €324,006              | €324,006              | €324,006              | €324,006              |
| Variable remuneration             | None                  | None                  | None                  | None                  | None                  | None                  |
| Multi-year variable remuneration  | None                  | None                  | None                  | None                  | None                  | None                  |
| Extraordinary remuneration        | None                  | None                  | None                  | None                  | None                  | None                  |
| Directors' fees                   | None                  | None                  | None                  | None                  | None                  | None                  |
| Benefits in kind                  | €5,254 <sup>(2)</sup> | €5,254 <sup>(2)</sup> | €4,973 <sup>(2)</sup> | €4,973 <sup>(2)</sup> | €4,973 <sup>(2)</sup> | €4,973 <sup>(2)</sup> |
| <b>TOTAL</b>                      | <b>€329,260</b>       | <b>€329,260</b>       | <b>€328,979</b>       | <b>€328,979</b>       | <b>€328,979</b>       | <b>€328,979</b>       |

(1) Taking into account Mr MARCEL's remuneration under his employment contract with ALTEN Sud-Ouest, a wholly-owned subsidiary of ALTEN SA since 1 April 1996. Mr MARCEL also has an employment contract with a Group subsidiary, in respect of which he received a sum of €144,000 in 2016.

(2) Company car.

## DIRECTORS' FEES AND OTHER REMUNERATION PAID TO NON-EXECUTIVE CORPORATE OFFICERS

The Board of Directors has established objective rules to distribute directors' fees among the Directors for the 2016 financial year, based on the Director's status and active participation on the Board.

For the 2016 financial year, the Board has decided that:

- each Independent Director shall receive €1,500 for each Board meeting attended,
- each non-executive Director shall receive €1,000 for each Board meeting attended,
- Directors serving as company executives and representing employees shall not receive any directors' fees.

Amounts due to each Director for the 2016 financial year, to be paid in 2017, are indicated in the table below.

The General Meeting of 24 May 2016 set the amount of directors' fees at €75,000 until further decision. The General Meeting of 22 June 2017 will be asked to increase the total amount of directors' fees to be allocated to ALTEN Directors to €150,000. To account for the creation of Specialised Committees within the Board of Directors, new rules on the distribution of directors' fees were proposed to the Board by the Remuneration and Nomination Committee, based on the involvement of non-executive Directors on these committees. An additional fee will be paid for each attendance at a Committee meeting.

In addition, to promote the involvement of each Director throughout the financial year, the Remuneration and Nomination Committee also proposed an additional payment for each Board Meeting attended above the 75% attendance threshold for Board meetings.

Finally, ALTEN will now reimburse Directors' travel expenses upon submission of supporting documentation.

**DIRECTORS' FEES AND OTHER REMUNERATION RECEIVED BY NON-EXECUTIVE CORPORATE OFFICERS**

| Non-executive Corporate Officers | Amount paid during the 2014 financial year          | Amount paid during the 2015 financial year          | Amount paid during the 2016 financial year          | Amounts due for the 2016 financial year             |
|----------------------------------|-----------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| <b>Evelyne FELDMAN</b>           |                                                     |                                                     |                                                     |                                                     |
| Directors' fees                  |                                                     |                                                     | €0                                                  | €6,000                                              |
| Other remuneration               | -                                                   | -                                                   | None                                                | None                                                |
| <b>Philippe TRIBAUDEAU</b>       |                                                     |                                                     |                                                     |                                                     |
| Directors' fees                  |                                                     |                                                     | €0                                                  | €4,500                                              |
| Other remuneration               | -                                                   | -                                                   | None                                                | None                                                |
| <b>Marc EISENBERG</b>            |                                                     |                                                     |                                                     |                                                     |
| Directors' fees                  | €0                                                  | €0                                                  | €0                                                  | €1,500                                              |
| Other remuneration               | None                                                | None                                                | None                                                | None                                                |
| <b>Jane SEROUSSI</b>             |                                                     |                                                     |                                                     |                                                     |
| Directors' fees                  | €0                                                  | €0                                                  | €0                                                  | €9,000                                              |
| Other remuneration               | None                                                | None                                                | None                                                | None                                                |
| <b>Emily AZOULAY</b>             |                                                     |                                                     |                                                     |                                                     |
| Directors' fees                  | €0                                                  | €0                                                  | €0                                                  | €3,000                                              |
| Other remuneration               | None                                                | None                                                | None                                                | None                                                |
| <b>Anaëlle AZOULAY</b>           |                                                     |                                                     |                                                     |                                                     |
| Directors' fees                  | €0                                                  | €0                                                  | €0                                                  | €2,000                                              |
| Other remuneration               | None                                                | None                                                | None                                                | None                                                |
| <b>Jérôme VALAT</b>              |                                                     |                                                     |                                                     |                                                     |
| Directors' fees                  | €0                                                  | €0                                                  | €0                                                  | €0                                                  |
|                                  | Remuneration received under the employment contract | Remuneration received under the employment contract | Remuneration received under the employment contract | Remuneration received under the employment contract |
| Other remuneration               |                                                     |                                                     |                                                     |                                                     |

**SHARE SUBSCRIPTION OR PURCHASE OPTIONS AWARDED TO EACH EXECUTIVE CORPORATE OFFICER DURING THE FINANCIAL YEAR BY THE ISSUER AND ANY GROUP COMPANY**

None.

**SHARE SUBSCRIPTION OR PURCHASE OPTIONS EXERCISED BY EACH EXECUTIVE CORPORATE OFFICER DURING THE FINANCIAL YEAR**

None.

PERFORMANCE-BASED SHARES AWARDED TO EACH CORPORATE OFFICER

| Free shares awarded by the General Meeting to each Corporate Officer during the financial year by ALTEN and any Group company | Date and plan No. <sup>(1)</sup>            | Number of shares awarded during the financial year                       | Share valuation according to the method used in the consolidated financial statements <sup>(2)</sup> | Vesting date | Date available | Performance conditions |
|-------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|--------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|--------------|----------------|------------------------|
| Gerald ATTIA                                                                                                                  | Plan no. 1 preferred A shares<br>27/07/2016 | 840 preferred A shares giving rights to 84,000 ordinary shares           | €2,906,744                                                                                           | 27/07/2017   | 28/07/2019     | See Section 21.2.3.5   |
| Pierre MARCEL                                                                                                                 | Plan no. 1 preferred A shares<br>27/07/2016 | 840 preferred A shares giving rights to 84,000 ordinary shares           | €2,906,744                                                                                           | 27/07/2017   | 28/07/2019     | See Section 21.2.3.5   |
| <b>TOTAL</b>                                                                                                                  |                                             | <b>1,680 preferred A shares giving rights to 168,000 ordinary shares</b> | <b>€5,813,488</b>                                                                                    |              |                |                        |

(1) Date of the Board meeting.

(2) Value of the shares when allotted under the three-year LTIP, calculated in accordance with IFRS 2 before deferral of the liability. ALTEN has not set up an LTIP (stock options, free shares etc.) for Executive Corporate Officers since 2008.

PERFORMANCE-BASED SHARES MADE AVAILABLE DURING THE PERIOD TO EACH CORPORATE OFFICER

None.

**EMPLOYMENT CONTRACTS OF EXECUTIVE CORPORATE OFFICERS, COMPENSATION AND/OR BENEFITS DUE OR LIKELY TO BE DUE ON ACCOUNT OF TERMINATION OR CHANGE IN THEIR DUTIES OR OTHER**

| Executive Corporate Officers                                                                                                                                                                                                              | Employment contract | Supplementary pension plan | Compensation or benefits owed or likely to be owed due to termination or change in duties | Compensation related to a non-competition provision |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|----------------------------|-------------------------------------------------------------------------------------------|-----------------------------------------------------|
| <b>Simon AZOULAY</b><br>Chairman and Chief Executive Officer<br>Date appointment last renewed: 19/06/2013<br>Expiry of term of office: General Meeting to be held in 2017 to approve the financial statements for the last financial year | None                | None                       | None                                                                                      | None                                                |
| <b>Gérald ATTIA</b><br>Deputy Chief Executive Officer<br>Date appointment last renewed: 19/06/2013<br>Term of office expires: General Meeting to be held in 2017 to approve the financial statements for the last financial year          | None                | None                       | None                                                                                      | None                                                |
| <b>Bruno BENOLIEL</b><br>Deputy Chief Executive Officer<br>Date appointment last renewed: 19/06/2013<br>Term of office expires: General Meeting to be held in 2017 to approve the financial statements for the last financial year        | Yes <sup>(1)</sup>  | None                       | None                                                                                      | None                                                |
| <b>Pierre MARCEL</b><br>Deputy Chief Executive Officer<br>Date appointment last renewed: 19/06/2013<br>Term of office expires: General Meeting to be held in 2017 to approve the financial statements for the last financial year         | Yes <sup>(2)</sup>  | None                       | None                                                                                      | None                                                |

(1) Bruno BENOLIEL's employment contract, established prior to his appointment as Director and Deputy Chief Executive Officer, is for performing the duties of Director in charge of the Finance, Legal and Information Systems Divisions, a position he has occupied within the ALTEN Group since 29 September 1997. Mr BENOLIEL also has an employment contract binding him to one of the Group's subsidiaries.

(2) Pierre MARCEL's employment contract with ALTEN Sud-Ouest, a wholly-owned subsidiary of ALTEN SA, established prior to his appointment as Deputy Chief Executive Officer, relates to his role as Director at ALTEN Sud-Ouest since 1 April 1996. Mr MARCEL also has an employment contract binding him to one of the Group's subsidiaries.

**OPTIONS TO SUBSCRIBE TO OR PURCHASE SHARES GRANTED TO THE TEN EMPLOYEES (OTHER THAN CORPORATE OFFICERS) WITH THE HIGHEST NUMBER OF OPTIONS, AND OPTIONS EXERCISED BY THESE BENEFICIARIES**

| Options to subscribe to or purchase shares granted to the ten employees (other than Corporate Officers) with the highest number of options, and options exercised by these beneficiaries                                                                                      | Total number of options granted/ shares subscribed for or purchased | Weighted average price (in euros) | Plan date  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|-----------------------------------|------------|
| Options granted during the financial year by ALTEN and any company within its Group granting options, to the ten employees of the issuer and all companies included in the group which grant options, with the highest number of options granted. (Comprehensive information) | N/A                                                                 | N/A                               | N/A        |
| Options for ALTEN and other aforementioned companies previously exercised during the financial year by the ten employees of the issuer and such other companies, with the highest number of options thus purchased or subscribed. (Comprehensive information)                 | 22,472                                                              | 49.96                             | 18/02/2008 |
|                                                                                                                                                                                                                                                                               |                                                                     | 55.95                             | 07/09/2009 |
|                                                                                                                                                                                                                                                                               |                                                                     | 53.81                             | 19/10/2010 |

#### HISTORY OF PAST STOCK OPTION GRANTS AT 31 DECEMBER 2016

| Date awarded by the Board | Date of Meeting | Number of beneficiaries | First possible exercise date | Plan maturity date | Number of options granted | Exercise price (in euros) | Number of options waived | Number of options exercised | Number of options voided | Number of options which may be exercised |
|---------------------------|-----------------|-------------------------|------------------------------|--------------------|---------------------------|---------------------------|--------------------------|-----------------------------|--------------------------|------------------------------------------|
| 07/09/2009                | 23/06/2009      | 689                     | 07/09/2013                   | 07/09/2017         | 574,330                   | 15,210                    | 0                        | 293,223                     | 263,635                  | 17,472                                   |
| 19/10/2010                | 23/06/2009      | 6                       | 19/10/2014                   | 19/10/2018         | 120,000                   | 22,365                    | 70,000                   | 45,000                      | 0                        | 5,000                                    |
| <b>TOTAL</b>              |                 |                         |                              |                    | <b>694,330</b>            |                           | <b>70,000</b>            | <b>338,223</b>              | <b>263,635</b>           | <b>22,472</b>                            |

It is specified that no ALTEN Corporate Officers were awarded any stock options.

#### HISTORY OF PAST ALLOCATIONS OF FREE SHARES AT 31 DECEMBER 2016

| Under the delegation of authority given by the General Meeting held on 24 May 2016 | Plan no. 1<br>Allocation of free shares | Plan no. 2<br>Allocation of free shares | Plan no. 1<br>Allocation of preferred A shares | Plan no. 4<br>Allocation of preferred A shares | Plan no. 2<br>Allocation of preferred B shares | Plan no. 3<br>Allocation of preferred B shares |
|------------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|------------------------------------------------|------------------------------------------------|------------------------------------------------|------------------------------------------------|
| Date of the Board of Directors' meeting                                            | 27/07/2016                              | 20/09/2016                              | 27/07/2016                                     | 23/12/2016                                     | 27/07/2016                                     | 27/10/2016                                     |
| Total number of free shares awarded of which <sup>(1)</sup> :                      | 99,880                                  | 99,800                                  | 2,520                                          | 230                                            | 1,873                                          | 501                                            |
| Gérald Attia                                                                       | -                                       | -                                       | 840                                            | -                                              | -                                              | -                                              |
| Pierre Marcel                                                                      | -                                       | -                                       | 840                                            | -                                              | -                                              | -                                              |
| Vesting date of shares                                                             | 27/07/2017                              | 20/09/2017                              | 27/07/2017                                     | 23/12/2017                                     | 27/07/2018                                     | 27/10/2018                                     |
| Date on which lock-up period ends <sup>(2)(3)</sup>                                | 27/07/2018                              | 20/09/2018                              | 27/07/2019                                     | 23/12/2019                                     | 27/07/2020                                     | 27/10/2020                                     |
| Number of shares subscribed for at 31 December 2016                                | -                                       | -                                       | -                                              | -                                              | -                                              | -                                              |
| Cumulative number of cancelled or void shares (at 31/12/2016)                      | 16,040                                  | -                                       | -                                              | -                                              | 207                                            | -                                              |
| Free shares awarded outstanding at the end of the reporting period                 | 83,840                                  | 99,800                                  | 2,520                                          | 230                                            | 1,666                                          | 500                                            |

(1) ALTEN's Corporate Officers are not eligible for bonus share plans. Mr AZOULAY has not received any bonus award of Preferred shares. No bonus award of shares or preferred shares has been made to ALTEN's non-executive Corporate Officers. Furthermore, Executive Corporate Officers eligible for Preferred shares are required to retain 2% of the ordinary shares resulting from the conversion.

The number of shares indicated for awards of class A and B preferred shares corresponds to the number of performance shares awarded, with a conversion ratio of 100 ordinary shares for each preferred share (class A or B).

(2) The performance criteria are described in Section 21.2.3.5 of this Registration Document.

(3) The General Meeting of 22 June 2017 will be asked to approve the correction of a material error in the resolutions of the General Meeting of 24 May 2016 on the inclusion in the Articles of Association of provisions relating to class A and B preferred shares (Article 6 of ALTEN's Articles of Association). Specifically, the General Meeting will be asked to replace the term "issuance" with the term "initial award" in the resolutions creating the class A and B preferred shares. In the event that this amendment is not ratified by the General Meeting, the expiration dates for the lock-up period would be extended as follows:

|                                   |                          |                          |                          |                          |
|-----------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Date on which lock-up period ends | 27/07/2020<br>(midnight) | 23/12/2020<br>(midnight) | 27/07/2022<br>(midnight) | 27/10/2022<br>(midnight) |
|-----------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|

#### HISTORY OF PAST AWARDS OF SHARE WARRANTS

As of this date, there are no share warrant plans in progress.

**SHARE WARRANTS GRANTED TO THE TOP TEN NON-CORPORATE OFFICER EMPLOYEES AND THE SHARE WARRANTS THEY HAVE EXERCISED**

None.

### **15.3 PROVISIONS FOR PENSIONS AND RETIREMENT**

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Retirement benefits totalling €63,468 and €80,684 have been set aside for Mr BENOLIEL and Mr MARCEL respectively.

# OPERATION OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

# 16

|                                                                                                  |            |                                                                                                                                                                                                    |            |
|--------------------------------------------------------------------------------------------------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| <b>16.1 EXPIRY DATE OF TERMS OF OFFICE</b>                                                       | <b>178</b> | <b>16.4 COMPLIANCE WITH CORPORATE GOVERNANCE RULES</b>                                                                                                                                             | <b>178</b> |
| <b>16.2 SERVICE LEVEL AGREEMENTS BINDING MEMBERS OF THE ADMINISTRATIVE AND MANAGEMENT BODIES</b> | <b>178</b> | 16.4.1 Chairman's report on corporate governance and internal control and risk management procedures adopted by ALTEN                                                                              | 178        |
| <b>16.3 INFORMATION ON COMMITTEES</b>                                                            | <b>178</b> | 16.4.2 Statutory Auditors' report, presented in application of Article L. 225-235 of the French Commercial Code, concerning the report drawn up by the Chairman of the Board of Directors of ALTEN | 188        |

## 16.1 EXPIRY DATE OF TERMS OF OFFICE

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See Chapter 14, section 14.1.2.

## 16.2 SERVICE LEVEL AGREEMENTS BINDING MEMBERS OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

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There are no service level agreements binding members of administrative bodies, management or supervisory bodies with ALTEN or any of its subsidiaries or stipulating the granting of advantages under such a contract.

## 16.3 INFORMATION ON COMMITTEES

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See section 16.4.1 of this Registration Document “Chairman’s report on corporate governance and internal control and risk management procedures adopted by ALTEN”.

## 16.4 COMPLIANCE WITH CORPORATE GOVERNANCE RULES

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### 16.4.1 CHAIRMAN’S REPORT ON CORPORATE GOVERNANCE AND INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES ADOPTED BY ALTEN

This report by the Chairman of the Board gives an account of the composition of the Company’s Board of Directors and in particular the application of the principle of balanced representation of men and women on the Board, the conditions in which the Board’s work is prepared and organised, any restrictions on the powers of the CEO and the Deputy CEOs, reference to a code of corporate governance, financial risks related to the impact of climate change, specific procedures relating to shareholder participation at General Meetings, internal control and risk management procedures

implemented by the Company, and information likely to have an impact in the event of a public offering.

While writing this report, the Chairman held several meetings with the heads of the Financial and Legal divisions, as well as the head of the Information Systems Division and the heads of other divisions that are involved with internal audit. This report was approved by the Board of Directors at its meeting on 26 April 2017. A report by the Statutory Auditors, attached to the general report describing the completion of their mission, presents their comments on this.

## I. Governing bodies

### 1.1 Corporate governance

At the meeting of its Board of Directors on 1 February 2010, ALTEN (hereinafter referred to as the "Company") decided to operate in accordance with the Middelnext Code of Corporate Governance (hereinafter referred to as the "Reference Code") as part of the implementation of its governance. The Board of Directors renewed ALTEN's adherence to the Reference Code at its meeting of 28 January 2015.

Because the Reference Code was revised in September 2016, at its meeting on 25 January 2017 the ALTEN Board of Directors noted the new recommendations and matters requiring particular attention under the revised Reference Code, and decided to continue using this Reference Code as its corporate governance framework.

The Middelnext Code is available on the Middelnext website at [www.middelnext.com](http://www.middelnext.com).

The Reference Code contains nineteen recommendations that specifically concern executive Corporate Officers and the Board of Directors.

ALTEN complies with all the recommendations of the Reference Code.

### 1.2 Conditions for preparing and organising the Board of Directors

#### 1.2.1 Composition of the Board of Directors

Article 16 of the Company's Articles of Association provides that the Board of Directors is composed of no fewer than 3 and no more than 18 members.

The appointment of each Director is the subject of a separate resolution.

## COMPOSITION OF THE BOARD OF DIRECTORS

| Name                                  | Date of first appointment/Date appointment last renewed                                                                                    | Expiry of term of office                                                 | Duties performed at ALTEN                                                     | Number of ALTEN shares held at 31 March 2017                           | Expertise                                                                                                                              |
|---------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|-------------------------------------------------------------------------------|------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| Simon AZOULAY<br>Born on 29/05/1956   | O&EGM on 19/02/1997 and 19/06/2013 (Director)<br>Board of Directors' meeting on 22/09/1998 and 19/06/2013 (Chief Executive Officer)        | 2017 GM (Director)<br>30/06/2017<br>(Chairman of the Board of Directors) | Chairman of the Board of Directors and Chief Executive Officer                | 5,144,667 shares (in his own name and through SGTI, which he controls) | Engineering and Technology Consulting<br>Corporate Management<br>Mergers & Acquisitions<br>International<br>Human Resources            |
| Gérald ATTIA<br>Born on 06/04/1962    | O&EGM on 23/01/1998 and 18/06/2014 (Director)<br>Board of Directors' meeting on 21/12/1998 and 19/06/2013 (Deputy Chief Executive Officer) | 2018 GM (Director)<br>30/06/2017 (Deputy Chief Executive Officer)        | Director and Deputy Chief Executive Officer                                   | 279,477 shares (in his own name and through GMA, which he controls)    | Engineering and Technology Consulting<br>Corporate Management<br>Mergers & Acquisitions<br>International                               |
| Bruno BENOLIEL<br>Born on 13/05/1964  | O&EGM on 22/06/2011 and 18/06/2015 (Director)<br>Board of Directors' meeting on 27/09/2011 and 19/06/2013 (Deputy Chief Executive Officer) | 2019 GM (Director)<br>30/06/2017 (Deputy Chief Executive Officer)        | Director and Deputy Chief Executive Officer                                   | 52,800 shares                                                          | Engineering and Technology Consulting<br>Corporate Management<br>Mergers & Acquisitions<br>International<br>Human Resources<br>Finance |
| Emily AZOULAY<br>Born on 20/07/1948   | O&EGM on 22/06/2011 and 18/06/2015                                                                                                         | 2019 GM                                                                  | Board member<br>Member of the Remuneration and Nomination Committee           | 2,500 shares                                                           | Engineering and Technology Consulting<br>Corporate Management                                                                          |
| Anaëlle AZOULAY<br>Born on 31/10/1990 | O&EGM on 18/06/2014                                                                                                                        | 2018 GM                                                                  | Board member                                                                  | -                                                                      | International<br>Finance                                                                                                               |
| Jane SEROUSSI<br>Born on 05/02/1966   | O&EGM on 18/06/2014                                                                                                                        | 2018 GM                                                                  | Board member                                                                  | -                                                                      | Corporate Management                                                                                                                   |
| Marc EISENBERG<br>Born on 09/04/1955  | O&EGM on 18/06/2014                                                                                                                        | 2018 GM                                                                  | Independent Director                                                          | -                                                                      | Corporate Management<br>International                                                                                                  |
| Evelyn FELDMAN<br>Born on 19/05/1957  | O&EGM on 24/05/2016                                                                                                                        | 2020 GM                                                                  | Independent Director<br>Chairman of the Remuneration and Nomination Committee | -                                                                      | Human Resources                                                                                                                        |

| Name                                      | Date of first appointment/Date appointment last renewed | Expiry of term of office | Duties performed at ALTEN       | Number of ALTEN shares held at 31 March 2017 | Expertise                                                                  |
|-------------------------------------------|---------------------------------------------------------|--------------------------|---------------------------------|----------------------------------------------|----------------------------------------------------------------------------|
| Philippe TRIBAUDEAU<br>Born on 29/05/1961 | O&EGM on 24/05/2016                                     | 2020 GM                  | Independent Director            | -                                            | Corporate Management<br>Finance<br>International<br>Mergers & Acquisitions |
| Jérôme VALAT<br>Born on 19/06/1969        | Works Council meeting on 23/10/2014                     | 22/10/2018               | Director representing employees | -                                            | Engineering and<br>Technology Consulting                                   |

#### CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS IN 2016

| Name of Board member | Nature of the change | Effective date                                                     | Diversification of Board membership                                                                               |
|----------------------|----------------------|--------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|
| Evelyn FELDMAN       | Appointment          | Combined Ordinary and Extraordinary General Meeting of 24 May 2016 | Independence of the Board<br>Increase the number of female directors<br>Human resources expertise                 |
| Philippe TRIBAUDEAU  | Appointment          | Combined Ordinary and Extraordinary General Meeting of 24 May 2016 | Independence of the Board<br>International financial expertise in Corporate Management and Mergers & Acquisitions |

#### Independent members of the Board of Directors

Note that for purposes of reading the table setting forth the composition of the Board of Directors, the independence criteria used by the ALTEN Board of Directors are defined in the Reference Code as follows:

- the Director has not been, over the past five years, and is not an employee or executive Corporate Officer of the Company or of a company within the Group and has not held such position during the past three years;
- does not have and has not had, in the last two years, a significant business relationship with the Company or Group (e.g. customer, supplier, competitor, service provider, creditor, banker, etc.);

- the Director is not a leading shareholder of the Company and does not hold a significant percentage of voting rights;
- the Director does not have close ties or a close family relationship with a Corporate Officer or a leading shareholder;
- the Director has not been a Statutory Auditor of the Company during the past six years.

Thus, the Board of Directors has three independent members out of a total of 10 members, i.e. 33% independent members (not taking into account the Director representing employees) and is therefore in compliance with the proportion of independent members recommended by the Reference Code.

| Independence criteria                                                                                                                                                                               | Marc EISENBERG | Evelyn FELDMAN | Philippe TRIBAUDEAU |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|---------------------|
| Is not and has not been, in the last five years, an employee or executive corporate officer of the Company or another company in the same Group, nor was this the case in the last three years      | ✓              | ✓              | ✓                   |
| Does not have and has not had, in the last two years, a significant business relationship with the Company or Group (e.g. customer, supplier, competitor, service provider, creditor, banker, etc.) | ✓              | ✓              | ✓                   |
| Is not a major shareholder of the Company and does not hold a significant percentage of the voting rights                                                                                           | ✓              | ✓              | ✓                   |

| Independence criteria                                                       | Marc EISENBERG | Evelyne FELDMAN | Philippe TRIBAUDEAU |
|-----------------------------------------------------------------------------|----------------|-----------------|---------------------|
| Has no close or family ties with a corporate officer or major shareholder   | ✓              | ✓               | ✓                   |
| Has not served as a Statutory Auditor for the Company in the last six years | ✓              | ✓               | ✓                   |

At the suggestion of the Remuneration and Nomination Committee, and as part of its continual effort to improve governance, at its 26 April 2017 meeting the Board of Directors proposed the appointment of a new Director, Alette MARDYKS, in addition to its current members. The Board found that Ms MARDYKS met the independence criteria set forth above. She has already agreed to have her appointment submitted to the Shareholders for approval,

Ms MARDYKS is a graduate of ESCP Europe and also holds a DEA in Finance and Organisational Performance from the Université Paris-Dauphine. She has substantial experience in financial management within an international environment, following a 35-year career with Airbus Group. She successively held a number of operational and functional positions within various Airbus Group entities (Director of Management Control, Operational Manager for Management Control). She originated the accounting integration project at Airbus Group within a Shared Service launched in November 2008, covering the Group's four flagship countries (France, Germany, UK and Spain). Ms MARDYKS has not held a position at Airbus Group since the end of 2016.

Ms MARDYKS would offer expertise in finance, risk management and internal audit, enabling the creation of an *ad hoc* Audit Committee in 2017.

#### *Balanced representation of men and women on the Board of Directors*

Women now comprise 44% of ALTEN's Board of Directors with four women out of ten total members, it being specified that the Director representing employees is not counted when calculating the percentage of women on the Board. If Ms MARDYKS's nomination is approved by the General Meeting on 22 June 2017, this percentage will increase to 50%.

In accordance with the provisions of the Act of 27 January 2011, the Board of Directors meets every year to consider recent developments regarding gender equality in the workplace and equal pay.

#### *Combination of the duties of Chairman of the Board of Directors and Chief Executive Officer*

On 28 June 2002, the Company's Board of Directors combined the duties of Chairman of the Board of Directors and Chief Executive Officer. Since that time, Simon AZOULAY has been responsible for the General Management of the Company.

On 19 June 2013, the Board of Directors again elected to combine the duties of Chairman and Chief Executive Officer and renewed Simon AZOULAY's term of office as Chairman and CEO.

Simon AZOULAY is the founding partner of ALTEN. He still has a key operational role in the Company's management and development. On this subject, the Board of Directors decided it was necessary for ALTEN's proper governance that the same person hold the positions of Chairman and Chief Executive Officer. For this reason, the General Meeting of 22 June 2017 will be asked to renew Mr AZOULAY's term of office as Director for an additional four year term.

#### *Term and plurality of offices*

The term of office for members of the Board of Directors is set in the Internal Rules at four years. This term complies with the suggestions in the ninth Recommendation of the Reference Code.

The Directors' terms of office are staggered.

The list of offices held by members of the Board of Directors during the 2016 financial year is found in section 14.1.2 of this Registration Document. Members of ALTEN's Board of Directors do not hold an office in any listed company other than ALTEN.

### **1.2.2 Operation of the Board of Directors**

#### *Internal Rules of the Board of Directors*

The Internal Rules of the Board of Directors specify the manner in which the Board operates, in addition to applicable legal and regulatory provisions and the Company's Articles of Association.

During its meeting on 25 January 2017, the Board of Directors amended its Internal Rules, which set forth the manner in which the Board is organised and operates. It also revised the rules applicable to securities transactions involving Corporate Officers, as well as legal and regulatory provisions and the Company's Articles of Association, to take into account the recommendations and areas requiring particular attention in the revised Reference Code.

The Internal Rules of the Board of Directors comply with the seventh Recommendation of the Reference Code on implementation of the Internal Rules and now includes eight sections, specifically:

- the role of the Board and transactions subject to prior authorisation of the Board;
- composition of the Board and independence criteria for its members;
- defining the role of specialised committees;
- duties of Board members;
- operation of the Board;
- protection for company officers;
- rules for determining Directors' remuneration;
- the issue of the succession plan for executives and key employees.

They are also available on ALTEN's website (<http://www.alten.fr/wp-content/uploads/2013/11/Règlement-intérieur-Conseil-Administration-ALTEN.pdf>).

#### *Convening meetings of the Board of Directors*

Directors are convened by ordinary letter, fax, e-mail or orally.

Representatives to the Works Council (one management and two non-management representatives) (supervisors and employees) were invited to all meetings of the Board of Directors by e-mail and by registered letter with acknowledgement of receipt.

In order to allow the Company's Statutory Auditors to carry out their duties to the best of their abilities, and in accordance with the provisions of Article L. 823-17 of the French Commercial Code, they were invited to all meetings of the Board of Directors convened in 2016, in particular those held to review or approve the interim or annual financial statements, and to the annual Ordinary General Meeting of Shareholders.

#### *Directors' information*

To enable members of the Board of Directors to effectively prepare for meetings, the Chairman gives the Directors all information within a reasonable and adequate period of time as required to make decisions and, more generally to carry out their duties in an independent manner. Each Director is able to obtain additional information necessary to perform his or her duties.

The Directors are kept regularly informed between meetings of the Board, whenever Company news so warrants, in accordance with the fourth Recommendation of the Reference Code.

The representatives from the Works Council received the same information within the same time frame as the members of the Board of Directors.

Minutes of Board Meetings are drafted following each meeting and are subject to approval by the Board of Directors at its next meeting.

#### *Meetings of the Board of Directors*

The Board of Directors met nine times during financial year 2016, at the registered office, with an average attendance rate of 67%, thus complying with the fifth recommendation of the Reference Code. This rate can still be improved. Accordingly, beginning in 2017, the Board of Directors has decided to implement objective rules for payment of directors' fees to ALTEN Directors, rewarding the diligence and involvement of its members throughout the financial year (in this regard, please see section 15.2 of this Registration Document).

Directors may be represented at meetings of the Board of Directors by another Director. The proxy must be given in writing. Three Directors exercised this right during the 2016 financial year.

The Company's Articles of Association and the Internal Rules of the Board of Directors allow the Directors to take part in the Board's deliberations via videoconference or telecommunication. Directors who take part in Board deliberations using this method are deemed to be present when calculating the quorum and the majority, except when taking decisions where such methods are forbidden by law or regulation.

Simon Azoulay, the Chairman, presided over six of the nine meetings of the Board of Directors that were held in 2016. In accordance with the Articles of Association and Article L. 225-50 of the French Commercial Code, during its meetings on 23 February, 28 April and 27 October, the Board of Directors appointed a Director, on an extraordinary basis, to assume the duties of Chairman of the Board, with Mr Azoulay participating in the meetings via telecommunication.

During the 2016 financial year, the Group's Chief Legal Officer, Arnaud Flandé, attended all Board meetings. He also carried out the role of Board Secretary.

#### *Management of conflicts of interest*

To the Company's knowledge there is currently no conflict of interest identified between the duties of any member of the Board of Directors with regard to the Company and their private interests.

In accordance with the first, second and seventh recommendations of the Reference Code, the Board has established a specific article in its Internal Rules that requires a Director facing a conflict of interest to immediately notify the Board, so the Board may determine whether the Director must abstain from taking part in discussions and votes on the matter in question. In addition, all Directors are regularly informed of their obligations and responsibilities, specifically through distribution of a prevention manual.

The Board of Directors conducts an annual review of known conflicts of interest in accordance with Rule 4.2 of its Internal Rules.

#### *Evaluation of the Board*

In accordance with the provisions of the eleventh Recommendation of the Reference Code, the Board of Directors regularly, and at least once per year, discusses subjects such as the methods of functioning, composition and organisation of the Board of Directors and any Committees, its work, its delegations of powers and its decisions. These deliberations are transcribed in minutes.

In these deliberations, members of the Board review the organisation of the Board and its mode of operation. They examine in particular documents provided to the Directors, to the representatives of the Works Council and the Statutory Auditors. Board members also verify that the most important issues have been sufficiently prepared, in particular using the expertise of the Deputy Chief Executive Officer in charge of Finance, Legal and Information Systems when the agenda contains a question relating to the activity of the Group, the Company or consolidated financial statements or the Company's financial communications.

ALTEN's Board of Directors discussed the evaluation at its meeting in January 2016. The Directors deemed that the information provided was clear and precise and gave them an opportunity to discuss issues constructively and to articulate the Company's acquisition and growth strategy.

In 2017, a formal assessment process was put in place using a self-assessment survey for Board members, designed to objectively gather the Directors' opinions and suggestions on the organisation of the Board, its operation, the role of the Chairman, operation of the Remuneration and Nomination Committee and other issues. The questionnaire was submitted to Directors during the Board meeting on 26 April 2017. The results of this survey will be discussed at a future Board meeting to identify the main avenues for improvement.

#### *Shares owned and securities transactions*

The Internal Rules of the Board of Directors recommend the registration of the shares held by Directors.

### **1.2.3 Board committees**

#### *Audit Committee*

The Board of Directors currently meets in the form of an Audit Committee, in accordance with Articles L. 823-19 *et seq.* of the French Commercial Code.

Pursuant to Article L. 823-20 of the French Commercial Code, Mr Azoulay, Chairman of the Board of Directors and CEO, has not chaired meetings of the Board's Audit Committee. Mr Benoliel, Deputy Chief Executive Officer in charge of finance, has chaired these meetings.

The Board of Directors met in the guise of an Audit Committee on 23 February, 11 April and 20 September 2016.

In this guise, the Board has the task of:

- monitoring the process for preparing financial information and, where necessary, making recommendations to ensure its integrity;
- monitoring the effectiveness of the internal control, risk management and, where applicable, internal audit systems with respect to the procedures for preparing and processing accounting and financial information, without compromising its independence;
- making a recommendation on the Statutory Auditors nominated for appointment or re-election;
- monitoring the statutory audit of the annual financial statements and consolidated financial statements by the Statutory Auditors, taking into account the findings and conclusions of the French High Council of Statutory Auditors (HCCC);
- approving the provision by the Statutory Auditors of services other than the certification of the accounts.

When the conditions are met for a separate Audit Committee from the Board of Directors, specifically the appointment of independent members of the Board with the necessary expertise and availability in financial matters, accounting or statutory auditing (in this regard, please see section 1.2.1 "Independent members of the Board of Directors" in this report), the Board shall immediately form an Audit Committee that is separate from the Board of Directors.

#### *Remuneration and Nomination Committee*

At its meeting on 21 February 2017, the Board of Directors decided to form a specialised Remuneration and Nomination Committee.

This Committee is tasked with assisting the Board on issues related to remuneration and appointments, specifically on the following issues:

- remuneration policy for officers, members of the Executive Committee and the principal directors;
- individual remuneration for officers, members of the Executive Committee and the principal directors;

- discretionary profit-sharing and shareholding schemes;
- career management;
- candidate selection process;
- individual appointments;
- composition of the Board of Directors and its committees;
- succession of officers.

The initial Committee members appointed by the Board are:

- Evelyne FELDMAN, Committee Chairwoman, Independent Director;
- Emily AZOULAY, Committee member.

The first task given by the Board of Directors to the Remuneration and Nomination Committee was to propose candidates to serve as Independent Directors for ALTEN, in anticipation of the formation of an *ad hoc* Audit Committee in 2017.

### **1.2.4 Duties of the Board of Directors**

The Board of Directors' primary duty is to determine the direction of the Company's business, define its strategy and monitor its implementation.

During 2016, the Board of Directors voted on:

- the approval of the annual Company and consolidated financial statements, the interim financial statements and forecast management documents;
- notice of the General Meeting;
- executive remuneration policy;
- implementation of a share buyback programme;
- strategic direction for ALTEN and Group strategy;
- delegations of authority to issue sureties, guarantees and securities subject to certain conditions and limits;
- company governance;
- review and authorisation of proposed acquisitions.

### **1.3 Limitation of the powers of Senior Management**

The Chief Executive Officer and the Deputy Chief Executive Officers are vested with the broadest possible powers to act on behalf of the Company in all circumstances. They exercise their powers within the limit of the Company object and subject to those which the law expressly allocates to meetings of shareholders and of the Board of Directors. They represent the Company in its relations with third parties and before the courts.

The Board's Internal Rules also impose limitations on the powers of the General Management. For example, the Board retains sole responsibility for examining and authorising external growth, development and divestment operations.

### **1.4 Executive remuneration policy**

The remuneration principles for ALTEN Corporate Officers and the Group's main directors, specifically members of the Executive Committee and their immediate subordinates, have been summarised in a single document, the "Remuneration Policy". These principles meet the criteria set forth in the thirteenth Recommendation of the Reference Code, specifically comprehensiveness, balance, comparability, coherence, clarity of rules, restraint and transparency.

This policy is reviewed at least once per year by the Board of Directors, following recommendations and proposals by the Remuneration and Nomination Committee.

This remuneration policy aims to offer attractive compensation to recruit and retain a high calibre of executive managers who will be able to implement the Group's strategy, and to provide compensation in keeping with the position held.

This objective is part of a process to build a link between remuneration levels and the company's overall performance, and accordingly to create value for shareholders. It also takes individual performance into account.

The Group's multi-year development plan is based on profitable growth (both organic and through acquisitions). For this reason, executive management remuneration is in part based on the Group's economic performance.

In addition, to ensure that the interests of executive management align with those of the shareholders over the long-term, ALTEN has implemented 3 and 4-year performance-based share plans (in the form of free preferred shares) (the "LTIP").

ALTEN has therefore endeavoured to create a simple, transparent and understandable remuneration framework for all stakeholders (beneficiaries, employees and shareholders).

See section 15.1 of this Registration Document, which sets forth this policy for Corporate Officers, and Section 15.2 of the Registration Document for amounts paid to Corporate Officers in respect of the year ended.

## 2. Terms of participation of shareholders at the General Meeting

The right to take part in General Meetings is subject to the registration of shares in the books under the shareholder's or the agent's name by no later than midnight, Paris time, on the second banking day preceding the General Meeting, either (i) in individual accounts managed by the Company or (ii) in bearer accounts managed by an authorised agent.

Registration of bearer shares is recorded through a shareholding certificate issued by the authorised agent.

If unable to attend the meeting in person, shareholders may select one of the following three options: (i) give a proxy to a natural person or legal entity of his/her choice in accordance with the conditions of Article 225-106 of the French Commercial Code; (ii) send a proxy to the Company without identifying an agent; (iii) vote by post.

Requests by shareholders to submit draft resolutions or items for the agenda must be sent to the head office by registered letter with acknowledgement of receipt or by electronic telecommunication and be received no later than 25 days before the General Meeting. They may not be sent more than 20 days after the publication of the convening notice in the BALO.

## 3. Elements liable to influence a public offer

All information on the elements likely to influence a public offer should one take place is described in section 18.2 of the present Registration Document.

## 4. Financial risk related to the impact of climate change

ALTEN operates a service and consultancy business. Therefore, these activities have little environmental impact.

Nevertheless, the ALTEN Group has, and encourages all of its entities worldwide to have, a proactive environmental management policy that is based on a recognised standard or benchmark. In order to involve all employees in this initiative, emphasis is also placed on awareness and training regarding environmental impacts and, more broadly, the Group's corporate social responsibility. It was against this backdrop that the ALTEN Group launched a carbon footprint assessment at the end of 2016. It will be carried out at the start of 2017 and allow a new assessment of the Group's carbon emissions to be made and permit adjustment of previously adopted measures.

In 2014, total emissions for the Group amounted to 47,158 metric tonnes of CO<sub>2</sub> eq. Two items are responsible for nearly 75% of these emissions: commuter journeys and business travel by employees. Given that this ranking showed no change since the last assessment, in 2011 ALTEN was able to introduce a specific action plan to reduce these emissions at source. These endeavours have paid off because, per employee, the Group's emissions have fallen by 7% when compared with the previous Bilan Carbone®.

Please see the "Technology Partner" chapter in this Registration Document for further details of the Group's societal responsibility.

## II. Internal audit and risk management procedures

The reference framework used to prepare the internal audit and risk management section of this report is the subject of an AMF recommendation dated 22 July 2010.

### 1. Definition and objectives of internal audit and risk management – Scope

Internal audit is defined by the ALTEN Group as a process implemented by management and staff to give reasonable assurance on the accomplishment of the following objectives:

- compliance with laws and regulations;
- implementation of instructions and strategies established by general management;
- optimisation of operational activities;
- proper application of the Company's internal procedures, especially those related to protection of its assets and internal audit;
- the reliability and the quality of information used within the Company and distributed outside the Company; and
- generally, the control of its activities, efficiency of its operations and effective use of its resources.

Internal audit procedures are applied throughout the ALTEN Group, which is defined as ALTEN SA as well as all companies fully consolidated according to the global integration method.

The Group relies on its past experience and well-established documentary and information systems. Some of these resources are available to all employees, while others are only intended for certain divisions (Finance, Human Resources, Legal and Operational Directors).

However, this audit system cannot provide an absolute guarantee that objectives will be achieved or that the risks, whose likelihood of occurrence and potential impact it seeks to reduce, will be eliminated.

A think-tank on the mechanisms for risk management and internal control, together with the Statutory Auditors of the Company, took place in 2015.

The conclusion thereof is that the monitoring of the process for the preparation of financial information is rigorous, and that the internal control and risk management systems put into place within the Group are effective.

Certain areas for improvement were nonetheless noted, in particular the formalised retranscription of the mechanism for risk detection, the putting into place of a dedicated structure for control and internal audit; and (iii) the formalised supervision of the mechanism for management, by the constitution of an Audit Committee that is separate from the Board of Directors.

## 2. References and components of ALTEN's internal audit system

Internal audit within the Group is officially set forth in a series of procedures that ensure both the financial and legal security of the various aspects of the Company's business.

The Financial Division is responsible for internal audit procedures related to the preparation and presentation of financial information. The production and analysis of financial information relies on the Accounting, Consolidation and Management Control Departments as well as on the Financial Divisions of the various Group subsidiaries.

The Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Items of particular significance for the Company are prepared centrally; the Group Finance Division is thus responsible for testing Company assets for impairment and reporting on mergers and acquisitions and investments.

Consolidated financial statements are prepared using software that provides all necessary functions for traceability, accuracy and security of data and processing. Subsidiaries submit separate financial statements for consolidation at Group level, with no intermediate consolidation level.

All Group companies issue monthly reports on their operations and finances, including management and operational guidance indicators, which are approved by the Management Control Department. Each quarterly report is subject to meticulous examination.

In the case of foreign entities, which do not come under central Group services, additional financial audits are performed annually in accordance with procedures established by the Finance Division based on risk exposure. International Management Control also has a role in implementing and developing finance/management structures at foreign subsidiaries (processes/tools/recruitment) to support their development and ensure the accuracy of financial and operational information. Monthly and even weekly financial, sales and technical reviews based on quarterly reports are carried out.

Furthermore, the specific rules established by the ALTEN Group's various functional divisions are set forth below:

### Recruitment

The hiring of staff members follows a process that is set out and regularly updated by the Group Human Resources Division (procedures to be followed, standard employment contracts, etc.). Once hired, information on new employees is promptly recorded in the Group's IT Systems. The payroll functions for 99% of all employees in France are handled centrally.

### Sales

Any new customer account in France is subject to scoring to ensure that the customer is solvent. All customer accounts are scored and are subject to collection proceedings differentiated according to scoring levels.

For this purpose, ALTEN uses a software application in all its subsidiaries equipped with an ERP to manage customer accounts and collections. This application operates at various levels beginning with invoicing: identification of late payments, reminders, dispute identification and centralisation, debt collection, etc.

Strict internal guidelines specify how sales are recognised, depending on the nature of the projects (mainly time/materials, work packages and fixed price).

These guidelines are disseminated and uniformly applied by all Group subsidiaries, in France and abroad.

Invoices are issued by the administrative departments of the relevant entities.

The Group benefits from strengthened General Conditions of Sale, which are always incorporated in responses to invitations to tender.

ALTEN has established a specific process to manage integrated projects. Upon receipt of an invitation to tender, the Business Manager and the Technical Manager examine the commercial risks and the technical risks before deciding how to follow up the ITT, with the Director of Operations acting as an arbitrator.

The process continues, if applicable, with the design, the development of financial and technical proposals, then a review of the tender with the participation of the Technical Director, the Department Director, Management Control and the Director of Operations.

The Legal Division is always included in this process.

Because of the nature of its customers, the Group has little exposure to foreign exchange risks and credit risks.

### Purchasing

All purchases are subject to independent verifications:

- the internal originator must issue a statement of requirement;
- purchase of equipment or services by the Group Purchasing Division in conjunction with the relevant department (General Resources, IT, etc.);
- validation and receipt of the service and/or delivery by the relevant department;
- validation of the authorisation for payment and of the invoice by the person responsible for the budget, with respect to the various documents.

Invoice settlement, arranged by the Accounting Division, is validated by an independent third party who ensures that the previous procedures have been followed and who verifies, through sampling, the information that enables validation of the invoices.

The Group has strong General Purchasing Conditions, which now integrate Corporate Social Responsibility and Information System Security clauses.

### Legal

Legal procedures are in place at Group level to involve the Legal Division in the various levels of pre-existing processes.

Legal audits of Group subsidiaries are carried out on a regular basis, based on a preliminary self-assessment questionnaire.

### Acquisitions

The identification of targets and their preliminary approval are first handled by a special department or Operations Managers, and then validated by General Management, the Financial Division and the Operational Division of the relevant Division.

Proposed acquisitions are submitted to the Board of Directors for approval following an operational, financial, HR, tax and legal audit designed to ascertain that the entities fit the business model, that they are financially sound and that potential risks have been identified.

Once the project is approved, finalisation of the transaction is managed by the Legal Division, which drafts the supporting documentation.

Acquired entities are immediately integrated into the Group's operational reporting system and management process. Depending on the entity's size, the Group's information systems may be used to ensure the reliability of the data. They are reassessed on an annual basis.

### Real estate

The request for new premises is prepared by the Operational Manager, confirmed by the Director of Operations and sent to Group General Resources to be processed and for a business case to be made. Review of the project and approval of selected premises falls within the purview of General Management.

The Legal, Purchasing and General Means divisions are also involved in the various stages of lease negotiations, overseeing them with the General Services Department. A property committee meets regularly to maintain a constant flow of information between the Legal Division, General Resources and Management Control so as to update data on current property and analyse ongoing and future projects.

### Financial communications

The ALTEN Group uses all available resources to provide regular, reliable, clear and transparent information both to its shareholders and to financial analysts.

Information is provided via press releases distributed to the press, quarterly publications of the Group's sales figures, and biannual and annual publications of its earnings.

The Group organises semi-annual analysts' meetings at the time it publishes its earnings, and four times a year it organises teleconferences when quarterly results are published.

### Delegations of authority

The existing system for delegating authority has a threefold purpose:

- raising awareness among Operational Directors about their responsibilities for health and safety;
- establishing the ALTEN Group's power of representation for the benefit of the Operational Directors;
- establishing a precise framework in which the Operational Directors exercise their authority (including the right of further delegation).

Delegations of authority primarily concern matters that are directly related to operations (hiring consultants or sales managers, signing customer contracts, dispute management, etc.).

Bank signing authority is only partially delegated in France and abroad for limited amounts.

### Information systems

The Group has implemented Information Systems with a threefold objective:

- to achieve productivity gains;
- to secure the flow of financial information; and
- to oversee operations carried out by the various Group companies and have pertinent operational information enabling responsive management of the business.

The main application software currently in use is:

- Customer Relationship Management (CRM);
- Human Resources, employee management;
- payroll;
- purchasing;
- sales management and invoicing;
- employee management and time management (in conjunction with employee and project management);
- cost management and oversight (in conjunction with time and project management);
- general and analytic accounting, management control and financial management;
- consolidation;
- cash management.

Interfaces have been established between various software applications in order to provide access to dependable and consistent information at all stages of data processing.

In 2016, in line with the announced plan to upgrade the Group's IT system, the Unit4 Business World ERP solution (Agresso), in its Milestone 5 version, was rolled out across the Group's European companies in Italy, Belgium, the Netherlands, Romania and Portugal. The ERP solution will continue to be rolled out in Sweden and Finland in 2017 and 2018, earlier than originally planned. The expansion of the internal Centre of Expertise in Madrid will support its continued implementation and operational maintenance and the business developments affecting the core model on which the rollout is based.

For SAP, the Hamburg site was launched at the end of 2016, taking advantage of the operational synergy that exists with Toulouse on account of their shared client.

In a continuing bid to digitise business processes, the rollout of the SAP SuccessFactor solution for employee management and training (e-learning) has improved the coherence and uniformity of internal processes in the context of broader options.

In 2016, the Nex6 project was launched to migrate the CRM France to the Microsoft Dynamics platform. This will eventually be rolled out across the Group. The new CRM solution, which has been integrated with the rest of the IT system, will provide all business managers with a mobile and secure tool. It is due to be launched in mid-May 2017.

The redesigned project management solution for the Workpackage activity was delivered in 2016 for operational testing. Testing took place throughout 2016 and will continue in early 2017 to ensure that the solution is 100% reliable and stable.

In IT, the implementation of the Group-wide technological platform was expedited and reinforced to provide homogeneous and secure infrastructure and communications solutions. The programme, called ONE IT, underpins the development of the Group's IT strategy in compliance with ISO 27001.

Lastly, the ServiceNow solution was chosen as the Group's service platform. Launched within the Group's ATEXIS subsidiaries at the end of 2016 for IT support (query and incident management), the solution will be rolled out over the next few years to other areas of the business (e.g. facility management, security management, etc.) and within all user entities to provide a common multidisciplinary platform.

#### *Cash flow*

The Group's centralised cash management department manages the cash of all French subsidiaries. Since 2009, all cash flows have been protected by the SWIFT NET network and high-performance ERP software. A study of the evolution of cash management tools will be commissioned in 2017.

Cash pooling covers the full scope of France and has been partially implemented in other European countries. This roll-out will continue in 2017 and 2018.

Cash pooling to cover the North American businesses is under consideration for 2018.

The Treasury Division would thereby have efficient means of cash management for subsidiaries and to support the Group's growth financially.

### **3. Risk management**

Identified risks and the resources in place to manage them appear in Chapter 4 of this Registration Document.

**16.4.2 STATUTORY AUDITORS' REPORT, PRESENTED IN APPLICATION OF ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE, CONCERNING THE REPORT DRAWN UP BY THE CHAIRMAN OF THE BOARD OF DIRECTORS OF ALTEN**

To the Shareholders,

As Statutory Auditors of ALTEN SA and pursuant to the provisions of Article L. 225-235 of the French Commercial Code, we hereby present you with our report on the report drawn up by the Chairman of your Company pursuant to the provisions of Article L. 225-37 of the French Commercial Code in respect of the financial year ended 31 December 2016.

The Chairman shall write and submit to the Board of Directors for its approval a report setting out the internal control and risk management procedures put in place within the Company and providing the other information required by Article L. 225-37 of the French Commercial Code concerning in particular the arrangements made with regard to corporate governance.

It is our responsibility:

- to report to you on the information set out in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, and
- to certify that the report includes all other information required by Article L. 225-37 of the French Commercial Code, it being specified that it is not within our remit to verify the veracity of this other information.

We conducted our work in accordance with professional standards applicable in France.

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

Professional standards require that we perform procedures to assess the fairness of the information on internal control and risk

management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman's report. These procedures mainly consisted of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the financial and accounting information on which the information presented in the Chairman's report is based, and of the existing documentation;
- obtaining an understanding of the work performed enabling the preparation of this information and existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our work are properly described in the Chairman's report.

On the basis of our work, we have no matters to report on the information given on the company's internal control and risk management procedures relating to the preparation and processing of financial and accounting information, set out in the Chairman of the Board's report, prepared pursuant to Article L. 225-37 of the French Commercial Code.

#### Other information

We hereby certify that the report of the Chairman of the Board of Directors includes the other information required by Article L. 225-37 of the French Commercial Code.

The Statutory Auditors

Neuilly-sur-Seine, 28 April 2017

Grant Thornton

French member of Grant Thornton International

Vincent Frambourt

Partner

Paris-La Défense, 28 April 2017

KPMG AUDIT IS

Jean-Pierre Valensi

Partner

# EMPLOYEES

# 17

|             |                                             |            |             |                                                                               |            |
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## 17.1 WORKFORCE BREAKDOWN

### ALTEN GROUP WORKFORCE, YEAR-END

|                               | 31/12/2016    | 31/12/2015    | 31/12/2014    |
|-------------------------------|---------------|---------------|---------------|
| Consultants <sup>(1)</sup>    | 21,300        | 18,000        | 16,200        |
| Internal staff <sup>(2)</sup> | 2,700         | 2,400         | 2,200         |
| <b>TOTAL</b>                  | <b>24,000</b> | <b>20,400</b> | <b>18,400</b> |

(1) Salaried employee performing technical projects on customer premises, services billed to customers.

(2) Internal operating staff; not billed to clients.

See also section 6, paragraph 6.1 of this Registration Document for a breakdown of the engineer workforce by geographic region.

## 17.2 PROFIT-SHARING AND STOCK OPTIONS

See section 15.1, 16.4.1 and 18.1

## 17.3 AGREEMENT ON EMPLOYEE PROFIT-SHARING

### 17.3.1 DISCRETIONARY PROFIT-SHARING PLAN

ALTEN has not implemented any discretionary employee profit-sharing plans.

### 17.3.2 MANDATORY PROFIT-SHARING PLAN

With regard to mandatory employee profit-sharing plans, Group companies with more than 50 employees and which record a profit have implemented profit-sharing plans as required by law.

| Companies                | Date of agreement | Date of most recent amendment     |
|--------------------------|-------------------|-----------------------------------|
| ALTEN SA                 | 27/05/1992        | Amendment No. 10 dated 30/06/2016 |
| ALTEN SIR                | 12/02/2009        | Amendment No. 2 dated 25/10/2011  |
| ALTEN Sud-Ouest          | 15/12/2001        | Amendment No. 2 dated 28/02/2007  |
| Anotech Energy           | 06/12/2007        | Amendment No. 1 dated 01/03/2010  |
| MI-GSO                   | 15/11/2006        | Amendment No. 4 dated 19/11/2014  |
| AVENIR CONSEIL FORMATION | 20/01/2009        | Amendment No. 1 dated 18/03/2010  |
| ATEXIS France            | 14/12/2009        | -                                 |
| Elitys Consulting        | 11/03/2011        | -                                 |

In addition, all companies benefit from the Multipar Sécurité and Multipar Solidaire Dynamique FCPs.

Employee profit sharing can be allocated to a company savings plan (PEE) and used to acquire FCPE shares.

For a majority of Group companies, the FCPEs available under the company savings plan (PEE) are:

- FCP ALTEN;
- FCPE Multipar Sécurité;
- FCPE Multipar Diversifié Modéré – Part I;
- FCPE Multipar Équilibre Socialement Responsable – Part C;
- FCPE Multipar Solidaire Dynamique Socialement Responsable – Part C;

All of these funds have been approved by the AMF.

#### AMOUNTS PAID TO EMPLOYEES UNDER EMPLOYEE PROFIT-SHARING PLANS OVER THE PAST THREE YEARS

| ALTEN SA                                        | 2016 | 2015  | 2014 |
|-------------------------------------------------|------|-------|------|
| Employee profit-sharing (in thousands of euros) | 0    | 1,768 | 61   |

## 17.4 COLLECTIVE AGREEMENTS

| ALTEN SA                                                                       | ALTEN SIR                       | ALTEN SUD-OUEST                                                       | MI-GSO                                                           |
|--------------------------------------------------------------------------------|---------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------------|
| Agreement on on-call duties: 05/01/2016                                        | No agreement was signed in 2016 | Agreement pertaining to the Obligatory Annual Negotiation: 24/04/2016 | Agreement on professional equality for men and women: 13/04/2016 |
| Amendment no. 10 to the employee profit-sharing plan (see §17.3.2): 30/06/2016 |                                 |                                                                       | Agreement on the generation contract: 26/09/2016                 |

## 17.5 EMPLOYEE-RELATED AND ENVIRONMENTAL CONSEQUENCES OF ALTEN SA'S ACTIVITY

### 17.5.1 EMPLOYMENT WITHIN ALTEN SA

|                                                                     | Workforce |        |
|---------------------------------------------------------------------|-----------|--------|
| Total workforce as of 31/12/2016                                    | 5,547     |        |
| Employees recruited on permanent contracts                          | 2,206     |        |
| Employees recruited on fixed-term contracts                         | 80        |        |
| Employees recruited on vocational training and internship contracts | 41        |        |
| Total departures                                                    | 1,919     | %      |
| Resignations                                                        | 1,217     | 63.41% |
| Redundancies                                                        | 131       | 6.83%  |
| End of trial period                                                 | 321       | 16.73% |
| End of fixed-term employment contract                               | 79        | 4.12%  |
| End of vocational training and internship contract                  | 49        | 2.55%  |
| Other (including transfers)                                         | 122       | 6.36%  |

### 17.5.2 EMPLOYMENT AND RECRUITMENT OF FOREIGN EMPLOYEES

At 31 December 2016, there were 375 employees of foreign nationality, including 202 from outside the European Union, in ALTEN's workforce.

|                   | Workforce |
|-------------------|-----------|
| French employees  | 5,172     |
| Foreign employees | 375       |
| EU                | 173       |
| Non-EU            | 202       |

### 17.5.3 EMPLOYMENT AND INTEGRATION OF EMPLOYEES WITH DISABILITIES

In 2016, 23 of its employees were declared as having a disability.

The Company pursued its initiatives for raising of awareness, intended for all employees. A communication unit for disability was put into place. It is open to any employee wishing to obtain information on the subject, and makes it possible to have an appointment, in full confidentiality, with a person who is specialised in the area of disability.

Parallel to that, the ALTEN Company is pursuing its partnerships with businesses in the sheltered sector, by entering into contracts with them for the provision of subcontracting and services.

ALTEN SA paid a contribution of €1,663,892.64 to the French disability agency AGEFIPH for 2016.

## 17.5.4 WORKING TIME

|                                             | Number        |                                                     |
|---------------------------------------------|---------------|-----------------------------------------------------|
| Full-time employees                         | 5,489         |                                                     |
| Part-time employees                         | 58            |                                                     |
| > 20 hours                                  | 52            |                                                     |
| < 20 hours                                  | 6             |                                                     |
| Overtime worked                             | 11,272.93     |                                                     |
| Absenteeism:                                | Number (days) | %                                                   |
| Sabbaticals, paternity leave, family events | 5,393.50      | 10.81%                                              |
| Maternity leave                             | 10,752        | 21.55%                                              |
| Sick leave                                  | 19,515        | 39.11%                                              |
| Work accident                               | 534.50        | 1.07%                                               |
| Commuting accidents                         | 458.50        | 0.92%                                               |
| Other causes (unpaid leave)                 | 13,245.50     | 26.54%                                              |
|                                             |               | An average 9.32 days of absence per absent employee |
| Total Absenteeism                           | 49,899        |                                                     |

## 17.5.5 EMPLOYEE RELATIONS

At ALTEN SA, 13 Works Council meetings and 13 meetings with employee representatives took place during 2016.

## 17.5.6 HEALTH AND SAFETY

ALTEN SA's Health and Safety Committee met eight times in 2016. The Health and Safety Committees of Group subsidiaries that have reached regulatory thresholds meet at legally mandated intervals.

The majority of consultants work on customer premises, in laboratories or offices. Other employees working on Company premises provide functional services.

Given ALTEN's business activities, and also in principle, its employees are not subject to difficult working conditions or the performance of repetitive tasks.

## 17.5.7 REMUNERATION, MANDATORY AND DISCRETIONARY PROFIT-SHARING AND SAVINGS PLANS

At 31 December 2016, payroll taxes amounted to €94,237 thousand.

Most of the Group companies – those with more than 50 employees - have implemented mandatory profit-sharing plans and company

savings plans with the possibility of voluntary payments. Employees may choose to invest in the ALTEN FCPE or in mutual funds with specific profiles (money market – conservative – growth).

### 17.5.8 CHARITABLE AND CULTURAL WORKS

The budget allocated to welfare benefits represented 0.8% of the total payroll.

### 17.5.9 SUBCONTRACTING AND TEMPORARY STAFF

ALTEN SA mainly uses subcontractors from within the Group. For 2016, subcontracting costs came to €107,033 thousand.

The ALTEN Group ensures that its subsidiaries comply with the fundamental provisions of national and international labour laws in their relations with subcontractors.

In particular, ALTEN ensures that its subcontractors and affiliates comply with a Code of Ethics, especially the provisions of the ILO,

given that most engineers are from European Union member countries that have adopted the ILO's fundamental principles.

Expenditure related to the use of temporary workers by ALTEN SA amounted to €62 thousand in 2016.

The social and environmental impact of the ALTEN Group's business are presented in Chapter 3 of the business report, "Operational Excellence and Continuous Improvement".

## MAIN SHAREHOLDERS

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## 18.1 SHAREHOLDING STRUCTURE

### 18.1.1 SHAREHOLDING

#### 18.1.1.1 Position as of 31 March 2017

|                                                     | Number of shares  | % of capital  | Theoretical voting rights | % of theoretical voting rights | Voting rights at EGM | % of actual voting rights at EGM |
|-----------------------------------------------------|-------------------|---------------|---------------------------|--------------------------------|----------------------|----------------------------------|
| <b>PUBLIC</b>                                       | <b>22,775,939</b> | <b>67.60%</b> | <b>22,815,710</b>         | <b>58.80%</b>                  | <b>22,815,710</b>    | <b>59.50%</b>                    |
| SGTI <sup>(1)</sup>                                 | 3,498,962         | 10.39%        | 6,997,924                 | 18.03%                         | 6,997,924            | 18.25%                           |
| Simon AZOULAY and related parties <sup>(2)</sup>    | 1,645,705         | 4.88%         | 3,094,756                 | 7.98%                          | 3,094,756            | 8.07%                            |
| <b>SUBTOTAL (SIMON AZOULAY AND RELATED PARTIES)</b> | <b>5,144,667</b>  | <b>15.27%</b> | <b>10,092,680</b>         | <b>26.01%</b>                  | <b>10,092,680</b>    | <b>26.32%</b>                    |
| International Value Advisors LLC                    | 2,850,427         | 8.46%         | 2,850,427                 | 7.35%                          | 2,850,427            | 7.43%                            |
| FMR LLC                                             | 1,928,430         | 5.72%         | 1,928,430                 | 4.97%                          | 1,928,430            | 5.03%                            |
| Treasury shares                                     | 462,222           | 1.37%         | 462,222                   | 1.19%                          | -                    | -                                |
| Gérald ATTIA <sup>(3)</sup>                         | 279,477           | 0.83%         | 350,096                   | 0.90%                          | 350,096              | 0.91%                            |
| ALTEN FCPE                                          | 195,208           | 0.58%         | 195,208                   | 0.50%                          | 195,208              | 0.51%                            |
| Bruno BENOLIEL                                      | 52,800            | 0.16%         | 105,600                   | 0.27%                          | 105,600              | 0.28%                            |
| Emily AZOULAY                                       | 2,500             | 0.01%         | 5,000                     | 0.01%                          | 5,000                | 0.01%                            |
| <b>TOTAL</b>                                        | <b>33,691,670</b> | <b>100%</b>   | <b>38,805,373</b>         | <b>100%</b>                    | <b>38,343,151</b>    | <b>100%</b>                      |

(1) Company controlled at the highest level by Simon AZOULAY.

(2) Including (i) 1,133,550 shares held in bare ownership by Simon AZOULAY and related parties under Article L. 233-9(I)(6) of the French Commercial Code, for which Simon AZOULAY transferred the usufruct to ENIO as part of a temporary gift of usufruct due to be returned on 30 June 2017 (see AMF Decision No. 214C1116); ENIO represents 3.36% of the capital and 5.91% of the OGM voting rights, (ii) 150,000 ALTEN shares held in bare ownership by Simon AZOULAY and related parties under Article L. 233-9(I)(6) of the French Commercial Code, for which Simon AZOULAY transferred the usufruct to FJF as part of a temporary gift of usufruct due to be returned on 30 June 2018, and (iii) 238,695 ALTEN shares held in bare ownership by Simon AZOULAY and related parties under Article L. 233-9(I)(6) of the French Commercial Code, for which Simon AZOULAY transferred the usufruct to FJF as part of a temporary gift of usufruct due to be returned on 30 June 2019.

(3) Including 192,858 ALTEN shares held by GMA, a company controlled at the highest level by Gérald ATTIA.

There have been no significant changes in the position of capital and voting rights since 31 March 2017.

To the Company's knowledge, none of the shareholders, other than those mentioned in the above table or its references, hold directly or indirectly, individually or in concert, more than 3%<sup>(1)</sup> of the Company's capital or voting rights.

#### Cash management shares

As of 31 December 2016, no ALTEN subsidiary held any ALTEN shares.

(1) Internal threshold detailed in Article 9 of the Articles of Association.

### 18.1.1.2 Position as of 31 December 2016

Persons who, as of 31 December 2016, directly or indirectly held more than 3%, 5%, 10%, 15%, 20%, 25%, 30%, 33.33%, 50%, 66.66%, 90% or 95% of the Company's share capital or voting rights at General Meetings are named below.

|                                                         | Number of<br>shares | % of capital  | Theoretical voting<br>rights | % theoretical<br>voting rights | Voting rights in<br>EGM | % of voting<br>rights in EGM |
|---------------------------------------------------------|---------------------|---------------|------------------------------|--------------------------------|-------------------------|------------------------------|
| <b>PUBLIC</b>                                           | <b>22,765,770</b>   | <b>67.58%</b> | <b>22,805,776</b>            | <b>58.77%</b>                  | <b>22,805,776</b>       | <b>59.48%</b>                |
| SGTI <sup>(1)</sup>                                     | 3,498,962           | 10.39%        | 6,997,924                    | 18.03%                         | 6,997,924               | 18.25%                       |
| Simon AZOULAY and related parties <sup>(2)</sup>        | 1,645,705           | 4.89%         | 3,094,756                    | 7.98%                          | 3,094,756               | 8.07%                        |
| <b>SUBTOTAL (SIMON AZOULAY AND<br/>RELATED PARTIES)</b> | <b>5,144,667</b>    | <b>15.27%</b> | <b>10,092,680</b>            | <b>26.01%</b>                  | <b>10,092,680</b>       | <b>26.32%</b>                |
| International Value Advisors LLC                        | 2,850,427           | 8.46%         | 2,850,427                    | 7.35%                          | 2,850,427               | 7.43%                        |
| FMR LLC                                                 | 1,928,430           | 5.73%         | 1,928,430                    | 4.97%                          | 1,928,430               | 5.03%                        |
| Treasury shares                                         | 462,956             | 1.37%         | 462,956                      | 1.19%                          | -                       | -                            |
| Gérald ATTIA <sup>(3)</sup>                             | 279,477             | 0.83%         | 350,096                      | 0.90%                          | 350,096                 | 0.91%                        |
| ALTEN FCPE                                              | 200,418             | 0.59%         | 200,418                      | 0.52%                          | 200,418                 | 0.52%                        |
| Bruno BENOLIEL                                          | 52,800              | 0.16%         | 105,600                      | 0.27%                          | 105,600                 | 0.28%                        |
| Emily AZOULAY                                           | 2,780               | 0.01%         | 5,560                        | 0.01%                          | 5,560                   | 0.01%                        |
| <b>TOTAL</b>                                            | <b>33,687,725</b>   | <b>100%</b>   | <b>38,801,943</b>            | <b>100%</b>                    | <b>38,338,987</b>       | <b>100%</b>                  |

(1) Company controlled at the highest level by Simon AZOULAY.

(2) Including (i) 1,133,550 shares held in bare ownership by Simon AZOULAY and related parties under Article L. 233-9(I)(6) of the French Commercial Code, for which Simon AZOULAY transferred the usufruct to ENIO as part of a temporary gift of usufruct due to be returned on 30 June 2017 (see AMF Decision No. 214C1116); ENIO represents 3.36% of the capital and 5.91% of the OGM voting rights, (ii) 150,000 ALTEN shares held in bare ownership by Simon AZOULAY and related parties under Article L. 233-9(I)(6) of the French Commercial Code, for which Simon AZOULAY transferred the usufruct to FJF as part of a temporary gift of usufruct due to be returned on 30 June 2018, and (iii) 238,695 ALTEN shares held in bare ownership by Simon AZOULAY and related parties under Article L. 233-9(I)(6) of the French Commercial Code, for which Simon AZOULAY transferred the usufruct to FJF as part of a temporary gift of usufruct due to be returned on 30 June 2019.

(3) Including 192,858 ALTEN shares held by GMA, a company controlled at the highest level by Gérald ATTIA.

**18.1.2 CHANGE IN SHAREHOLDING STRUCTURE****18.1.2.1 Changes to the capital structure over the past three years**

|                                  | Position as of 31 December 2016 |              |                           | Position as of 31 December 2015 |              |                           | Position as of 31 December 2014 |              |                           |
|----------------------------------|---------------------------------|--------------|---------------------------|---------------------------------|--------------|---------------------------|---------------------------------|--------------|---------------------------|
|                                  | Number of shares                | % of capital | % of actual voting rights | Number of shares                | % of capital | % of actual voting rights | Number of shares                | % of capital | % of actual voting rights |
| Public                           | 22,765,770                      | 67.58%       | 59.49%                    | 20,750,426                      | 61.65%       | 55.20%                    | 18,655,586                      | 55.54%       | 48.68%                    |
| Simon AZOULAY*                   | 5,144,667                       | 15.27%       | 26.32%                    | 5,430,667                       | 16.13%       | 26.00%                    | 7,417,481                       | 22.08%       | 32.79%                    |
| International Value Advisers LLC | 2,850,427                       | 8.46%        | 7.44%                     | 3,354,402                       | 9.96%        | 8.90%                     | 3,354,402                       | 9.99%        | 8.73%                     |
| FMR LLC                          | 1,928,430                       | 5.73%        | 5.03%                     | 1,928,430                       | 5.73%        | 5.12%                     | 1,935,852                       | 5.76%        | 5.04%                     |
| Harris Associates Ltd            | -                               | -            | -                         | 1,148,231                       | 3.41%        | 3.05%                     | 1,166,043                       | 3.47%        | 3.04%                     |
| Treasury shares                  | 462,956                         | 1.37%        | -                         | 467,397                         | 1.39%        | -                         | 467,749                         | 1.39%        | -                         |
| Gérald ATTIA                     | 279,477                         | 0.83%        | 0.91%                     | 279,477                         | 0.83%        | 0.77%                     | 204,477                         | 0.61%        | 0.56%                     |
| ALTEN FCPE                       | 200,418                         | 0.59%        | 0.52%                     | 233,795                         | 0.69%        | 0.62%                     | 257,620                         | 0.77%        | 0.67%                     |
| Bruno BENOLIEL                   | 52,800                          | 0.16%        | 0.28%                     | 52,800                          | 0.16%        | 0.28%                     | 112,800                         | 0.34%        | 0.43%                     |
| Pierre MARCEL                    | -                               | -            | -                         | 14,000                          | 0.04%        | 0.04%                     | 14,000                          | 0.04%        | 0.04%                     |
| Emily AZOULAY                    | 2,780                           | 0.01%        | 0.01%                     | 3,000                           | 0.01%        | 0.02%                     | 3,600                           | 0.01%        | 0.02%                     |
| <b>TOTAL</b>                     | <b>33,687,725</b>               | <b>100%</b>  | <b>100%</b>               | <b>33,662,625</b>               | <b>100%</b>  | <b>100%</b>               | <b>33,589,610</b>               | <b>100%</b>  | <b>100%</b>               |

\* Simon AZOULAY and related parties (including SGTI and SGTI 2, which he controls/controlled, and the shares whose usufruct was temporarily given to ENIO, to FJF and to the ARBRE fund).

**18.1.2.2 Public purchase or exchange offer**

No public purchase or exchange offers were launched by third parties on the Company's shares.

In addition, the Company has launched no public exchange offer on the shares of another company on a regulated market.

**18.1.2.3 Shareholders' agreements**

To the best of the Company's knowledge, there are currently no shareholders' agreements in effect.

### 18.1.3 THRESHOLD CROSSING

To the Company's knowledge, the only reporting thresholds breached during the 2016 financial year were the following:

| Declarant's name                 | Transaction date | AMF Reference | Type of threshold breach                                                               |
|----------------------------------|------------------|---------------|----------------------------------------------------------------------------------------|
| SGTI                             | 02/05/2016       | 216C1031      | Exceeding the 10% capital threshold and the 15% voting rights threshold <sup>(1)</sup> |
| International Value Advisers LLC | 30/09/2016       | 216C2394      | Falling below the 10% capital threshold <sup>(2)</sup>                                 |

(1) Simon AZOULAY did not breach any threshold on this occasion. The following declaration of intent was made by SGTI:

The company SGTI, controlled and managed by Simon AZOULAY, declares: 1/ that it has exceeded the thresholds of 10% of the share capital and 15% of the voting rights as a result of the merger of SGTI 2, which was in turn controlled and managed by Mr AZOULAY (which did not require funding). This merger resulted in the transfer of the ALTEN shares held by SGTI 2 to SGTI. The merger was carried out to simplify and rationalise the indirect ownership structure of Mr AZOULAY's shareholdings in ALTEN. Consequently, Mr AZOULAY's direct and indirect shareholdings in ALTEN remain unaffected by this merger 2/ that neither it nor Mr AZOULAY are acting in concert with another shareholder of the Company 3/ that neither it nor Mr AZOULAY intend to increase their shareholding in ALTEN or acquire control of it 4/ that it does not intend to alter its strategy towards ALTEN, nor to engage in any of the transactions referred to in Article 223-17(I)(6) of the AMF General Regulation, it being specified that ALTEN's Board of Directors (on which Mr AZOULAY sits) has decided to ask the General Meeting of 24 May 2016 for permission to award bonus preferred shares under the eighteenth to twenty-first resolutions, which could entail an amendment to the Company's Articles of Association in the terms set forth in those resolutions 5/ that it does not hold any of the financial instruments or agreements referred to in Article L. 233-9(I)(4) and (4-bis) of the French Commercial Code 6/ that it has not directly entered into any temporary sale agreement concerning ALTEN's shares and/or voting rights, it being specified that Mr AZOULAY proceeded: - on 11 June 2014 with a temporary gift of usufruct of 1,133,550 ALTEN shares he holds to ENIO, a registered public foundation, with the usufruct due to be returned on 30 June 2017, and on 12 June 2015 with a temporary gift of usufruct of 150,000 ALTEN shares he holds to FJF, a registered public foundation, with the usufruct due to be returned on 30 June 2018 7/ that it does not plan to seek its own appointment or the appointment of one or more persons to the Board, given that ALTEN's Board of Directors (on which Simon AZOULAY sits) has decided to recommend the appointment of two new directors at the General Meeting of 24 May 2016 (Evelyne FELDMAN and Philippe TRIBAUDEAU) under the fifth and sixth resolutions.

(2) Declaration made for purposes of regularisation.

No thresholds were breached since the close of the 2016 financial year.

## 18.2 ELEMENTS LIABLE TO INFLUENCE A PUBLIC OFFER

ALTEN's capital structure and the Company's known direct and indirect equity interests and all other information on this matter, set forth in Chapter 18.1, show that the leading shareholders (Simon Azoulay and related parties including SGTI and including the shares whose usufruct was temporarily given by Simon Azoulay to ENIO, to FJF and the ARBRE fund) together hold 26.32% of actual voting rights at 31 March 2017.

There are no statutory restrictions on transferring the shares.

There are no statutory restrictions on the exercising of voting rights, except for the removal of voting rights from shares, which were not the subject of a statutory threshold breach declaration, which can be requested by one or more shareholders holding at least 3% of the share capital (Article 9 of the Articles of Association).

There are no shares giving special control rights other than those conferring double voting rights.

Moreover, Article 14 of ALTEN's Articles of Association stipulates that "all fully paid-up shares which have been registered in the same name for a continuous period of at least four years are assigned double voting rights. In the event of an increase in capital by the incorporation of reserves, profits or issue premiums, this double voting right is also conferred from the time of issue to new shares awarded free of charge to a shareholder by virtue of former shares for which the shareholder had already been granted this right".

The rules governing the appointment and dismissal of members of the Board of Directors and rules governing amendment of the Articles of Association are governed by common law.

There are no specific agreements stipulating the payment of compensation should a Board member cease to be in office or

should an employee cease to be in office due to resignation or redundancy without real or serious grounds or due to loss of employment due to a public offering.

Delegations and authorisations granted by the Board of Directors which are currently in effect are described in paragraph 21.1.1.

ALTEN is also duly informed of any significant investments (direct or indirect) in its share capital:

- pursuant to Articles L.233-7 and L.233-12 of the French Commercial Code;
- pursuant to Article 9 of the Company's Articles of Association which provides that "any natural person or legal entity acting individually or in concert that crosses the threshold (upwards or downwards) of 3% of the share capital or voting rights must inform the Company of the total number of shares and voting rights owned by registered letter with acknowledgement of receipt within 15 days from the date on which such 3% threshold was crossed".

To the Company's knowledge, there are no shareholders' agreements.

The Club Deal contract concluded by the ALTEN Group on 20 March 2015 contains a change of control clause according to which the lenders may request, under certain conditions, the compulsory repayment of the advances granted and/or refuse to grant further advances.

Voting rights attached to ALTEN shares held by employees through ALTEN FCPE shares are exercised by a representative appointed by the FCPE Supervisory Board to represent it at the General Meeting.

## 18.3 DIRECT OR INDIRECT CONTROL

The Company is not controlled (see section 18.1).

## 18.4 AGREEMENTS WHICH, WHEN IMPLEMENTED, COULD CAUSE A CHANGE IN CONTROL

None.

# TRANSACTIONS WITH RELATED PARTIES

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## 19.1 AGREEMENTS GOVERNED BY ARTICLE L. 225-38 OF THE FRENCH COMMERCIAL CODE

### 19.1.1 NEW AGREEMENTS ENTERED INTO DURING THE PAST FINANCIAL YEAR

On 18 January 2017, a commercial lease was entered into between SEV 56, a company under civil law with share capital of €3,000, whose registered office is located at 40 avenue André Morizet in Boulogne-Billancourt, registered with the Nanterre Trade and Companies Register under number 792,946,782, a company managed and owned by Simon Azoulay and Bruno Benoliel, and ALTEN, in order that the latter occupy the premises located at rue Danjou in Boulogne-Billancourt.

This agreement was signed for a maximum 10-year term. The terms and conditions of this sub-lease are as follows:

- term: for the remaining term of the Lease, i.e. until 28 January 2023 and if the term of the lease is extended, for a maximum term of 10 years;
- rent: €320/m<sup>2</sup> excluding taxes and charges, adjusted annually based on changes in the national commercial rent index;
- authorisation for full or partial sublease of the premises.

#### *ALTEN's interest:*

The ALTEN Board of Directors authorised this regulated agreement at its meeting on 23 December 2016 for the following reasons:

- it enables ALTEN to directly sublease premises of a significant size, which it can then make available to its subsidiaries under favourable leasing terms. The rental amount is consistent with rents typical for this type of property in Boulogne-Billancourt (an independent appraisal of the rental value of the premises was performed by a property expert, CC Expertise, in April 2016 and provided to ALTEN prior to it entering into the sublease);
- this transaction falls within the ALTEN Group's real estate policy, which is to remain the tenant of real estate that the Company has available;
- lastly, it offers the ALTEN Group savings on rental expenses in relation to lease payments made by LINCOLN.

### 19.1.2 AGREEMENTS ENTERED INTO DURING A PREVIOUS FINANCIAL YEAR BUT THE EFFECTS OF WHICH CONTINUED DURING THE PAST FINANCIAL YEAR

#### 19.1.2.1 Service provision

1. SGTI and ALTEN entered into a service provision agreement on 3 July 2009. Under this agreement, ALTEN performs administrative services for SGTI. This agreement was submitted to and approved by the Combined Ordinary and Extraordinary General Meeting on 19 June 2012, in accordance with Article L. 225-42 of the French Commercial Code. ALTEN invoiced a flat-fee sum of €15,000 in respect of the 2016 financial year.

#### *ALTEN's interest:*

The ALTEN Board of Directors reviewed ALTEN's interest in the renewal of this agreement at its meeting on 26 April 2017. Given the financial gain generated by ALTEN under this agreement, the Board found that ALTEN had an interest in renewing this agreement entered into in a previous year.

2. SGTI 2 and ALTEN entered into a service provision agreement on 25 September 2013 under which ALTEN will perform administrative services for SGTI 2. This agreement was submitted to and approved by the Combined Ordinary and Extraordinary General Meeting on 18 June 2014, in accordance with Article L. 225-42 of the French Commercial Code. ALTEN invoiced a flat-fee sum of €6,667 excluding tax in respect of the 2016 financial year.

This agreement was terminated due to the dissolution of SGTI 2 on 2 May 2016.

#### 19.1.2.2 Tax consolidation

At its meeting of 24 February 2015, ALTEN's Board of Directors noted that under the revised Article L. 225-39 of the French Commercial Code, the agreements concluded between ALTEN SA and its wholly-owned subsidiaries, held both directly and indirectly, are no longer governed by Article L. 225-38 of the French Commercial Code. It therefore decided to declassify these agreements, with the exception of the sole agreement not meeting the conditions for declassification, specifically the tax integration agreement signed on 7 May 2008 with Avenir Conseil Formation SAS, approved at the Combined Ordinary and Extraordinary General Meeting of Shareholders on 27 June 2008.

#### *ALTEN's interest:*

The ALTEN Board of Directors reviewed ALTEN's interest in the renewal of this agreement at its meeting on 26 April 2017. Given the tax benefit to ALTEN of forming a consolidated tax group, the Board found that ALTEN had an interest in renewing this agreement.

### 19.1.2.3 Signing of a commercial lease between ALTEN SA and SIMALEP

A commercial lease was signed on 28 July 2011 between ALTEN and SIMALEP, a *Société Civile* with share capital of €1,524.49, whose registered office is located at 221 Boulevard Jean-Jaurès, 92100 Boulogne-Billancourt, registered with the Nanterre Trade and Companies Register under number 329,341,101, whereby SIMALEP subleases office space for annual rent of €96,000 excluding tax, adjusted annually according to the reference index, but without exceeding the change in the quarterly cost of construction index published by INSEE.

SIMALEP is 75% owned by Mr AZOULAY, also Manager of SIMALEP. Emily AZOULAY, a Director of ALTEN SA, also holds a 25% stake in SIMALEP.

This lease was approved by the ALTEN SA Board of Directors at its meeting on 28 July 2011.

In 2016, the amount billed to ALTEN SA for this lease came to €150,457.43 excluding tax.

#### *ALTEN's interest:*

The ALTEN Board of Directors reviewed ALTEN's interest in the renewal of this agreement at its meeting on 26 April 2017. Given the leasing terms, specifically the amount of rent invoiced to ALTEN, consistent with that generally charged by third party lessors for this type of property, the Board found that ALTEN had an interest in renewing this agreement.

### 19.1.3 AGREEMENTS CONCLUDED BETWEEN A CORPORATE OFFICER OR A SHAREHOLDER HOLDING MORE THAN 10% OF SHARE CAPITAL AND A SUBSIDIARY

A lease agreement for premises at rue Danjou in Boulogne-Billancourt, owned by LINCOLN, which is indirectly wholly-owned by ALTEN SA, was disposed of on 18 January 2017, to SEV 56, a *Société Civile* with share capital of €3,000, whose registered office is located at 40 avenue André Morizet in Boulogne-Billancourt, registered with the Nanterre Trade and Companies Register under number 792,946,782, managed and owned by Simon AZOULAY and Bruno BENOLIEL.

This disposal took place at a price equal to the balance under the lease owed by Lincoln, i.e. €3.2 million. A valuation of the property to which the lease relates was carried out by a property expert, CC Expertise, in April 2016.

This disposal enabled LINCOLN to no longer bear the financial expenses related to the lease and accordingly, resulted in an overall reduction in expenses under the lease compared with the rents paid by ALTEN SA under the sublease mentioned in section 19.1.1.

## 19.2 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

To the shareholders,

In our capacity as Statutory Auditors of your Company, we hereby present to you our report on regulated agreements and commitments.

It is our responsibility to communicate to you, based on information provided to us, the principal terms and conditions and the basis for the Company's interest in those agreements and commitments indicated to us or those we may have discovered during the course of our audit, without expressing an opinion on their utility and appropriateness or identifying such other agreements, if any. It is your responsibility, in compliance with Article R. 225-31 of the French Commercial Code, to assess the interest involved in respect

of the conclusion of these agreements for the purpose of approving them.

Moreover, it is our responsibility, where necessary, to forward you the information specified in Article R. 225-31 of the French Commercial Code relating to executing the agreements and commitments during the past financial year, already approved by the General Meeting.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source document.

### AGREEMENTS AND COMMITMENTS SUBMITTED FOR THE APPROVAL OF THE GENERAL MEETING

#### Agreements and commitments authorised during the period

Pursuant to Article L. 225-38 of the French Commercial Code, we have been advised of the following agreements and commitments which have been submitted for prior approval by your Board of Directors.

#### Sub-lease with company SEV 56 S.C.I.

##### Persons involved

Directors and shareholders involved: Mr Simon Azoulay, who is both Chairman and CEO of ALTEN SA and Manager of SEV 56, and Mr Bruno Benoliel both Deputy Chief Executive Officer of ALTEN SA and Manager of SEV 56.

##### Nature and purpose

A lease agreement for premises at 77-83 avenue Édouard Vaillant (Boulogne-Billancourt), 80-84 rue Marcel Dassault, 4-18 rue Danjou, as well as 106 parking spaces in Boulogne-Billancourt, which were held by LINCOLN, which is indirectly wholly-owned by ALTEN, was disposed of on 18 January 2017, to SEV 56, a "société civile" with share capital of €3,000, whose registered office is located at 40 avenue André Morizet in Boulogne-Billancourt, registered with the Nanterre Trade and Companies Register under number 792,946,782, managed and owned by Simon Azoulay and Bruno Benoliel.

This disposal took place at a price equal to the balance under the lease owed by Lincoln, i.e. €3.2 million. A valuation of the property to which the lease relates was carried out by an independent property valuation expert, CC Expertise, in April 2016.

Subsequent to and on the same day as this lease disposal, a sub-lease was agreed between SEV 56 and ALTEN SA regarding the latter's occupancy of the premises covered by the lease.

##### Terms

The terms and conditions of this sub-lease are as follows:

- term: for the remaining term of the Lease, i.e. until 28 January 2023 and if the term of the lease is extended, for a maximum term of ten years;
- surface area: 2,947 m<sup>2</sup> and 106 parking spaces;
- rent: €320/m<sup>2</sup> excluding taxes and charges, and €1,050 per parking space per year excluding taxes and charges, adjusted annually based on changes in the national commercial rent index;
- authorisation for full or partial sub-lease of the premises.

##### Reasons

The ALTEN Board of Directors authorised this regulated agreement at its meeting of 23 December 2016 for the following reasons:

- it enables ALTEN to be a direct sub-lessee of extensive premises that it can then make available in full to its subsidiaries under favourable lease conditions, the rental prices being in line with those usually charged for this type of property lease in Boulogne-Billancourt;
- this transaction falls within the ALTEN Group's real estate policy, which is to remain the lessee of real estate that the Company has available;
- lastly, it offers the ALTEN Group savings on rental expenses of approximately €154,000 compared to the lease payments made by LINCOLN.

## AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING

### Agreements and commitments authorised during previous years and continuing to be in place during the year

Pursuant to Article R. 225-30 of the French Commercial Code, we have been advised that the following agreements and commitments already authorised by the General Meeting in previous financial years were still in effect during the period.

#### 1. Service agreement with SGTI S.A.S.

##### Persons involved

Directors and shareholders involved: Mr Simon AZOULAY and SGTI.

##### Nature and purpose

Under an agreement signed on 3 July 2009, ALTEN provides SGTI with general and administrative services.

##### Terms

For the year ended 31 December 2016, the amount of this service fee was €15,000 (excluding taxes). This agreement, which did not receive the prior authorisation of the Board of Directors, was submitted for approval at the Combined Ordinary and Extraordinary General Meeting of Shareholders held on 19 June 2012.

#### 2. Service agreement with SGTI 2 S.A.S.

##### Persons involved

Directors and shareholders involved: Mr Simon AZOULAY and SGTI 2.

##### Nature and purpose

Under an agreement signed on 25 September 2013, ALTEN provides SGTI 2 with administrative, accounting and financial services.

##### Terms

For the year ended 31 December 2016, the amount of this service fee was €6,667 (excluding taxes).

This agreement received the prior authorisation of the ALTEN Board of Directors during its meeting on 24 September 2013, and was terminated de facto following the removal of SGTI 2 due to its absorption into SGTI on 2 May 2016.

Paris-La Défense, 28 April 2017

KPMG AUDIT IS

Jean-Pierre Valensi  
Partner

#### 3. Tax consolidation agreement with AVENIR CONSEIL FORMATION S.A.S.

##### Persons involved

Directors and shareholders involved: Mr Simon AZOULAY, Mr Gérard ATTIA and Mr Bruno BENOLIEL.

##### Nature and purpose

A tax consolidation agreement was signed on 7 May 2008 between your company and AVENIR CONSEIL FORMATION SAS. It took effect as from 1 January 2008.

##### Terms

This agreement had no impact on your company's financial statements for the year ended 31 December 2016 in the absence of tax losses of AVENIR CONSEIL FORMATION.

This agreement received the prior authorisation of the Alten Board of Directors during its meeting of 6 May 2008, and was approved by the General Meeting of 23 June 2009.

#### 4. Signing of a commercial lease with SIMALEP S.C.I.

##### Persons involved

Directors and shareholders involved: Mr Simon AZOULAY, Chairman and CEO of ALTEN SA and Ms Emily LUNA, Board member of ALTEN S.A.

##### Nature and purpose

A commercial lease was signed on 28 July 2011 with SIMALEP, a non-trading company (*Société Civile*) registered with the Nanterre Trade and Companies register under No. 329,341,101, for premises at 119-121 Grand Rue, Sèvres, France. The premises cover a total of approximately 444 m<sup>2</sup> and nine underground parking spaces, for an annual rent totalling €96,000 excluding tax, to be revised every three years in line with the rental value of the premises leased but without exceeding the change in the quarterly construction costs index published by INSEE.

##### Terms

The expense recorded during the financial year was €150,457.43 excluding tax.

This agreement received the prior authorisation of the Board of Directors during its meeting of 28 July 2011, and was approved by the General Meeting of 19 June 2012.

Neuilly-sur-Seine, 28 April 2017

Grant Thornton

French member of Grant Thornton International

Vincent Frambourt  
Partner



# FINANCIAL INFORMATION

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## 20.1 HISTORICAL FINANCIAL INFORMATION

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Pursuant to Article 28 of European Regulation 809/2004, the following information is incorporated by reference in this Registration Document:

- the separate and consolidated financial statements at 31 December 2015, and our Statutory Auditors' reports, found on pages 195 to 247 of the Registration Document No. D.16-0395 filed with the AMF on 25 April 2016;
- the separate and consolidated financial statements at 31 December 2014, and our Statutory Auditors' reports, found on pages 193 to 250 of the Registration Document No. D.15-0409 filed with the AMF on 27 April 2015;

## 20.2 PRO FORMA FINANCIAL INFORMATION

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None.

## 20.3 FINANCIAL STATEMENTS

### 20.3.1 2016 CONSOLIDATED FINANCIAL STATEMENTS

#### 1. CONSOLIDATED FINANCIAL STATEMENTS

##### 1.1 Statement of consolidated financial position

##### ASSETS

| <i>(In thousands of euros)</i>      | Notes | 31/12/2016       | 31/12/2015       |
|-------------------------------------|-------|------------------|------------------|
| Goodwill                            | 3.1   | 411,200          | 331,617          |
| Intangible assets                   |       | 11,816           | 10,286           |
| Property, plant and equipment       | 3.2   | 23,107           | 36,273           |
| Investments interests in associates | 3.3   | 12,716           | 7,598            |
| Non-current financial assets        | 3.4   | 80,122           | 81,311           |
| Deferred tax assets                 | 3.18  | 13,368           | 13,317           |
| <b>NON-CURRENT ASSETS</b>           |       | <b>552,329</b>   | <b>480,402</b>   |
| Trade receivables                   | 3.5   | 579,164          | 499,378          |
| Other current assets                | 3.5   | 43,680           | 44,159           |
| Current tax assets                  |       | 58,809           | 46,797           |
| Cash and cash equivalents           | 3.6   | 94,986           | 91,918           |
| <b>CURRENT ASSETS</b>               |       | <b>776,638</b>   | <b>682,253</b>   |
| <b>TOTAL ASSETS</b>                 |       | <b>1,328,967</b> | <b>1,162,655</b> |

##### LIABILITIES

| <i>(In thousands of euros)</i>            | Notes | 31/12/2016       | 31/12/2015       |
|-------------------------------------------|-------|------------------|------------------|
| Share capital                             |       | 34,240           | 34,215           |
| Additional paid-in capital                |       | 46,749           | 46,272           |
| Consolidated reserves                     |       | 545,353          | 461,286          |
| Consolidated earnings                     |       | 112,405          | 106,262          |
| <b>SHAREHOLDERS' EQUITY (group share)</b> | 1.5   | <b>738,747</b>   | <b>648,034</b>   |
| <b>NON-CONTROLLING INTERESTS</b>          | 1.5   | <b>374</b>       | <b>1,777</b>     |
| <b>TOTAL EQUITY</b>                       |       | <b>739,120</b>   | <b>649,811</b>   |
| Employee benefits                         | 3.9   | 21,622           | 17,600           |
| Provisions                                | 3.9   | 2,098            | 2,914            |
| Non-current financial liabilities         | 3.7   | 9,766            | 18,735           |
| Other non-current liabilities             | 3.8   | 18,418           | 8,173            |
| Deferred tax liabilities                  | 3.18  | 1,091            | 1,995            |
| <b>NON-CURRENT LIABILITIES</b>            |       | <b>52,995</b>    | <b>49,417</b>    |
| Provisions                                | 3.9   | 11,263           | 6,860            |
| Current financial liabilities             | 3.7   | 80,971           | 56,181           |
| Trade payables                            |       | 67,844           | 55,904           |
| Other current liabilities                 | 3.8   | 372,451          | 339,757          |
| Current tax liabilities                   |       | 4,322            | 4,725            |
| <b>CURRENT LIABILITIES</b>                |       | <b>536,851</b>   | <b>463,427</b>   |
| <b>TOTAL LIABILITIES</b>                  |       | <b>1,328,967</b> | <b>1,162,655</b> |

## 1.2 Consolidated income statement

| <i>(In thousands of euros)</i>                    | Notes | 31/12/2016       | 31/12/2015       |
|---------------------------------------------------|-------|------------------|------------------|
| <b>REVENUE</b>                                    | 3.19  | <b>1,748,306</b> | <b>1,540,906</b> |
| Purchases consumed                                | 3.10  | (164,940)        | (126,811)        |
| Employee expenses                                 | 3.11  | (1,214,756)      | (1,091,738)      |
| External charges                                  | 3.12  | (159,029)        | (148,944)        |
| Other taxes and levies                            | 3.13  | (9,516)          | (8,255)          |
| Depreciation and amortisation                     |       | (11,788)         | (11,326)         |
| Other operating expenses                          | 3.14  | (10,234)         | (6,327)          |
| Other operating income                            | 3.14  | 2,887            | 4,981            |
| <b>OPERATING PROFIT ON ACTIVITY</b>               |       | <b>180,930</b>   | <b>152,486</b>   |
| Share-based payments                              | 3.15  | (9,004)          | 74               |
| <b>PROFIT FROM ORDINARY ACTIVITIES</b>            |       | <b>171,925</b>   | <b>152,560</b>   |
| Other operating expenses                          | 3.16  | (16,981)         | (8,117)          |
| Other operating income                            | 3.16  | 2,444            | 2,626            |
| Income from asset disposals                       |       | 0                | 0                |
| Impairment of goodwill                            |       | 0                | 0                |
| <b>OPERATING PROFIT</b>                           |       | <b>157,389</b>   | <b>147,068</b>   |
| Net borrowing costs                               | 3.17  | (1,366)          | (1,099)          |
| Other financial expenses                          | 3.17  | (5,338)          | (10,934)         |
| Other financial income                            | 3.17  | 6,606            | 16,927           |
| Income tax expense                                | 3.18  | (49,854)         | (47,592)         |
| <b>EARNINGS OF CONSOLIDATED ENTITIES</b>          |       | <b>107,437</b>   | <b>104,370</b>   |
| Earnings from associates                          | 3.3   | 5,310            | 2,374            |
| <b>NET OVERALL EARNINGS</b>                       |       | <b>112,746</b>   | <b>106,744</b>   |
| Including:                                        |       |                  |                  |
| • Non-controlling interests                       |       | 342              | 482              |
| • Attributable to owners of the Company           |       | 112,405          | 106,262          |
| Earnings per share in euros (Group share)         | 3.20  | 3.38             | 3.21             |
| Diluted earnings per share in euros (Group share) | 3.20  | 3.34             | 3.20             |

## 1.3 Consolidated statement of comprehensive income

| <i>(In thousands of euros)</i>                                                              | Notes | 31/12/2016     | 31/12/2015     |
|---------------------------------------------------------------------------------------------|-------|----------------|----------------|
| Net income, Group share                                                                     |       | 112,405        | 106,262        |
| Net income, non-controlling interests' share                                                |       | 342            | 482            |
| <b>CONSOLIDATED NET EARNINGS</b>                                                            |       | <b>112,746</b> | <b>106,744</b> |
| Change in fair value of sellable financial assets (net of income tax)                       | 3.4   | 3,319          | 8,547          |
| Translation adjustments                                                                     |       | 1,242          | 3,645          |
| <b>INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY AND TRANSFERABLE TO PROFIT OR LOSS</b> |       | <b>4,561</b>   | <b>12,191</b>  |
| Actuarial differences on employee benefits (net of income tax)                              |       | (266)          | 1,466          |
| <b>ITEMS RECOGNISED DIRECTLY IN EQUITY AND NOT TRANSFERABLE TO PROFIT OR LOSS</b>           |       | <b>(266)</b>   | <b>1,466</b>   |
| <b>TOTAL INCOME FOR THE PERIOD</b>                                                          |       | <b>117,041</b> | <b>120,401</b> |
| Including:                                                                                  |       |                |                |
| • Attributable to owners of the Company                                                     |       | 116,724        | 119,913        |
| • Non-controlling interests                                                                 |       | 318            | 488            |

#### 1.4 Statement of consolidated cash flows

| <i>(In thousands of euros)</i>                         | Notes | 31/12/2016      | 31/12/2015      |
|--------------------------------------------------------|-------|-----------------|-----------------|
| <b>Consolidated net earnings</b>                       |       | <b>112,746</b>  | <b>106,744</b>  |
| Earnings from associates                               | 3.3   | (5,310)         | (2,374)         |
| Depreciation, provisions and other calculated expenses | 3.22  | 18,723          | 11,481          |
| Share-based payments                                   | 3.15  | 9,004           | (74)            |
| Income tax expense                                     | 3.18  | 49,854          | 47,592          |
| Capital gains or losses from disposals                 |       | 40              | (1,556)         |
| Net borrowing costs                                    | 3.17  | 1,366           | 1,099           |
| Financial cost on update and provisions                | 3.17  | (763)           | (2,557)         |
| <b>Gross cash flow before borrowing costs and tax</b>  |       | <b>185,660</b>  | <b>160,356</b>  |
| Taxes paid                                             | 3.22  | (52,309)        | (50,715)        |
| Change in working capital requirements                 | 3.22  | (20,946)        | (4,525)         |
| <b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>         |       | <b>112,405</b>  | <b>105,116</b>  |
| Acquisition of tangible and intangible assets          |       | (14,268)        | (11,911)        |
| Acquisition of financial assets                        |       | (9,238)         | (2,445)         |
| Impact of changes in scope and earn-outs               | 3.22  | (86,611)        | (58,645)        |
| Disposals of tangible and intangible assets            |       | 13,099          | 155             |
| Changes in non-current financial assets                |       | 10,908          | 8,297           |
| <b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>         |       | <b>(86,111)</b> | <b>(64,549)</b> |
| Net financial interest paid                            |       | (945)           | (2,857)         |
| Dividends paid to shareholders                         |       | (33,224)        | (33,160)        |
| Capital increase                                       | 3.22  | 503             | 1,366           |
| Acquisitions and disposals of treasury shares          |       | 201             | (132)           |
| Changes in non-current financial liabilities           | 3.7   | (11,546)        | (302)           |
| Change in current financial liabilities                |       | 22,577          | 16,056          |
| <b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>         |       | <b>(22,433)</b> | <b>(19,029)</b> |
| <b>CHANGE IN CASH POSITION</b>                         |       | <b>3,861</b>    | <b>21,538</b>   |
| Impact of exchange rate variations                     |       | (794)           | (87)            |
| Cash at beginning of period                            |       | 91,918          | 70,467          |
| Cash at end of period                                  |       | 94,986          | 91,918          |

In accordance with IAS 7 identifying bank borrowings and loans with financing activities, the table above shows the change in positive cash flow items.

The Group's net cash position breaks down as follows:

| <i>(In thousands of euros)</i>      |     | 31/12/2016 | 31/12/2015 |
|-------------------------------------|-----|------------|------------|
| Cash at end of period               | 3.6 | 94,986     | 91,918     |
| + Other bank loans and related debt | 3.7 | (88,275)   | (23,695)   |
| + Bank borrowings                   |     | (2,133)    | (50,834)   |
| = Net cash position/(Net borrowing) |     | 4,578      | 17,390     |

## 1.5 Change in consolidated shareholders' equity

## CHANGE IN CONSOLIDATED EQUITY CAPITAL, GROUP SHARE

| <i>(In thousands of euros)</i>             | Number of<br>shares in<br>circulation | Number of<br>shares issued | Capital       | Additional<br>paid-in<br>capital | Reserves       | Treasury<br>shares | Translation<br>reserve | Earnings       | Shareholders'<br>equity |
|--------------------------------------------|---------------------------------------|----------------------------|---------------|----------------------------------|----------------|--------------------|------------------------|----------------|-------------------------|
| <b>AT 31 DECEMBER 2014<br/>(PUBLISHED)</b> | <b>33,121,861</b>                     | <b>33,589,610</b>          | <b>34,141</b> | <b>44,981</b>                    | <b>409,986</b> | <b>(8,971)</b>     | <b>428</b>             | <b>79,487</b>  | <b>560,053</b>          |
| Change of IFRIC 21 method                  |                                       |                            |               |                                  | 1,022          |                    |                        | (124)          | 898                     |
| <b>AT 31 DECEMBER 2014<br/>(RESTATED)</b>  | <b>33,121,861</b>                     | <b>33,589,610</b>          | <b>34,141</b> | <b>44,981</b>                    | <b>411,009</b> | <b>(8,971)</b>     | <b>428</b>             | <b>79,363</b>  | <b>560,950</b>          |
| 2014 allocation of earnings                |                                       |                            |               |                                  | 79,363         |                    |                        | (79,363)       | 0                       |
| Capital increase <sup>(1)</sup>            | 73,015                                | 73,015                     | 74            | 1,291                            |                |                    |                        |                | 1,365                   |
| Dividends paid to shareholders             |                                       |                            |               |                                  | (33,160)       |                    |                        |                | (33,160)                |
| Other changes <sup>(2)</sup>               |                                       |                            |               |                                  | (829)          |                    |                        |                | (829)                   |
| Treasury shares                            | 352                                   |                            |               |                                  |                | (132)              |                        |                | (132)                   |
| Share-based payments                       |                                       |                            |               |                                  | (74)           |                    |                        |                | (74)                    |
| <b>Transactions with shareholders</b>      | <b>33,195,228</b>                     | <b>33,662,625</b>          | <b>34,215</b> | <b>46,272</b>                    | <b>456,309</b> | <b>(9,102)</b>     | <b>428</b>             | <b>0</b>       | <b>528,121</b>          |
| Overall profit for the year                |                                       |                            |               |                                  | 10,000         |                    | 3,651                  | 106,262        | 119,913                 |
| <b>AT 31 DECEMBER 2015</b>                 | <b>33,195,228</b>                     | <b>33,662,625</b>          | <b>34,215</b> | <b>46,272</b>                    | <b>466,309</b> | <b>(9,102)</b>     | <b>4,079</b>           | <b>106,262</b> | <b>648,035</b>          |
| 2015 allocation of earnings                |                                       |                            |               |                                  | 106,262        |                    |                        | (106,262)      | 0                       |
| Capital increase <sup>(1)</sup>            | 25,100                                | 25,100                     | 26            | 477                              |                |                    |                        |                | 503                     |
| Dividends paid to shareholders             |                                       |                            |               |                                  | (33,224)       |                    |                        |                | (33,224)                |
| Other changes <sup>(2)</sup>               |                                       |                            |               |                                  | (1,120)        |                    |                        |                | (1,120)                 |
| Treasury shares                            | 4,441                                 |                            |               |                                  |                | 201                |                        |                | 201                     |
| Share-based payments                       |                                       |                            |               |                                  | 7,629          |                    |                        |                | 7,629                   |
| <b>Transactions with shareholders</b>      | <b>33,224,769</b>                     | <b>33,687,725</b>          | <b>34,240</b> | <b>46,749</b>                    | <b>545,856</b> | <b>(8,901)</b>     | <b>4,079</b>           | <b>0</b>       | <b>622,023</b>          |
| Overall profit for the year                |                                       |                            |               |                                  | 3,053          |                    | 1,266                  | 112,405        | 116,724                 |
| <b>AT 31 DECEMBER 2016</b>                 | <b>33,224,769</b>                     | <b>33,687,725</b>          | <b>34,240</b> | <b>46,749</b>                    | <b>548,909</b> | <b>(8,901)</b>     | <b>5,345</b>           | <b>112,405</b> | <b>738,747</b>          |

(1) Capital increases associated with the exercise of stock options.

(2) Transactions on minority interests.

## CHANGE IN EQUITY CAPITAL, NON-CONTROLLING INTERESTS

| <i>(In thousands of euros)</i>         | Reserves     | Translation reserve | Earnings   | Shareholders' equity |
|----------------------------------------|--------------|---------------------|------------|----------------------|
| <b>AT 31 DECEMBER 2014 (PUBLISHED)</b> | <b>1,060</b> | <b>(3)</b>          | <b>218</b> | <b>1,276</b>         |
| Change of IFRIC 21 method              | 4            |                     | 1          | 5                    |
| <b>At 31 December 2014 (restated)</b>  | <b>1,064</b> | <b>(3)</b>          | <b>219</b> | <b>1,281</b>         |
| 2014 allocation of earnings            | 219          |                     | (219)      | 0                    |
| Change in scope                        | 8            |                     |            | 8                    |
| Capital increase                       |              |                     |            | 0                    |
| Overall profit for the year            | 12           | (6)                 | 482        | 488                  |
| <b>AT 31 DECEMBER 2015</b>             | <b>1,304</b> | <b>(9)</b>          | <b>482</b> | <b>1,777</b>         |
| 2015 allocation of earnings            | 482          |                     | (482)      | 0                    |
| Change in scope                        | (1,721)      |                     |            | (1,721)              |
| Capital increase                       |              |                     |            | 0                    |
| Overall profit for the year            |              | (24)                | 342        | 318                  |
| <b>AT 31 DECEMBER 2016</b>             | <b>65</b>    | <b>(33)</b>         | <b>342</b> | <b>374</b>           |

Detailed content of the notes to the financial statements

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## 2. NOTES TO THE FINANCIAL STATEMENTS

### 2.1 Significant events for the financial year

#### 2.1.1 Change in the scope of consolidation

The main changes to the scope of consolidation resulted from acquisitions during the financial year:

##### **NEXSE (Revenue €8 million; 60 consultants)**

Acquisition by ALTEN Italia, on 25 January 2016, of all shares in Nexse, an Italian company specialising in software engineering.

##### **CRESTTEK (Revenue €6 million; 70 consultants)**

Acquisition by ALTEN USA, on 4 February 2016, of all shares and voting rights in American company Cresttek LLC, which itself owns 99.98% of Indian company Cresttek Engineering Solutions Private Ltd. These companies specialise in the automotive sector.

##### **PVR (Revenue €18 million; 175 consultants)**

Acquisition by Calsoft Labs USA, on 2 March 2016, of all shares in a Group of 3 companies based in the United States which specialise in life sciences and health: PVR Technologies Inc., Sirilan Corporation and Statminds LLC.

##### **ASM (Revenue €16 million; 720 consultants)**

Acquisition by Calsoft Labs India, on 7 March 2016, of the Indian Group ASM's Technological Software Business with sites in 3 countries (India, the USA and Singapore).

##### **IST (Revenue €12 million; 75 consultants)**

Acquisition by ALTEN Europe, on 11 April 2016, of all shares in German company IST GmbH (IST Innovative Software Technologie GmbH) specialising in the ETC market.

##### **PROEX (Revenue €6 million; 40 consultants)**

Acquisition by ALTEN Canada, on 1 July 2016, of all shares in Canadian company PROEX, specialising in IT consultancy.

##### **CLOVER (Revenue €13 million; 100 consultants)**

Acquisition by Anotech Energy USA, on 28 July 2016, of all shares and voting rights in two American companies specialising in Oil & Gas.

##### **KEPLER (Revenue €9 million; 185 consultants)**

Acquisition by ALTEN Europe, on 5 October 2016, of all shares in KEPLER and its subsidiary, specialising in software Engineering.

##### **CADUCEUM (Revenue: €19 million; 190 consultants)**

Acquisition by ALTEN Life Science Holding, on 21 October 2016, of the French company Caduceum, specialising in the health and pharmaceutical sector.

##### **CLEARGROUP (Revenue €12 million; 130 consultants)**

Acquisition by ALTEN Europe, on 18 November 2016, of all capital and voting rights in companies based in Germany and Poland, specialising in software Engineering and ETC.

The revenue of the acquired companies, indicated above, are the latest known corporate figures presented on an annual basis. None of the acquisitions made during the year, taken individually or as a whole, affected the Group's balance sheet, revenue or operating profit by more than 25%.

#### 2.1.2 Other key events

During the first half of the year, €33.2 million in dividends were paid to ALTEN SA shareholders for the financial year ended 31 December 2015.

The Group's French companies were subject to URSSAF audits, whose financial impacts were fully provisioned in the 2016 financial statements.

ALTEN SA's Board of Directors awarded bonus shares during the financial year, within the framework of an authorisation granted by the General Meeting held on 24 May 2016 (see Note 3.15).

#### 2.1.3 Events after the reporting period

In early 2017, the Group acquired a German company with operations in the automotive industry in Poland (Revenue of €6 million, 75 consultants).

The Ausy shares held by ALTEN SA were added to the Randstad public purchase offer during the first quarter of 2017 (see Note 3.4).

### 2.2 The Group's accounting standards

ALTEN SA is a French public limited company (*Société Anonyme*) with a Board of Directors and registered office at 40 avenue André Morizet in Boulogne-Billancourt.

ALTEN SA's consolidated financial statements include:

- the financial statements for ALTEN SA;
- the financial statements for companies controlled by ALTEN SA and fully consolidated either directly or indirectly;
- investments in associates and joint ventures, consolidated using the equity-accounted method.

The economic unit is referred to as the "ALTEN Group".

The ALTEN Group is the European leader in the Engineering and Technology Consulting (ETC) market. ALTEN carries out design and research projects for the Technical and Information Systems Divisions of major customers in the industrial, telecommunications and service sectors.

The consolidated financial statements presented in this document were approved by the Board of Directors on 26 April 2017 and will be submitted for the approval of the General Meeting of 22 June 2017. They are presented in thousands of euros, unless otherwise indicated.

The consolidated financial statements of ALTEN SA included in the Registration Document are also available on its website page dedicated to financial statements: <http://www.alten.com/investors>.

#### 2.2.1 Standards applied

In accordance with European Regulation No. 1606/2002 of 19 July 2002, ALTEN SA's consolidated financial statements at 31 December 2016 are prepared in compliance with international accounting standards as published by the IASB and approved by the European Union on the date these financial statements were prepared. These international standards include IAS (International Accounting Standards), IFRS (International Financial Reporting Standards) and interpretations (SIC and IFRIC).

The accounting principles and rules used to prepare the consolidated financial statements for the year ended 31 December 2016 are identical to those used for the financial year ended 31 December 2015, with the exception of the new standards, amendments, and interpretations mandatory as of 1 January 2016, applied by the Group. These provisions do not require a substantial change to the financial statements to 31 December 2016.

Moreover, the Group did not apply in advance the latest standards, amendments or interpretations published by the IASB and adopted at European level but whose application was not mandatory at 1 January 2016. The Group has continued its specific focus on a qualitative and quantitative assessment of the impact of adopting IFRS 15 "Revenue from contracts with customers" (pertaining to the recognition of revenue) on future financial statements. This standard applies from the financial year beginning 1 January 2018.

The Group believes that the other provisions adopted by the European Union whose application was not mandatory at 1 January 2016 should not have a significant impact on future financial statements.

The Group has begun to assess the impact of the new IFRS 16 "Leases" standard, which has been published by the IASB but not yet adopted by the EU. This standard will primarily affect the handling of real estate leases within the Group. It is still too early to perform the quantitative assessment.

## 2.2.2 Basis of preparation

The preparation of financial statements in accordance with IFRS standards requires that certain estimates and assumptions be made which may affect the amounts shown in these financial statements. These estimates and assessments are continuously made on the basis of past experience and other factors considered reasonable.

The main estimates provided by Management in the preparation of the consolidated statements involve assessing the recoverable value of assets of sales generating cash, including goodwill (Note 3.1), securities held for sale (Note 3.4.), deferred taxes (Note 3.18), earn-outs (Note 3.8), employee benefits and provisions (Note 3.9) and research tax credits (Note 2.2.5.18).

In the current fast-changing economic environment, it is harder to define the Group's business outlook and the random nature of some estimates can be accentuated, especially where profits and cash flow are concerned. As a result, it is possible that the amounts included in the Group's future financial statements differ to the currently estimated values.

## 2.2.3 Restatement of financial information for previous years

None.

## 2.2.4 Financial indicators

The Group mainly relies on the following financial indicators:

- revenue;
- "Operating profit on activity", i.e., operating profit before accounting for the cost of share-based payments (which never results in cash outflows), gains or losses on the disposal of assets, impairment of goodwill and other unusual or non-recurring items not directly related to the Company's business activity;

- "Profit from ordinary activities", i.e. the Operating profit on activity, after share-based payments are taken into account (which never result in cash outflows);
- "Operating profit", i.e., profit from ordinary activities after accounting for gains or losses on the disposal of assets, impairment of goodwill and other unusual or non-recurring items and those not directly related to the Company's business activity;
- the operating profit on activity ratio, which is the ratio between operating profit on activity and revenue. This ratio measures the performance of operating activities excluding non-recurring items and those not directly related to the Company's business activity;
- gearing, corresponding to the ratio of net financial debt (or net cash in the event of a cash surplus) on the consolidated shareholders' equity.

## 2.2.5 Summary of the main accounting and evaluation methods

### 2.2.5.1 Operating segments

According to IFRS 8 "Operating Segments", segment information reflects the internal information system used by the Group management to assist the decision-making process. Group activity is presented by geographic region, distinguishing between France and overseas (see Note 3.19).

### 2.2.5.2 Translation of foreign currency accounts

The items included in the financial statements of each of the Group's entities are valued according to the currency of the main economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in euros, the parent company's functional currency.

The financial statements of foreign entities located outside the euro zone are prepared using the entity's functional currency and translated according to the following principles:

- balance sheet items (with the exception of equity) are translated at closing rates;
- equity is translated at the historical rate;
- the income statement is translated using the average rate for the period. This average rate is an approximation of the rate on the transaction date, provided that there are no major fluctuations;
- translation variances are directly recognised under equity in the "Translation reserve".

### 2.2.5.3 Goodwill

Goodwill is initially recognised during a business combination according to the method of acquisition:

- the cost of an acquisition is measured at the fair value of the consideration transferred, including any earn-out as of the date of the takeover.

If the Group owes conditional payments to the transferring party and earn-outs in particular, these are included in the costs of the business combination. These debts are valued at their fair value based on non-measurable data (level 3). Any change in the fair value of these debts after the allocation period (one-year period as from the date of acquisition) is reported in earnings in accordance with IFRS 3;

- the goodwill recognised under assets in the statement of financial position corresponds to the difference between the consideration transferred and the fair value of the identifiable assets acquired and liabilities assumed as of the takeover date.

The adjustments to the fair value of identifiable assets acquired and of liabilities assumed, recorded on a provisional basis (due to audit processes and additional reviews still in progress at the reporting date), are recognised as retrospective goodwill adjustments if they take place during the allocation period, and if they are the result of existing factors and circumstances at the date of acquisition. Beyond this period, the effects are recognised directly under earnings.

Goodwill is allocated to Cash Generating Units (CGUs) or Groups of Cash Generating Units that could benefit from the consortium that generated the goodwill. The ALTEN Group performs impairment tests of goodwill as soon as an indication of impairment is identified and at least once a year. Goodwill impairment losses are not reversible (see Note 2.2.5.6).

When the acquisition cost is less than the fair value of the share belonging to the Group in the net assets of the subsidiary acquired, the difference is recorded directly in the income statement over the vesting period, after verification of the process of identifying and evaluating various factors taken into account in its calculation.

#### 2.2.5.4 Intangible assets

According to IAS 38 "Intangible Assets", development costs are considered intangible assets if the Company is able to demonstrate:

- the technical feasibility necessary to complete the development project in anticipation of its placement into service or sale;
- its intention and technical and financial ability to complete the development project;
- that the future economic benefits to be derived from these development expenses are likely to go to the Company;
- and that the cost of the asset can be measured reliably.

All expenses directly attributable to the creation, production and preparation of the asset in view of its planned use are fixed.

These expenses are amortised on a straight-line basis according to the applicable asset's probable useful life.

Information systems are amortised over six to ten years.

The anticipated lifespans are reviewed at least annually and adjusted accordingly if they differ significantly from previous estimates.

#### 2.2.5.5 Property, plant and equipment

##### Gross value

According to IAS 16 "Property, Plant and Equipment", the gross value of property, plant and equipment corresponds to their acquisition cost. They are not subject to any revaluation.

The anticipated lifespans are reviewed at least annually and adjusted accordingly if they differ significantly from previous estimates.

##### Depreciation

The depreciation period is based on the estimated useful lives of each of the different categories of assets, depreciated on a straight-line basis:

- Computer equipment 2 to 5 years
- Transport equipment 3 to 5 years;
- Office equipment 3 to 5 years;
- Fixtures and fittings 3 to 10 years;
- Buildings 25 years.

#### 2.2.5.6 Impairment of assets

According to IAS 36, "Impairment of Assets", the useful value of intangible assets and property, plant and equipment with a fixed lifespan is tested as soon as an indication of loss of value is noted and reviewed at each reporting date. For goodwill, which has an indefinite lifespan, impairment tests are conducted at least annually.

For the purpose of this test, property, plant and equipment are grouped into Cash Generating Units (CGU).

CGUs are homogeneous groups of assets that generate cash inflows through continuous use which are largely independent of the cash inflows from other assets or groups of assets. CGUs mainly correspond to legal entities in France and to groups of legal entities overseas.

The going concern value of these units is the present value of discounted future net cash flows.

When this value is less than the net carrying amount of the CGU, the difference is recorded under operating profit; any impairment is first allocated to goodwill.

Whether such impairment loss is recognised is determined on the basis of the discounted cash flow, for which the Group expects to obtain flows from the cash generating unit. This projection is based on the following assumptions (see Note 3.1):

- a four-year financial budget prepared by the entity and validated by the Group's Finance Division, updated when the year-end budget is prepared. The cash flow beyond the four-year period is extrapolated, taking the growth rate to infinity into consideration;
- perpetual growth rate: this growth rate does not exceed the long-term average growth rate for the business sector;
- discount rate: this rate corresponds to the weighted average cost of capital, derived from risk-free interest rates, country and market risk premium, beta coefficient and the cost of indebtedness.

The discount rates used to discount cash flows after taxes are net of taxes.

#### 2.2.5.7 Leases

Any agreements for the lease of property, plant and equipment and intangible assets under which the ALTEN Group incurs almost all risks and advantages related to the ownership of the property in question are considered lease-financing agreements. A lease agreement is appraised on the basis of criteria stipulated under IAS 17 "Leases".

Assets and liabilities are recognised for an amount corresponding to the value of the underlying asset; the liability is subsequently reduced, as payments are made, and a financial cost allocated to liabilities is recognised.

Operating leases are recognised as financial commitments (Note 4.5).

#### 2.2.5.8 Investments in associates

Application of IAS 28, "Investments in Associates", requires that investments in associates are recognised using the equity method and are presented separately under non-current assets. Profit from these investments attributable to owners of the Company is recognised separately in the income statement.

Under the equity method, the investment is initially recognised at cost and the carrying amount is increased or decreased to account

for the share attributable to owners of the Company in the results of the company held after the acquisition date.

#### 2.2.5.9 Financial assets

Financial assets include loans and receivables, sometimes not related to investments, financial assets available for sale and financial assets held to maturity (deposits and guarantees, etc.), and trade receivables.

ALTEN owns minority interests in certain entities over which it does not exercise notable influence or control. These unconsolidated investment securities are treated as securities held for sale and are thus valued at their fair value at each year-end closure. They are included in non-current assets unless the Group has to sell within twelve months following the closing date. The fair value is determined by reference to the last quoted share price for listed securities. In the absence of an active market, they are kept in the balance sheet at the amount which the Group believes represents their fair value, which is determined based on criteria such as equity share, the net revalued asset and/or forecasts. Fair value variations are recorded under equity or profit/loss when impairment is deemed to be irreversible.

Trade receivables are assessed initially at fair value, then at the amortised cost.

#### 2.2.5.10 Deferred taxes

In accordance with IAS 12 "Income Taxes", deferred taxes are recognised whenever there is a temporary difference between the carrying amount of assets and liabilities and their taxation values, and on any recoverable tax losses, according to the variable carry-forward method. Differences are considered temporary when they must be reversed in the relatively near future.

Tax loss carry-forwards are the object of a deferred tax asset in the balance sheet when they are likely to be recovered. Recoverability of these taxes is calculated according to the entity's budgets and the applicable tax regulations in the country.

Deferred taxes are valued at the known tax rate applicable at the date of issue of the financial statements.

In accordance with IAS 12, deferred tax assets and liabilities are not discounted.

#### 2.2.5.11 Cash and cash equivalents

Cash includes bank balances, investments in money market funds and marketable, short-term debt securities (initial maturity of less

than three months) and present no material risk in terms of loss of value should interest rates fluctuate. In accordance with IAS 7, bank borrowings are treated like financing items in the cash flow statement.

#### 2.2.5.12 Treasury shares

All treasury shares held by the Group are deducted at acquisition cost from equity.

Any gains on the disposal of treasury shares directly increase equity and therefore, any gains/losses on disposals do not affect year-end earnings.

#### 2.2.5.13 Provisions

In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", a provision is recognised whenever the Group has an obligation towards a third party and it is probable or certain to result in an outflow of resources for the benefit of such a third party. The Group's Legal Department assesses the probability of the risks being realised and estimates the provisions to make.

Provisions are discounted when their maturity is estimated to be over one year and when their amount represents a significant factor for the Group.

A restructuring provision is recognised when the Group has approved a formal restructuring plan and has either begun to put it into effect or made it public.

A provision for loss-making contracts is recognised whenever the economic benefits expected to flow from a contract are less than the direct costs of meeting the contracted commitments.

#### 2.2.5.14 Employee benefits

The Group offers certain benefits in the form of defined contribution pension plans. With regard to these plans, the Group's only other commitment is the payment of premiums carried as a charge on the income statement for the financial year.

The Group has not established employee benefits as part of defined benefit plans. Its commitment is limited to retirement obligations which, pursuant to IAS 19 (revised) "Employee Benefits", are valued by an independent actuary according to the projected unit credit method.

According to this method, each period of service results in an additional right to benefits and each of these units is valued separately in order to determine the final obligation.

This final obligation is then discounted. These calculations incorporate two types of assumptions (see Note 3.9):

- Financial assumptions
  - a financial discount rate;
  - an inflation rate;
  - a salary revaluation rate;
  - an employer contribution rate.
- Demographic assumptions
  - the assumption of a retirement age of 65, the age at which a French employee will have reached the number of years of contributions entitling the employee to the full pension amount granted under the national pension plan;
  - INSEE mortality tables;
  - average staff turnover rates, by age and employment category;
  - age of first employment;
  - number of retiring employees.

These estimates take place every year.

Expenses are recognised:

- under Operating Profit for the part relating to cost of services;
- under Net Financial Income for the part relating to discounting.

Actuarial gains and losses (actuarial differences) are recognised directly in Other Items of Comprehensive Income.

#### 2.2.5.15 Financial liabilities

Financial liabilities concern borrowings, long-term financial debt and bank overdrafts. Such financial liabilities are initially assessed at fair value, and then at the amortised cost.

Current and non-current financial liabilities are broken down based on whether the items constituting these sections mature in under one year or over one year.

#### 2.2.5.16 Other liabilities

Other liabilities include social security, tax, other debt and unearned income and earn-outs.

Non-current liabilities mainly include time savings accounts and debts owed to former shareholders of certain subsidiaries acquired during prior years (earn-out clause). At the date on which the debt is recognised, the fair value corresponds to the value of future outflows discounted at the market rate if such amount is material.

The distribution between other current and non-current liabilities is based on the short-term and long-term maturity of the items in question.

#### 2.2.5.17 Recognition of revenue

Group revenue is recognised over the period in which services are rendered and made up of invoiced services (issued or to be issued):

- on a time-worked basis: income is equal to time spent multiplied by an hourly, daily or monthly rate;
- on a fixed-rate basis: income is recognised according to the percentage of completion method, proportionally to the expenses

incurred. Loss-making contracts give rise to recognition of a contract loss provision corresponding to the total expected loss less any losses already recorded in advance. Services for which a fixed rate is charged account for less than 10% of revenue;

- “workpackage” method; recognition of revenue varies according to the nature of the resource commitment. When the workpackage is part of a global cost-based scheme, income is equal to time spent multiplied by an hourly, daily or monthly sales rate; when it is part of an outsourced platform for which billing is on a monthly or quarterly fixed-price basis, income is recognised on a monthly basis according to the amount of the agreement, independent of the actual time spent by the consultants; lastly, when it is part of a service commitment package (workpackage), revenue is recognised as and when deliverables and/or performance indicators (work units) are received/validated by the customer and for which the price has been fixed in the “workpackage” contract.

#### 2.2.5.18 Subsidies, tax credits and CVAE

Operating subsidies and tax credits are recorded as deductions under the expenses they are intended to offset (mainly employee costs for research tax credits and the tax credit for encouraging competitiveness and jobs (CICE)).

In France, value added tax (CVAE) is recognised under income tax expense.

#### 2.2.5.19 Share and bonus share subscription plan

Some of the Group’s employees qualify for share options or bonus shares. In accordance with IFRS 2 “Share-based payments”, bonus options or shares are valued at their fair value on the date on which they are awarded, by a valuer, based on the Black and Scholes or binomial model. Changes in value after the date on which they are awarded have no impact on this initial valuation.

The overall expenses are recorded on a straight-line basis over the rights acquisition period, with a counterparty in shareholders’ equity.

#### 2.2.5.20 Other operating income and expenses

Non-current transactions for significant amounts that might distort interpretations of current operating performance are classified under “Other operating income and expenses”. They include:

- restructuring costs for recent acquisitions;
- acquisition fees;
- other non-recurring income and expenses of a significant amount which are not intrinsically linked to the business activity.

#### 2.2.5.21 Net financial income

Net financial income comprises net borrowing costs and other financial income and expenses.

##### Net borrowing costs

This includes:

- income from cash and cash equivalents (interest income, income from the disposal of cash equivalents);
- the gross cost of financial debt (interest charges on financing transactions).

### Other financial income and expenses

Other financial income and expenses includes financial income and expenses not included in net borrowing costs:

- financial income (dividends, profits on the disposal of unconsolidated shares, interest income and income from the disposal of other financial assets (excluding cash and cash equivalents), translation gains, discounted financial income, increase in the fair value of financial assets and liabilities measured at fair value through profit or loss, other financial income);
- financial expenses (impairment of unconsolidated securities, losses on disposals of unconsolidated securities, impairment and losses on the disposal of other financial assets (excluding cash and cash equivalents), translation losses, discounted financial expenses, decrease in the fair value of financial assets and liabilities measured at fair value through profit or loss, other financial expenses).

#### 2.2.5.22 Information on net earnings per share and diluted earnings per share

Earnings per share are the ratio of net earnings as compared with the weighted average number of ordinary shares in circulation during the financial year, excluding treasury shares.

Diluted earnings per share are the ratio of net earnings as compared with the potential weighted average number of shares adjusted to take into account the effects of any potentially diluting events (share warrants, options, free shares). The dilution effect is obtained by the number of potential shares which would result from the diluted instruments, less the number of shares which could be bought back at market rates using the funds gained from exercising the instruments concerned. The market price retained is that of the average share price during the financial year. The dilutive effect of the equity instrument is taken into account when the exercise price is less than the average price of the ordinary share market.

## 2.3 Financial risk factors

### Liquidity risk

#### Identification of the risk

A prudent liquidity management plan involves keeping a sufficient level of liquid assets and having financial resources through appropriate credit facilities. The Group ensures that it always has sufficient liquidity to meet its commitments, in particular to realise investment opportunities.

#### Managing risk/Exposure

The Group has:

- centralised cash management when local legislation permits;
- internal procedures to optimise average client payment periods;

- credit lines set up for €160 million, as part of the “Club Deal” for a maximum seven-year term (from 2015), and short-term lines of credit for €29.2 million, renewable annually.

This Club Deal requires the following ratios to be met for each 6-month and 12-month period while the contract is in force and an advance is outstanding:

- ratio 1 – “Consolidated net financial debt/Consolidated operating profit on activity”. This ratio must be less than 2.5;
- ratio 2 – “Consolidated net financial debt/Consolidated equity”. This ratio must be less than 0.7.

At 31 December 2016, these ratios were met.

The Company performed a specific review of its liquidity risk and considers that it is in a position to meet its future commitments.

### Interest rate risk

#### Identification of the risk

The Group’s interest rate risk relates to the “Club Deal” agreed in December 2015 and indexed to the Euribor for the corresponding period. It therefore incurs an interest rate risk based on changes in the reference index.

#### Managing risk/Exposure

Due to low debt levels, the Group did not consider it necessary to arrange interest rate hedging, especially since its financing is short term. The Group’s exposure remains limited. At 31 December 2016, financial debt at variable rate amounted to €76 million.

An average increase of 100 basis points in the reference variable rate over a year would increase the cost of the Group’s financial debt by €0.8 million.

### Customer credit risk

#### Identification of the risk

Credit risk represents the risk of financial loss in the event that a client does not fulfil its contractual obligations.

#### Managing risk/Exposure

The Group’s customers are among the largest European accounts: close to 90% of revenue is generated by this type of customer, thus limiting the risk of insolvency. See Note 3.5 Current assets - breakdown of the portfolio of trade receivables by age of the account. The average customer account collection period was 94.0 days (93.5 days in 2015).

The Group has also established internal procedures to assess the risk of customer insolvency during the pre-sales process and subsequently to efficiently collect these receivables.

The ALTEN Group derives 33.4% of its revenue from its ten main customers, with its largest customer representing 10.6% of Group revenue, within various entities in several countries. There is no identified risk of dependency with regard to a specific client.

**Foreign exchange risk***Identification of the risk*

Operating foreign exchange risk: Although the Group has broad international presence, the currency flows linked to its activity, with a few exceptions, are limited to each subsidiary's internal market and primarily converted into local currencies.

Foreign exchange risk: The financing needs of subsidiaries outside the euro zone and some of the Group's financing transactions expose certain entities to a foreign exchange risk (risk linked to the change in value of debts or receivables in currencies other than the operating currency of the lending or borrowing entity). In general, the Group's external financing is denominated in euros. However,

certain external growth transactions may have resulted in refinancing by the Group in foreign currencies but remain limited and are completely or partially covered by bank loans in foreign currencies.

Foreign exchange translation risk: The Group's subsidiaries are primarily based in the United States, Sweden and the UK. The financial statements of these subsidiaries, when translated into the consolidation currency, are subject to changes in exchange rates.

*Managing risk/Exposure*

The Group's exposure to operational and financial foreign exchange risk is limited. Translation risk constitutes the Group's main exposure to foreign exchange risk:

**BALANCE SHEET EXPOSURE**

| (In millions of euros)    | 2016 |      |     |                  |
|---------------------------|------|------|-----|------------------|
|                           | SEK  | USD  | GBP | Other currencies |
| Trade receivables         | 34.1 | 36.0 | 8.0 | 31.5             |
| Trade payables            | 5.3  | 5.9  | 0.7 | 9.1              |
| Cash and cash equivalents | 6.4  | 12.1 | 4.7 | 20.0             |
| Bank overdrafts           | 0.0  | 0.3  | 0.0 | 0.4              |
| Bank loans                | 0.0  | 1.4  | 1.4 | 0.0              |

**REVENUE EXPOSURE**

| (In millions of euros)                  | 2016         |              |
|-----------------------------------------|--------------|--------------|
|                                         | Amount       | % of revenue |
| Revenue denominated in SEK              | 109.9        | 6.3%         |
| Revenue denominated in \$US             | 146.2        | 8.4%         |
| Revenue denominated in £ sterling       | 35.5         | 2.0%         |
| Revenue denominated in other currencies | 93.2         | 5.3%         |
| <b>REVENUE EXPOSURE</b>                 | <b>384.8</b> | <b>22.0%</b> |
| Total consolidated revenue              | 1,748.3      | 100%         |

**Equity risk***Treasury shares and transferable securities*

The risk relating to stock market prices is low. In addition to treasury shares held under the liquidity contract, ALTEN SA holds 460,022 treasury shares, representing 1.36% of the capital as at 31 December 2016.

Transferable securities giving future access to capital represent only 0.07% of the share capital as at 31 December 2016.

Bonus shares awarded by the ALTEN SA Board of Directors during the financial year and not yet issued represent a maximum 1.96% dilution of the share capital at 31 December 2016.

*Interest held in AUSY*

ALTEN SA holds 509,614 ordinary shares in AUSY (a NYSE Euronext listed company) representing 9.26% of the share capital as

at 31 December 2016. These shares were contributed at the beginning of 2017 as part of the Randstad public purchase offer.

**Brexit and UK business activity**

The Group's UK subsidiaries generated revenue of €93.2 million in 2016 (representing 5.3% of the Group revenue and an increase of 8.2% on 2015). As regards Brexit, at this stage the Group does not anticipate any particular issues for its UK business.

**2.4 Scope of consolidation**

The percentages of interests and control mentioned below include the firm or conditional commitments for the disposal of interests attached to non-controlling holdings, even if the said disposals have not yet occurred, in compliance with standard IFRS 10.

The two tables show the scope of consolidation respectively for France and abroad:

| Company name                | SIRET NO.      | 31/12/2016              |            |           | 31/12/2015              |            |           |
|-----------------------------|----------------|-------------------------|------------|-----------|-------------------------|------------|-----------|
|                             |                | Basis of consolidation* | % interest | % control | Basis of consolidation* | % interest | % control |
| ALTEN SA                    | 34860741700055 | FC                      | -          | -         | FC                      | -          | -         |
| Alten SIR                   | 40035788500021 | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| ALTEN TRAINING CENTER       | 35390354500062 | FC                      | 100.00     | 100.00    | FC                      | 99.70      | 99.70     |
| ALTEN SUD-OUEST             | 40419144700048 | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| MI-GSO SAS                  | 38054561600050 | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| ALTEN CASH MANAGEMENT       | 48011617700019 | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| ALTEN EUROPE                | 48016830100012 | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| ELITYS CONSULTING           | 48420799800010 | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| PEGASE SI                   | 48484024400012 | FC                      | 100.00     | 100.00    | FC                      | 88.00      | 88.00     |
| ATEXIS FRANCE               | 43904555000019 | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| ALTEN AEROSPACE             | 48761023100019 | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| AVENIR CONSEIL FORMATION    | 40246017400038 | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| ANOTECH ENERGY France       | 49304667600018 | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| HPTI                        | 49967035400012 | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| Alten SIR GTS               | 52190314600012 | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| ID.APPS                     | 52910153700015 | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| APTECH SAS                  | 53296422800011 | FC                      | 100.00     | 100.00    | FC                      | 83.20      | 83.20     |
| APROVA SAS                  | 40252087800024 | -                       | -          | -         | FC                      | 100.00     | 100.00    |
| HOREX                       | 79890660800012 | EM                      | 37.50      | 37.50     | EM                      | 37.50      | 37.50     |
| LINCOLN                     | 37934230600063 | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| ABILENE                     | 40421019700020 | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| AIXIAL                      | 75210813400020 | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| AIXIALIS                    | 50523721400034 | -                       | -          | -         | FC                      | 100.00     | 100.00    |
| AIXIAL BI                   | 51232626500034 | -                       | -          | -         | FC                      | 100.00     | 100.00    |
| AIXIAL PHARMA               | 51232623200034 | -                       | -          | -         | FC                      | 100.00     | 100.00    |
| AIXIAL R&D                  | 51972189800020 | -                       | -          | -         | FC                      | 100.00     | 100.00    |
| AIXIAL RC                   | 51232624000037 | -                       | -          | -         | FC                      | 100.00     | 100.00    |
| AIXIAL MANAGEMENT           | 51228502400034 | -                       | -          | -         | FC                      | 100.00     | 100.00    |
| HPA                         | 80160860500011 | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| ALT02                       | 80405155500014 | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| ALT03                       | 80405212400018 | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| ALTEN LIFE SCIENCES HOLDING | 80863080000015 | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| ALTEN TECHNOLOGIES          | 80863082600010 | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| Alten SIR GSS               | 80863758100014 | FC                      | 51.00      | 51.00     | FC                      | 51.00      | 51.00     |
| APTECH OP2                  | 80946486000018 | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| CADUCEUM                    | 79934031000033 | FC                      | 100.00     | 100.00    | -                       | -          | -         |

\* FC = Full Consolidation/EM = Equity-accounted Method.

| Company name                              | Country of operation | 31/12/2016              |            |           | 31/12/2015              |            |           |
|-------------------------------------------|----------------------|-------------------------|------------|-----------|-------------------------|------------|-----------|
|                                           |                      | Basis of consolidation* | % interest | % control | Basis of consolidation* | % interest | % control |
| MI-GSO GMBH                               | Germany              | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| ALTEN TECHNOLOGY GMBH                     | Germany              | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| ATEXIS GMBH                               | Germany              | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| ALTEN GMBH                                | Germany              | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| ALTEN DIGITAL GMBH                        | Germany              | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| INVENTIVE ENGINEERING GMBH                | Germany              | -                       | -          | -         | FC                      | 100.00     | 100.00    |
| Program Planning Professionals GMBH       | Germany              | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| DO PROFESSIONAL SERVICES GMBH             | Germany              | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| ALTEN SW GMBH                             | Germany              | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| AVENTON TECHNOLOGY GMBH                   | Germany              | -                       | -          | -         | FC                      | 100.00     | 100.00    |
| WOTECH                                    | Germany              | -                       | -          | -         | FC                      | 100.00     | 100.00    |
| CREATIVE DATA AG                          | Germany              | -                       | -          | -         | FC                      | 100.00     | 100.00    |
| CREATIVE DATA PROJECTS                    | Germany              | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| BEONE GROUP GMBH                          | Germany              | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| BEONE STUTTGART                           | Germany              | EM                      | 59.00      | 59.00     | EM                      | 59.00      | 59.00     |
| CLEAR IT GMBH                             | Germany              | FC                      | 100.00     | 100.00    | -                       | -          | -         |
| CLEAR IT ENGINEERING GMBH                 | Germany              | FC                      | 100.00     | 100.00    | -                       | -          | -         |
| Program Planning Professionals PTY LTD    | Australia            | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| ALTEN BELGIUM                             | Belgium              | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| AXIAL SPRL                                | Belgium              | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| QUASUS NV                                 | Belgium              | -                       | -          | -         | FC                      | 100.00     | 100.00    |
| AXIAL BELGIUM                             | Belgium              | -                       | -          | -         | FC                      | 100.00     | 100.00    |
| CORALIUS                                  | Belgium              | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| ANOTECH DO BRASIL                         | Brazil               | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| ALTEN CANADA                              | Canada               | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| Program Planning Professionals Canada Inc | Canada               | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| EXPERCO                                   | Canada               | -                       | -          | -         | FC                      | 100.00     | 100.00    |
| PROEX                                     | Canada               | FC                      | 100.00     | 100.00    | -                       | -          | -         |
| ALTEN CHINA                               | China                | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| ANOTECH ENERGY CONGO                      | Congo                | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| ALTEN SPAIN                               | Spain                | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| ATEXIS SPAIN                              | Spain                | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| MI GSO EMP SPAIN                          | Spain                | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| ACF SPAIN                                 | Spain                | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| ALTEN USA                                 | United States        | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| ANOTECH ENERGY USA                        | United States        | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| ALTEN TECHNOLOGY USA                      | United States        | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| X-DIN INC                                 | United States        | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| X-DIN TECHNOLOGY INC                      | United States        | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| CALSOFT LABS INC. (USA)                   | United States        | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| Program Planning Professionals INC        | United States        | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| SACC Inc                                  | United States        | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| C PRIME                                   | United States        | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| CRESTTEK LLC                              | United States        | FC                      | 100.00     | 100.00    | -                       | -          | -         |
| PVR TECHNOLOGIES INC                      | United States        | FC                      | 100.00     | 100.00    | -                       | -          | -         |
| SIRILAN CORPORATION                       | United States        | FC                      | 100.00     | 100.00    | -                       | -          | -         |
| STATMINDS LLC                             | United States        | FC                      | 100.00     | 100.00    | -                       | -          | -         |
| ABACUS BUSINESS SOLUTIONS                 | United States        | FC                      | 100.00     | 100.00    | -                       | -          | -         |
| CLOVER GLOBAL SOLUTIONS                   | United States        | FC                      | 100.00     | 100.00    | -                       | -          | -         |

| Company name                               | Country of operation | 31/12/2016              |            |           | 31/12/2015              |            |           |
|--------------------------------------------|----------------------|-------------------------|------------|-----------|-------------------------|------------|-----------|
|                                            |                      | Basis of consolidation* | % interest | % control | Basis of consolidation* | % interest | % control |
| CLOVER CORPORATE SERVICES                  | United States        | FC                      | 100.00     | 100.00    | -                       | -          | -         |
| ALTE OY                                    | Finland              | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| ALTE VISETEC OY                            | Finland              | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| TSS GROUP OY                               | Finland              | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| ANOTECH ENERGY UK                          | Great Britain        | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| MI-GSO LTD                                 | Great Britain        | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| ALTEN LTD                                  | Great Britain        | FC                      | 70.00      | 70.00     | FC                      | 70.00      | 70.00     |
| Program Planning Professionals LTD         | Great Britain        | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| Calsoft Labs UK Private LTD                | Great Britain        | FC                      | 100.00     | 100.00    | -                       | -          | -         |
| SESAME GROUP LIMITED                       | Hong Kong            | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| HINS HONG KONG CO LTD                      | Hong Kong            | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| ALTEN INDIA                                | India                | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| ALTEN CALSOFT LABS INDIA                   | India                | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| CRESTTEK ENGINEERING SOLUTIONS PRIVATE LTD | India                | FC                      | 99.98      | 99.98     | -                       | -          | -         |
| ASM ENTERPRISE SOLUTIONS                   | India                | FC                      | 100.00     | 100.00    | -                       | -          | -         |
| Program Planning Professionals Indonesia   | Indonesia            | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| ALTEN ITALIA                               | Italy                | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| POSITECH SRL                               | Italy                | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| NEXSE SRL                                  | Italy                | FC                      | 100.00     | 100.00    | -                       | -          | -         |
| CTL Participations                         | Luxembourg           | EM                      | 30.00      | 30.00     | EM                      | 30.00      | 30.00     |
| G-FIT MAROC SARL                           | Morocco              | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| ANOTECH ENERGY NIGERIA                     | Nigeria              | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| ALTEN NEDERLAND                            | The Netherlands      | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| ALTEN DDA                                  | The Netherlands      | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| ORION                                      | The Netherlands      | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| QUASUS BV                                  | The Netherlands      | -                       | -          | -         | FC                      | 100.00     | 100.00    |
| ECCLIPSE IT BIS BV                         | The Netherlands      | -                       | -          | -         | FC                      | 100.00     | 100.00    |
| ECCLIPSE IT MN BV                          | The Netherlands      | -                       | -          | -         | FC                      | 100.00     | 100.00    |
| ECCLIPSE IT SERVICES BV                    | The Netherlands      | -                       | -          | -         | FC                      | 100.00     | 100.00    |
| ECCLIPSE IT TS BV                          | The Netherlands      | -                       | -          | -         | FC                      | 100.00     | 100.00    |
| IMP POLAND                                 | Poland               | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| ITEKNA POLSKA                              | Poland               | FC                      | 100.00     | 100.00    | FC                      | 65.00      | 65.00     |
| ALTEN SI TECHNO ROMANIA                    | Romania              | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| ATEXIS SRL                                 | Romania              | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| GECI ENGINEERING SERVICES SRL              | Romania              | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| KEPLER ROMINFO                             | Romania              | FC                      | 100.00     | 100.00    | -                       | -          | -         |
| KEPLER ENGINEERING SRL                     | Romania              | FC                      | 100.00     | 100.00    | -                       | -          | -         |
| Program Planning Professionals PTE LTD     | Singapore            | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| ANOTECH ENERGY SINGAPORE                   | Singapore            | FC                      | 70.00      | 70.00     | FC                      | 70.00      | 70.00     |
| ALTEN CALSOFT LABS SINGAPORE               | Singapore            | FC                      | 100.00     | 100.00    | -                       | -          | -         |
| APROVA SRO                                 | Czech Republic       | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| ALTEN SVERIGE AB                           | Sweden               | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |
| HOTSWAP NORDEN                             | Sweden               | FC                      | 100.00     | 100.00    | -                       | -          | -         |
| ALTEN SWITZERLAND SARL AG                  | Switzerland          | FC                      | 100.00     | 100.00    | FC                      | 100.00     | 100.00    |

\* FC = Full Consolidation/EM = Equity-accounted Method.

### 3. DETAILS OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### 3.1 Goodwill

Goodwill, allocated by country, is broken down as follows:

| <i>In thousands of euros</i> | France         | UK           | Belgium       | The Netherlands | Spain         | Germany       | Switzerland   |
|------------------------------|----------------|--------------|---------------|-----------------|---------------|---------------|---------------|
| <b>31/12/2014</b>            | <b>92,109</b>  | <b>4,236</b> | <b>8,512</b>  | <b>12,824</b>   | <b>19,991</b> | <b>45,448</b> | <b>0</b>      |
| Acquisitions                 | 20,034         |              | 4,178         | 8,273           |               | 12,989        |               |
| Disposals/withdrawals        | (117)          |              |               |                 |               |               |               |
| Earn-out adjustments         |                |              |               |                 |               | (425)         |               |
| Translation adjustments      |                |              |               |                 |               |               |               |
| Other                        |                |              |               |                 |               | (341)         |               |
| Reclassifications            |                |              |               |                 |               |               |               |
| Impairments                  |                |              |               |                 |               |               |               |
| <b>31/12/2015</b>            | <b>112,026</b> | <b>4,236</b> | <b>12,690</b> | <b>21,097</b>   | <b>19,991</b> | <b>57,671</b> | <b>0</b>      |
| Acquisitions                 | 14,298         |              |               |                 |               | 16,566        |               |
| Disposals/withdrawals        |                |              |               |                 |               |               |               |
| Earn-out adjustments         |                |              | (5)           |                 |               | 173           | 1,600         |
| Translation adjustments      |                |              |               |                 |               |               |               |
| Other                        | 1,072          |              |               |                 |               | 77            |               |
| Reclassifications            |                |              |               |                 |               | (8,577)       | 8,577         |
| Impairments                  |                |              |               |                 |               |               |               |
| <b>31/12/2016</b>            | <b>127,396</b> | <b>4,236</b> | <b>12,686</b> | <b>21,097</b>   | <b>19,991</b> | <b>65,910</b> | <b>10,177</b> |

During the 2016 financial year, the increase in the amount of goodwill can be mainly explained by the following:

- the Group's acquisitions during the first half (as detailed in Note 2.1.1) and the acquisition at the end of the 2015 reporting period of Hotswap, a Swedish company that was not consolidated in 2015;
- adjustments of earn-outs and corrections to positions (included under "Other") within the allocation period;
- translation adjustments on goodwill denominated in foreign currency.

The Group performed impairment testing on all the assets of its Cash-Generating Units (CGUs) at 31 December 2016. These tests

show that the recoverable values of the CGUs' assets are greater than their carrying amounts. As a result, no impairment representing a loss in value was recorded at 31 December 2016.

The table below presents the main actuarial assumptions and structural operating assumptions used for the impairment tests performed during the year for the main countries. Note that the CGUs correspond to legal entities (and hardly ever to a combination of legal entities) and that they are, for the purpose of simplification and clarity of such note, grouped by country.

Assumptions of average growth and the weighted average cost of capital used to value the Cash-Generating Units were revised in light of general market data.

| Italy  | Scandinavia | North America | Offshore and Asia | Nearshore | Other | Total   |
|--------|-------------|---------------|-------------------|-----------|-------|---------|
| 12,949 | 40,503      | 29,582        | 6,038             | 3,898     | 169   | 276,259 |
|        |             | 3,201         |                   |           |       | 48,675  |
|        |             |               | (23)              |           |       | (139)   |
|        |             | 5,347         |                   |           |       | 4,922   |
|        |             | 2,015         |                   |           |       | 2,015   |
|        |             | 226           |                   |           |       | (115)   |
|        |             |               |                   |           |       | 0       |
|        |             |               |                   |           |       | 0       |
| 12,949 | 40,503      | 40,371        | 6,015             | 3,898     | 169   | 331,617 |
| 6,558  | 3,278       | 26,566        | 7,256             | 408       |       | 74,930  |
|        |             |               |                   |           |       | 0       |
|        | (639)       |               |                   |           |       | 1,129   |
|        | 17          | 2,277         | 81                |           |       | 2,375   |
|        |             |               |                   |           |       | 1,149   |
|        |             |               |                   |           |       | 0       |
|        |             |               |                   |           |       | 0       |
| 19,507 | 43,159      | 69,214        | 13,352            | 4,306     | 169   | 411,200 |

| Country         | 2016           |                                              |                       |                                         | 2015           |                                      |                       |                                         |
|-----------------|----------------|----------------------------------------------|-----------------------|-----------------------------------------|----------------|--------------------------------------|-----------------------|-----------------------------------------|
|                 | Goodwill       | Average annual revenue growth rate 2017-2021 | Perpetual growth rate | Weighted average cost of capital (WACC) | Goodwill       | Average annual growth rate 2016-2020 | Perpetual growth rate | Weighted average cost of capital (WACC) |
| France          | 127,396        | 4%                                           | 2%                    | 8.6%                                    | 112,026        | 3%                                   | 2%                    | 8.9%                                    |
| North America   | 69,214         | 10%                                          | 2%                    | 7.7%-7.8%                               | 40,371         | 9%                                   | 2%                    | 8.2%-8.3%                               |
| Germany         | 65,910         | 7%                                           | 2%                    | 7.8%                                    | 57,671         | 5%                                   | 2%                    | 8.2%                                    |
| Scandinavia     | 43,159         | 7%                                           | 2%                    | 7.8%-7.9%                               | 40,503         | 5%                                   | 2%                    | 8.3%                                    |
| The Netherlands | 21,097         | 4%                                           | 2%                    | 7.8%                                    | 21,097         | 5%                                   | 2%                    | 8.3%                                    |
| Spain           | 19,991         | 6%                                           | 2%                    | 10.7%                                   | 19,991         | 5%                                   | 2%                    | 10.8%                                   |
| Italy           | 19,507         | 7%                                           | 2%                    | 10.2%                                   | 12,949         | 7%                                   | 2%                    | 10.3%                                   |
| Offshore + Asia | 13,352         | 13%                                          | 2%                    | 10.1%                                   | 6,015          | 15%                                  | 2%                    | 10.4%                                   |
| Belgium         | 12,686         | 4%                                           | 2%                    | 8.7%                                    | 12,690         | 3%                                   | 2%                    | 9.2%                                    |
| Switzerland     | 10,177         | 9%                                           | 2%                    | 7.9%                                    |                |                                      |                       |                                         |
| Nearshore       | 4,306          | 13%                                          | 2%                    | 10.3%                                   | 3,898          | 15%                                  | 2%                    | 10.3%                                   |
| UK              | 4,236          | 8%                                           | 2%                    | 8.6%                                    | 4,236          | 9%                                   | 2%                    | 9.0%                                    |
| Other           | 169            | n/a                                          | n/a                   | n/a                                     | 169            | n/a                                  | n/a                   | n/a                                     |
| <b>TOTAL</b>    | <b>411,200</b> |                                              |                       |                                         | <b>331,617</b> |                                      |                       |                                         |

The main operating assumptions used to build the budget are in line with the historical data seen for each UGT.

The Group presents analyses of sensitivity to key assumptions for WACC, the open-ended growth rate and normative EBIT. The results of these analyses in terms of impairment of goodwill are summarised in the table below.

| Country         | 2016           |                            |                              |                                 |                                                                |
|-----------------|----------------|----------------------------|------------------------------|---------------------------------|----------------------------------------------------------------|
|                 | Goodwill       | Test margin <sup>(1)</sup> | WACC +1 point <sup>(2)</sup> | Zero growth rate <sup>(2)</sup> | Normative operating profit on activity -1 point <sup>(2)</sup> |
| France          | 127,396        | 398,818                    | -                            | -                               | -                                                              |
| North America   | 69,214         | 109,577                    | -                            | -                               | -                                                              |
| Germany         | 65,910         | 101,514                    | -                            | -                               | -                                                              |
| Scandinavia     | 43,159         | 132,828                    | -                            | -                               | -                                                              |
| The Netherlands | 21,097         | 78,000                     | -                            | -                               | -                                                              |
| Spain           | 19,991         | 29,627                     | -                            | -                               | -                                                              |
| Italy           | 19,507         | 96,174                     | -                            | -                               | -                                                              |
| Offshore + Asia | 13,352         | 6,547                      | (15)                         | -                               | -                                                              |
| Belgium         | 12,686         | 69,619                     | -                            | -                               | -                                                              |
| Switzerland     | 10,177         | 33,479                     | -                            | -                               | -                                                              |
| Nearshore       | 4,306          | 14,557                     | -                            | -                               | -                                                              |
| UK              | 4,236          | 99,836                     | -                            | -                               | -                                                              |
| Other           | 169            | -                          | -                            | -                               | -                                                              |
| <b>TOTAL</b>    | <b>411,200</b> | <b>1,170,576</b>           | <b>(15)</b>                  | <b>0</b>                        | <b>0</b>                                                       |

| Country         | 2015           |                            |                              |                                 |                                                                |
|-----------------|----------------|----------------------------|------------------------------|---------------------------------|----------------------------------------------------------------|
|                 | Goodwill       | Test margin <sup>(1)</sup> | WACC +1 point <sup>(2)</sup> | Zero growth rate <sup>(2)</sup> | Normative operating profit on activity -1 point <sup>(2)</sup> |
| France          | 112,026        | 308,697                    | (3,993)                      | (2,846)                         | (2,461)                                                        |
| North America   | 57,671         | 114,271                    | (240)                        | (51)                            | (299)                                                          |
| Germany         | 40,503         | 125,691                    | -                            | -                               | -                                                              |
| Scandinavia     | 40,370         | 60,054                     | (682)                        | (361)                           | (605)                                                          |
| The Netherlands | 21,097         | 66,980                     | -                            | -                               | -                                                              |
| Spain           | 19,991         | 14,400                     | -                            | -                               | -                                                              |
| Italy           | 12,949         | 62,682                     | -                            | -                               | -                                                              |
| Offshore + Asia | 12,690         | 43,896                     | -                            | -                               | -                                                              |
| Belgium         | 6,015          | 1,229                      | (729)                        | (550)                           | (413)                                                          |
| Switzerland     | 4,236          | 125,338                    | -                            | -                               | -                                                              |
| Nearshore       | 3,898          | 32,024                     | -                            | -                               | -                                                              |
| UK              | 169            | -                          | -                            | -                               | -                                                              |
| Other           | -              | -                          | -                            | -                               | -                                                              |
| <b>TOTAL</b>    | <b>331,616</b> | <b>955,262</b>             | <b>(5,644)</b>               | <b>(3,808)</b>                  | <b>(3,778)</b>                                                 |

(1) Test margin = Value in use - total value of assets to be tested (including goodwill) for all CGUs included in the country.

(2) Impairment amount of the CGU or CGUs included in the country. Other constant parameters.

### 3.2 Fixed assets and depreciation

The decrease in property, plant and equipment for the period is primarily accounted for by the disposal of a real estate lease (exit

from the scope of a real estate asset worth €12.6 million) that arose from the acquisition of a French company in 2015.

### 3.3 Investments in associates

| <i>(In thousands of euros)</i>                           | Total         | Horex        | CTL Participations | BeOne Stuttgart |
|----------------------------------------------------------|---------------|--------------|--------------------|-----------------|
| <b>INVESTMENTS IN ASSOCIATES<br/>AT 31 DECEMBER 2014</b> | <b>3,644</b>  | <b>2,268</b> | <b>1,377</b>       |                 |
| Earnings from associates                                 | 2,374         | 1,698        | 676                |                 |
| Change in scope                                          | 1,579         |              |                    | 1,579           |
| <b>INVESTMENTS IN ASSOCIATES<br/>AT 31 DECEMBER 2015</b> | <b>7,598</b>  | <b>3,966</b> | <b>2,052</b>       | <b>1,579</b>    |
| Earnings from associates                                 | 5,310         | 3,714        | 1,351              | 245             |
| Dividends paid                                           | (192)         |              |                    | (192)           |
| <b>INVESTMENTS IN ASSOCIATES<br/>AT 31 DECEMBER 2016</b> | <b>12,716</b> | <b>7,680</b> | <b>3,403</b>       | <b>1,632</b>    |
| <b>Financial data of associates for 2016*</b>            |               |              |                    |                 |
| Revenue                                                  |               | 61,723       | 92,780             | 9,321           |
| Operating profit                                         |               | 9,269        | 5,407              | 691             |
| Total assets                                             |               | 63,285       | n/a                | 4,471           |
| Shareholders' equity                                     |               | 19,444       | 11,857             | 2,767           |

\* Data expressed in local or approximated Gaap.

### 3.4 Financial assets

| <i>(In thousands of euros)</i>                                | Note | Carrying amount according to IAS 39 |                                         |                             | 31/12/2016     | 31/12/2015     | Hierarchisation of the fair value of financial assets |          |               |
|---------------------------------------------------------------|------|-------------------------------------|-----------------------------------------|-----------------------------|----------------|----------------|-------------------------------------------------------|----------|---------------|
|                                                               |      | Amortised cost                      | Fair value through shareholders' equity | Fair value through earnings |                |                | Level 1                                               | Level 2  | Level 3       |
| <b>ASSETS</b>                                                 |      |                                     |                                         |                             |                |                |                                                       |          |               |
| <b>Non-current financial assets:</b>                          |      | <b>33,959</b>                       | <b>46,163</b>                           |                             | <b>80,122</b>  | <b>81,311</b>  | <b>27,140</b>                                         | <b>0</b> | <b>19,023</b> |
| Securities held for sale                                      |      |                                     | 46,163                                  |                             | 46,163         | 40,195         | 27,140                                                |          | 19,023        |
| Deposits and guarantees                                       |      | 8,543                               |                                         |                             | 8,543          | 7,584          |                                                       |          |               |
| Other long-term assets (loans and receivables) <sup>(1)</sup> |      | 25,416                              |                                         |                             | 25,416         | 33,532         |                                                       |          |               |
| <b>Trade receivables</b>                                      | 3.5  | <b>579,164</b>                      |                                         |                             | <b>579,164</b> | <b>499,378</b> |                                                       |          |               |
| <b>Other current assets<sup>(2)</sup></b>                     | 3.5  | <b>6,562</b>                        |                                         |                             | <b>6,562</b>   | <b>6,057</b>   |                                                       |          |               |
| <b>Cash and cash equivalents</b>                              | 3.6  |                                     |                                         | <b>94,986</b>               | <b>94,986</b>  | <b>91,918</b>  | <b>94,986</b>                                         |          |               |

(1) Other long-term assets are primarily comprised of loans with associates (see Note 4.1).

(2) Excluding tax and social security receivables and prepaid expenses.

The fair value of other assets is the same as the net book value.

Securities held for sale include the following interests:

| Entity              | % Interest | Fair value at opening | Acquisition (disposal) | Change in fair value | Fair value at closing | Fair value hierarchical level | Data used         |
|---------------------|------------|-----------------------|------------------------|----------------------|-----------------------|-------------------------------|-------------------|
| AUSY <sup>(1)</sup> | 9.26%      | 22,672                | 1,399                  | 3,069                | 27,140                | 1                             | Share price - OPA |
| FCP XANGE           |            | 2,871                 | 13                     | 250                  | 3,133                 | 3                             | Net asset value   |
| PHINERGY LTD        | 12.83%     | 8,391                 |                        |                      | 8,391                 | 3                             |                   |
| OTHER               |            | 6,262                 | 1,237                  |                      | 7,499                 | 3                             |                   |
| <b>TOTAL</b>        |            | <b>40,195</b>         | <b>2,649</b>           | <b>3,319</b>         | <b>46,163</b>         |                               |                   |

(1) The 509,614 Ausy shares that ALTEN SA held at 31 December 2016 were contributed in January 2017 as part of the Randstad France Ausy public purchase offer. The fair value of Ausy shares was adjusted to the offer price at 31 December 2016.

### 3.5 Current assets

| (In thousands of euros)         | 31/12/2016     | 31/12/2015     |
|---------------------------------|----------------|----------------|
| <b>TRADE RECEIVABLES</b>        |                |                |
| Gross value                     | 585,947        | 503,979        |
| Impairments                     | (6,783)        | (4,600)        |
| <b>TOTAL</b>                    | <b>579,164</b> | <b>499,378</b> |
| <b>OTHER CURRENT ASSETS</b>     |                |                |
| Inventory                       | 110            | 147            |
| Social security receivables     | 3,527          | 3,192          |
| Tax receivables                 | 22,300         | 25,014         |
| Other receivables               | 7,557          | 6,555          |
| Impairment of other receivables | (1,105)        | (644)          |
| Prepaid expenses                | 11,292         | 9,896          |
| <b>TOTAL</b>                    | <b>43,680</b>  | <b>44,159</b>  |

The following table shows the breakdown of the portfolio of trade receivables based on age:

| (in thousands of euros)  | 31/12/2016     |                    |                      |                    |                | 31/12/2015     |                    |                      |                  |                |
|--------------------------|----------------|--------------------|----------------------|--------------------|----------------|----------------|--------------------|----------------------|------------------|----------------|
|                          | Unmatured      | Less than 6 months | 6 months to one year | More than one year | Balance        | Unmatured      | Less than 6 months | 6 months to one year | More than a year | Balance        |
| <b>TRADE RECEIVABLES</b> |                |                    |                      |                    |                |                |                    |                      |                  |                |
| Gross value              | 432,360        | 130,094            | 11,132               | 12,361             | 585,947        | 419,225        | 76,056             | 4,566                | 4,131            | 503,979        |
| Provisions               | 0              | (1,450)            | (573)                | (4,760)            | (6,783)        |                | (375)              | (468)                | (3,756)          | (4,600)        |
| <b>NET VALUES</b>        | <b>432,360</b> | <b>128,644</b>     | <b>10,560</b>        | <b>7,601</b>       | <b>579,164</b> | <b>419,225</b> | <b>75,681</b>      | <b>4,098</b>         | <b>375</b>       | <b>499,378</b> |

Based on experience and considering its policy for recovering trade receivables, the Group feels that the level of impairment for the financial year is appropriate to the risks involved.

## 3.6 Cash and cash equivalents

| <i>(In thousands of euros)</i> | 31/12/2016    | 31/12/2015    |
|--------------------------------|---------------|---------------|
| Marketable securities          | 1,389         | 1,282         |
| Cash and equivalents           | 93,597        | 90,636        |
| <b>TOTAL</b>                   | <b>94,986</b> | <b>91,918</b> |

Marketable securities are given at their fair value. They comprise money market funds (SICAV) and negotiable securities with maturity of less than 3 months.

## 3.7 Current and non-current financial liabilities

| <i>(In thousands of euros)</i>   | 31/12/2015    | Inc           | Repayment       | Change in scope | Other (Translation adjustments, reclassification) | 31/12/2016    | Current       | Non-current  |
|----------------------------------|---------------|---------------|-----------------|-----------------|---------------------------------------------------|---------------|---------------|--------------|
| Bank loans and related debt      | 50,834        | 52,165        | (18,563)        | 3,051           | 790                                               | 88,277        | 78,614        | 9,663        |
| Bank loans                       | 38,261        | 50,904        | (3,146)         | 147             | (23)                                              | 86,143        | 77,577        | 8,566        |
| Other loans and related debt     | 12,573        | 1,261         | (15,417)        | 2,904           | 813                                               | 2,134         | 1,037         | 1,097        |
| Bank overdrafts                  | 23,694        |               | (22,253)        | 678             | 13                                                | 2,132         | 2,132         |              |
| Deposits and guarantees received | 162           |               | (317)           | 257             |                                                   | 103           |               | 103          |
| Other financial liabilities      | 226           | 13            | (14)            |                 |                                                   | 225           | 225           |              |
| <b>TOTAL</b>                     | <b>74,917</b> | <b>52,178</b> | <b>(41,147)</b> | <b>3,986</b>    | <b>803</b>                                        | <b>90,738</b> | <b>80,972</b> | <b>9,766</b> |

## Bank loans

The amount of bank loans stood at €86.1 million as at 31 December 2016.

| <i>(In thousands of euros)</i> | 31/12/2016 | EUR    | USD   | GBP   | CAD   | Fixed rate | Variable rate |
|--------------------------------|------------|--------|-------|-------|-------|------------|---------------|
| Bank loans                     | 86,143     | 80,810 | 1,423 | 1,443 | 2,467 | 10,009     | 76,134        |

At 31 December 2016, this item comprised:

- The drawdown of the new "Club Deal" for €72 million (short-term variable-rate financing) on a line opened for €160 million;
- A loan for €5 million subscribed at the end of December 2013 repayable over three years (three-month Euribor variable rate +0.5%). At 31 December 2016, the outstanding capital stood at €1.7 million;
- A loan for €7 million subscribed at the end of December 2016, repayable over three years (fixed rate of 0.4%);
- Other foreign-currency medium- and long-term loans for €5.3 million.

Please also note: The repayment of senior debt from the purchase of a French company for €2.6 million in 2015.

## Other loans and related debt

Other loans and related debt at 31 December 2016 comprised, in particular, leases amounting to €1.4 million. Please note the disposal of a real estate lease at the end of the reporting period, which discharged a debt of €9.4 million.

## 3.8 Other current and non-current liabilities

| <i>(In thousands of euros)</i>   | 31/12/2015     | Change        | Change in scope | Translation adjustments | 31/12/2016     | Current        | Non-current          |
|----------------------------------|----------------|---------------|-----------------|-------------------------|----------------|----------------|----------------------|
| Earn-outs <sup>(1)</sup>         | 27,485         | (1,038)       | 3,930           | 598                     | 30,975         | 16,345         | 14,630               |
| Social security debt             | 160,253        | 16,734        | 5,554           | (776)                   | 181,765        | 178,003        | 3,761 <sup>(2)</sup> |
| Tax liabilities                  | 97,941         | (971)         | 3,504           | (89)                    | 100,385        | 100,385        |                      |
| Deferred income                  | 26,929         | 689           | 328             | (103)                   | 27,843         | 27,843         |                      |
| Other liabilities <sup>(3)</sup> | 35,321         | 11,163        | 1,458           | 1,958                   | 49,900         | 49,874         | 27                   |
| <b>TOTAL</b>                     | <b>347,930</b> | <b>26,577</b> | <b>14,775</b>   | <b>1,588</b>            | <b>390,869</b> | <b>372,451</b> | <b>18,418</b>        |

(1) Earn-outs relative to companies acquired in return for goodwill. Fair value is determined based on observable market data (level 3).

(2) Debts relative to time-saving accounts.

(3) This item comprises in particular credit notes to be drawn up.

## 3.9 Employee provisions and benefits

## Provisions

| <i>(In thousands of euros)</i>         | Corporate disputes <sup>(1)</sup> | Commercial disputes <sup>(2)</sup> | Miscellaneous risks <sup>(3)</sup> | TOTAL         |
|----------------------------------------|-----------------------------------|------------------------------------|------------------------------------|---------------|
| <b>AT 31/12/2015</b>                   | <b>4,131</b>                      | <b>60</b>                          | <b>5,584</b>                       | <b>9,774</b>  |
| Change in scope                        |                                   | 40                                 | 223                                | 262           |
| Exchange rate variations               | (1)                               | 3                                  | (13)                               | (11)          |
| Provisions for the financial year      | 1,145                             | 1,358                              | 4,006                              | 6,510         |
| Reversals (provisions used)            | (973)                             |                                    | (803)                              | (1,775)       |
| Reversals (provisions not used)        | (450)                             | (18)                               | (931)                              | (1,398)       |
| <b>AT 31/12/2016</b>                   | <b>3,852</b>                      | <b>1,443</b>                       | <b>8,067</b>                       | <b>13,361</b> |
| <i>Of which current provisions</i>     | <i>2,876</i>                      | <i>1,400</i>                       | <i>6,987</i>                       | <i>11,263</i> |
| <i>Of which non-current provisions</i> | <i>976</i>                        | <i>43</i>                          | <i>1,080</i>                       | <i>2,098</i>  |

(1) Employee disputes involve sums that taken individually are insignificant.

(2) The provision for the financial year essentially covers contract losses for a subsidiary project in France.

(3) Miscellaneous risks pertain to provisions primarily covering social security and tax risks.

## Employee benefits

Employee benefits primarily comprise end-of-career commitments. These commitments have been calculated based on assumptions updated at year-end 2016. The Group has no assets to cover commitments for retirement benefits.

| <i>(In thousands of euros)</i> | Total Commitment |
|--------------------------------|------------------|
| <b>AT 01/01/2015</b>           | <b>15,155</b>    |
| Change in scope                | 1,267            |
| Reclassification               | 400              |
| Cost of services provided      | 2,743            |
| Interest expense               | 515              |
| Actuarial losses/(gains)       | (2,198)          |
| Benefits paid                  | (282)            |
| <b>AT 31/12/2015</b>           | <b>17,600</b>    |
| Change in scope                | 447              |
| Reclassification               | 0                |
| Cost of services provided      | 2,827            |
| Interest expense               | 393              |
| Actuarial losses/(gains)       | 399              |
| Benefits paid                  | (45)             |
| <b>AT 31/12/2016</b>           | <b>21,622</b>    |

Note that the commitment comprises €144 K in retirement benefits for two corporate officers who hold employment contracts.

The main assumptions used to value the commitment are shown in the table below:

|                                          | 31/12/2016   | 31/12/2015   |
|------------------------------------------|--------------|--------------|
| Discount rate                            | 1.85%        | 2.40%        |
| Turnover rate (historical data recorded) | Age group    | Age group    |
| Revaluation rate for employees           |              |              |
| Managerial staff                         | 1.50%        | 1.50%        |
| Non-managerial staff                     | 2.50%        | 2.50%        |
| Employer contribution rate               |              |              |
| • Managerial staff                       | 44.80-48.00% | 44.80-48.00% |
| • Non-managerial staff                   | 43.73-47.50% | 43.73-47.50% |
| Mortality table                          |              |              |
| • Women                                  | TPGF05       | TPGF05       |
| • Men                                    | TPGH05       | TPGH05       |
| Age of retirement                        | 65 years     | 65 years     |

The rate of personnel turnover is taken company by company geared to observed historical data. The impact of changes in the discount rate on the commitment calculation is shown in the table below:

|                                                 | -0.5 point    | Mid value     | +0.5 point    |
|-------------------------------------------------|---------------|---------------|---------------|
| <b>DISCOUNT RATE</b>                            | <b>1.35%</b>  | <b>1.85%</b>  | <b>2.35%</b>  |
| <b>TOTAL COMMITMENT (IN THOUSANDS OF EUROS)</b> | <b>23,851</b> | <b>21,622</b> | <b>19,661</b> |

### 3.10 Purchases consumed

| <i>(In thousands of euros)</i>         | 31/12/2016       | 31/12/2015       |
|----------------------------------------|------------------|------------------|
| Purchasing and subcontracting business | (152,341)        | (117,056)        |
| Non-stock purchases                    | (12,599)         | (9,755)          |
| <b>TOTAL</b>                           | <b>(164,940)</b> | <b>(126,811)</b> |

### 3.11 Employee expenses

| <i>(In thousands of euros)</i> | 31/12/2016         | 31/12/2015         |
|--------------------------------|--------------------|--------------------|
| Salaries and benefits          | (1,185,272)        | (1,063,183)        |
| Corporate disputes             | 278                | 495                |
| Retirement benefits            | (2,783)            | (2,461)            |
| Taxes levied on wages          | (21,813)           | (21,529)           |
| Employee profit sharing        | (5,167)            | (5,061)            |
| <b>TOTAL</b>                   | <b>(1,214,756)</b> | <b>(1,091,738)</b> |

The heading "Salaries and benefits" is given after deduction of Research tax credits (CIR) and Employment competitiveness tax credits (CICE). Benefits under the defined contribution systems amounted to €244.0 million in 2016 (versus €224.1 million in 2015).

### 3.12 External charges

| <i>(In thousands of euros)</i> | 31/12/2016       | 31/12/2015       |
|--------------------------------|------------------|------------------|
| Rentals, maintenance           | (48,943)         | (44,762)         |
| External personnel, fees       | (25,045)         | (22,936)         |
| Transportation and travel      | (60,322)         | (58,368)         |
| Other external charges         | (24,720)         | (22,879)         |
| <b>TOTAL</b>                   | <b>(159,029)</b> | <b>(148,944)</b> |

## 3.13 Other taxes and levies

| <i>(In thousands of euros)</i> | 31/12/2016     | 31/12/2015     |
|--------------------------------|----------------|----------------|
| Business tax and similar       | (1,404)        | (1,348)        |
| Property tax                   | (99)           | (98)           |
| Other taxes and levies         | (8,013)        | (6,810)        |
| <b>TOTAL</b>                   | <b>(9,516)</b> | <b>(8,255)</b> |

## 3.14 Other business income and expenses

| <i>(In thousands of euros)</i>                      | 31/12/2016      | 31/12/2015     |
|-----------------------------------------------------|-----------------|----------------|
| <b>Expenses</b>                                     |                 |                |
| Provisions for impairments of current assets        | (4,119)         | (1,243)        |
| Losses on unrecoverable receivables                 | (765)           | (803)          |
| Provisions for long-term contingencies              | (4,586)         | (3,673)        |
| Book value of fixed assets sold                     | (785)           | (302)          |
| Other expenses                                      | 21              | (306)          |
| <b>TOTAL EXPENSES</b>                               | <b>(10,234)</b> | <b>(6,327)</b> |
| <b>Income</b>                                       |                 |                |
| Reversal of provisions for receivables              | 1,588           | 1,732          |
| Reversals of provisions for long-term contingencies | 700             | 2,779          |
| Proceeds from sale of fixed assets                  | 453             | 155            |
| Other income                                        | 146             | 316            |
| <b>TOTAL INCOME</b>                                 | <b>2,887</b>    | <b>4,981</b>   |
| <b>TOTAL OTHER OPERATING INCOME AND EXPENSES</b>    | <b>(7,347)</b>  | <b>(1,346)</b> |

## 3.15 Share-based payments

ALTEN SA's Board of Directors awarded bonus shares during the financial year, within the framework of an authorisation granted by the General Meeting held on 24 May 2016. Six separate plans were drawn up for this award, the main terms of which are shown in the table below:

| PLAN                                                                      | 1              | 2                  | 3                  | 4               | 5                  | 6                  | TOTAL        |
|---------------------------------------------------------------------------|----------------|--------------------|--------------------|-----------------|--------------------|--------------------|--------------|
| Date awarded by the Board of Directors                                    | 27/07/2016     | 27/07/2016         | 27/07/2016         | 20/09/2016      | 27/10/2016         | 23/12/2016         |              |
| Class of financial instruments awarded                                    | Ordinary share | Preferred A shares | Preferred B shares | Ordinary shares | Preferred B shares | Preferred A shares |              |
| <b>NUMBER OF FINANCIAL INSTRUMENTS AWARDED</b>                            | <b>99,880</b>  | <b>2,520</b>       | <b>1,873</b>       | <b>99,800</b>   | <b>500</b>         | <b>230</b>         |              |
| of which number awarded to employees                                      | 99,880         | 840                | 1,873              | 99,800          | 500                | 230                |              |
| of which number awarded to corporate officers                             |                | 1,680              |                    |                 |                    |                    |              |
| Number of financial instruments voided in the period                      | 16,040         |                    | 207                |                 |                    |                    |              |
| <b>NUMBER OF FINANCIAL INSTRUMENTS OUTSTANDING AT 31/12/2016</b>          | <b>83,840</b>  | <b>2,520</b>       | <b>1,666</b>       | <b>99,800</b>   | <b>500</b>         | <b>230</b>         |              |
| Fair value of the financial instruments <i>(in €)</i>                     | 55.1           | 3,460.4            | 1,438.7            | 59.6            | 1,702.7            | 3,967.2            |              |
| Final award date                                                          | 27/07/2017     | 27/07/2017         | 27/07/2018         | 20/09/2017      | 27/10/2018         | 23/12/2017         |              |
| End of lock-up/non-transferability period                                 | 27/07/2018     | 27/07/2019         | 27/07/2020         | 20/09/2018      | 27/10/2020         | 23/12/2019         |              |
| Cost of services provided 2016 <i>(In thousands of euros)</i>             | 1,529          | 3,761              | 580                | 1,662           | 76                 | 20                 | 7,629        |
| Cost of corporate social contribution 2016 <i>(In thousands of euros)</i> | 306            | 750                | 80                 | 209             | 30                 | 0                  | 1,376        |
| <b>TOTAL</b>                                                              |                |                    |                    |                 |                    |                    | <b>9,004</b> |

At the end of the lock-up period, the preferred A and B shares may be converted into ordinary shares provided that the performance and presence criteria are met.

The conversion ratio is as follows: 1 preferred share =  $(100 \times M \times \text{Rev Coef}) \times 20\% + (100 \times M \times \text{OPA Coef}) \times 80\%$ .

#### PREFERRED A SHARES

| Revenue 2018 -<br>In millions of euros | Growth in relation<br>to 2015 | Translation coefficient<br>linked to revenue<br>growth (Rev coef) | Operating profit on<br>activity 2018 (OPA) -<br>in millions of euros | Growth in<br>relation to<br>2015 | Translation coefficient<br>linked to OPA growth<br>(OPA coef) | Presence-based<br>multiplying<br>coefficient (M)              |
|----------------------------------------|-------------------------------|-------------------------------------------------------------------|----------------------------------------------------------------------|----------------------------------|---------------------------------------------------------------|---------------------------------------------------------------|
| > or = 1,850                           | > or = 20%                    | 100%                                                              | > or = 183                                                           | > or = 20.0%                     | 100%                                                          | Default = 0.01                                                |
| 1,810                                  | 17.5%                         | 80%                                                               | 179                                                                  | 17%                              | 80%                                                           |                                                               |
| 1,772                                  | 15.0%                         | 60%                                                               | 175                                                                  | 15%                              | 60%                                                           |                                                               |
| 1,734                                  | 12.5%                         | 40%                                                               | 171                                                                  | 12%                              | 40%                                                           | Presence on 2 <sup>nd</sup><br>anniversary of<br>award = 0.02 |
| 1,695                                  | 10.0%                         | 20%                                                               | 168                                                                  | 10%                              | 20%                                                           | Presence on 3 <sup>rd</sup><br>anniversary of<br>award = 1    |
| <1,695                                 | <10.0%                        | 0%                                                                | <168                                                                 | <10.0%                           | 0%                                                            |                                                               |

#### PREFERRED B SHARES

| Revenue 2018 -<br>In millions of euros | Growth in relation<br>to 2015 | Translation coefficient<br>linked to revenue<br>growth (Rev coef) | Operating profit on<br>activity 2018 (OPA) -<br>in millions of euros | Growth in<br>relation to<br>2015 | Translation coefficient<br>linked to OPA growth<br>(OPA coef) | Presence-based<br>multiplying<br>coefficient (M)              |
|----------------------------------------|-------------------------------|-------------------------------------------------------------------|----------------------------------------------------------------------|----------------------------------|---------------------------------------------------------------|---------------------------------------------------------------|
| > or = 1,850                           | > or = 26%                    | 100%                                                              | > or = 192                                                           | > or = 26%                       | 100%                                                          | Default = 0.01                                                |
| 1,810                                  | 22.0%                         | 80%                                                               | 186                                                                  | 22.0%                            | 80%                                                           |                                                               |
| 1,772                                  | 18.0%                         | 60%                                                               | 180                                                                  | 18.0%                            | 60%                                                           |                                                               |
| 1,756                                  | 14.0%                         | 40%                                                               | 174                                                                  | 14.0%                            | 40%                                                           | Presence on 3 <sup>rd</sup><br>anniversary of<br>award = 0.01 |
| 1,695                                  | 10.0%                         | 20%                                                               | 168                                                                  | 10.0%                            | 20%                                                           | Presence on 4 <sup>th</sup><br>anniversary of<br>award = 1    |
| <1,695                                 | <10.0%                        | 0%                                                                | <168                                                                 | <10.0%                           | 0%                                                            |                                                               |

In addition, 22,472 stock options issued under the 2009 and 2010 plans were still outstanding at 31 December 2016, and are liable to result in dilution of the share capital of a maximum of 0.07%.

## 3.16 Other operating income and expenses

| <i>(In thousands of euros)</i>                        | 31/12/2016      | 31/12/2015     |
|-------------------------------------------------------|-----------------|----------------|
| Restructuring costs                                   | (364)           | (5,754)        |
| Fees associated with the acquisition of new companies | (1,850)         | (1,549)        |
| Social security and tax adjustments                   | (11,626)        | 477            |
| Other                                                 | (697)           | 1,335          |
| <b>TOTAL NON-CURRENT OPERATING INCOME</b>             | <b>(14,537)</b> | <b>(5,491)</b> |
| Including non-current operating expenses              | (16,981)        | (8,117)        |
| Including non-current operating income                | 2,444           | 2,626          |

Restructuring costs relate to costs linked to specific measures taken to offset the deterioration of the economic environment (partial unemployment, reduction in headcount, site mergers, etc.) and the re-organisation of recently acquired companies. In 2016, this item primarily comprised costs incurred by recently-acquired German companies.

The "Other" item essentially relates to changes in debts on earn-outs (€0.7 million) under the application of IFRS 3.

## 3.17 Net financial income

| <i>(In thousands of euros)</i>                      | 31/12/2016     | 31/12/2015      |
|-----------------------------------------------------|----------------|-----------------|
| Bank interest charges                               | (1,481)        | (869)           |
| Interest on lease-financing agreements              | (415)          | (427)           |
| <b>GROSS BORROWING COSTS</b>                        | <b>(1,896)</b> | <b>(1,296)</b>  |
| Income from receivables and investments             | 530            | 195             |
| Income from the disposal of marketable securities   | 0              | 1               |
| <b>NET BORROWING COSTS</b>                          | <b>(1,366)</b> | <b>(1,099)</b>  |
| Foreign exchange losses                             | (4,478)        | (9,178)         |
| Other financial expenses                            | (468)          | (1,220)         |
| Discounted financial expenses (Retirement benefits) | (393)          | (515)           |
| Financial provisions                                | 0              | (22)            |
| <b>Other financial expenses</b>                     | <b>(5,338)</b> | <b>(10,934)</b> |
| Foreign exchange gains                              | 4,628          | 11,013          |
| Other financial income                              | 1,215          | 3,336           |
| Financial income as a result of discount            | 707            | 316             |
| Reversal of financial provisions                    | 56             | 2,263           |
| <b>Other financial income</b>                       | <b>6,606</b>   | <b>16,927</b>   |
| <b>OTHER NET FINANCIAL INCOME AND EXPENSES</b>      | <b>1,268</b>   | <b>5,993</b>    |
| <b>NET FINANCIAL INCOME (EXPENSES)</b>              | <b>(98)</b>    | <b>4,894</b>    |

Net borrowing costs rose in 2016, due to greater use of external financing over the financial year.

## 3.18 Income tax

## Breakdown of income tax expenses

| <i>(In thousands of euros)</i>                  | 31/12/2016     | 31/12/2015     |
|-------------------------------------------------|----------------|----------------|
| Net earnings: Group and minority interests      | 112,746        | 106,744        |
| Earnings of equity-accounted companies          | (5,310)        | (2,374)        |
| Impairment of goodwill                          | 0              | 0              |
| Share-based payments                            | 7,629          | (74)           |
| Income tax expense                              | 49,854         | 47,592         |
| <b>PRE-TAX EARNINGS</b>                         | <b>164,920</b> | <b>151,889</b> |
| Tax rate of the consolidating company           | 34.43%         | 34.43%         |
| Theoretical income tax expense                  | 56,787         | 52,300         |
| Special 3% tax on dividends paid                | 1,028          | 1,790          |
| Additional contribution 10.7%                   | 0              | 897            |
| Difference in tax rate versus foreign companies | (5,757)        | (5,355)        |
| Miscellaneous tax credits                       | (10,578)       | (10,196)       |
| Unactivated deferred tax assets                 | 720            | 775            |
| CVAE (value added tax) reclassification         | 7,157          | 6,718          |
| Other permanent differences                     | 497            | 664            |
| <b>TAX EXPENSE RECOGNISED</b>                   | <b>49,854</b>  | <b>47,592</b>  |
| <b>EFFECTIVE INCOME TAX RATE</b>                | <b>30.23%</b>  | <b>31.33%</b>  |
| Income tax distribution:                        |                |                |
| Deferred taxes                                  | (609)          | (2,087)        |
| Income tax payable                              | 50,463         | 49,679         |
| <b>TOTAL</b>                                    | <b>49,854</b>  | <b>47,592</b>  |

**Deferred taxes**

Deferred tax receivables and liabilities consist of:

| <i>(In thousands of euros)</i>  | 31/12/2016     | 31/12/2015     |
|---------------------------------|----------------|----------------|
| Employee profit-sharing         | 1,757          | 1,697          |
| Retirement benefits             | 6,510          | 5,451          |
| Other timing differences        | 2,012          | 389            |
| Tax-loss carry-forwards         | 1,998          | 3,785          |
| <b>TOTAL DEFERRED TAXES</b>     | <b>12,277</b>  | <b>11,322</b>  |
| Including:                      |                |                |
| <b>DEFERRED TAX ASSETS</b>      | <b>13,368</b>  | <b>13,317</b>  |
| <b>DEFERRED TAX LIABILITIES</b> | <b>(1,091)</b> | <b>(1,995)</b> |

The variation in deferred taxes is broken down as follows:

| <i>(In thousands of euros)</i>                   | 31/12/2016    | 31/12/2015    |
|--------------------------------------------------|---------------|---------------|
| <b>Deferred taxes at start of year</b>           | <b>11,322</b> | <b>11,662</b> |
| Impact on comprehensive earnings IAS 19/IFRIC 21 | 105           | (742)         |
| Change in scope                                  | 218           | (1,197)       |
| Exchange rate variations                         | 22            | (488)         |
| Expenses (or income) for the year                | 609           | 2,087         |
| <b>DEFERRED TAXES AT YEAR-END</b>                | <b>12,277</b> | <b>11,322</b> |

The amount of non-capitalised deferred taxes relating to tax-loss carry-forwards, amounting to €3.7 million (€11.9 million tax base) at 31 December 2016.

**3.19 Operating segments**

In compliance with standard IFRS 8 – Operating Segments -, the financial information published hereinafter is the information used by the main operational decision-maker (the CEO) to assess the performance of business segments.

| <i>(In thousands of euros)</i>                               | 31/12/2016    |               |                | 31/12/2015    |               |                |
|--------------------------------------------------------------|---------------|---------------|----------------|---------------|---------------|----------------|
|                                                              | France        | International | TOTAL          | France        | International | TOTAL          |
| Net revenue                                                  | 830,100       | 918,205       | 1,748,306      | 795,312       | 745,594       | 1,540,906      |
| Operating profit on activity                                 | 92,894        | 88,036        | 180,930        | 83,203        | 69,283        | 152,486        |
| Rate of operating profit on activity/revenue for the segment | 11.2%         | 9.6%          | 10.3%          | 10.5%         | 9.3%          | 9.9%           |
| Profit from ordinary activities                              | 83,889        | 88,036        | 171,925        | 83,277        | 69,283        | 152,560        |
| Operating profit                                             | 72,388        | 85,001        | 157,389        | 82,644        | 64,425        | 147,068        |
| Net financial income                                         | 3,860         | (3,958)       | (98)           | 4,394         | 500           | 4,894          |
| Income tax expense                                           | (25,427)      | (24,427)      | (49,854)       | (28,654)      | (18,938)      | (47,592)       |
| Earnings of consolidated entities                            | 50,821        | 56,616        | 107,437        | 58,384        | 45,986        | 104,370        |
| <b>NET OVERALL EARNINGS</b>                                  | <b>55,886</b> | <b>56,861</b> | <b>112,746</b> | <b>60,758</b> | <b>45,986</b> | <b>106,744</b> |

| <i>(In thousands of euros)</i>        | 31/12/2016    |               |               | 31/12/2015    |               |               |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                       | France        | International | TOTAL         | France        | International | TOTAL         |
| Goodwill                              | 127,396       | 283,804       | 411,200       | 112,027       | 219,590       | 331,617       |
| Impairment over the financial year    |               |               | 0             |               |               | 0             |
| Equity interests in associates        | 5,065         | 245           | 5,310         | 6,018         | 1,579         | 7,598         |
| Workforce at Year End                 | 10,800        | 13,200        | 24,000        | 10,145        | 10,255        | 20,400        |
| Cash at end of period                 | 26,582        | 68,404        | 94,986        | 37,185        | 54,733        | 91,918        |
| Financial liabilities                 | 82,558        | 8,179         | 90,737        | 67,989        | 6,927         | 74,916        |
| <b>NET INVESTMENTS FOR THE PERIOD</b> | <b>10,238</b> | <b>75,873</b> | <b>86,111</b> | <b>20,025</b> | <b>44,524</b> | <b>64,549</b> |

The contribution to revenue in 2016 from companies acquired in 2016 came to €58,266 thousand (France and abroad).

### 3.20 Earnings per share

| <i>(In euros)</i>                 | 31/12/2016         | 31/12/2015         |
|-----------------------------------|--------------------|--------------------|
| <b>Net income, Group share</b>    | <b>112,404,921</b> | <b>106,261,919</b> |
| Weighted average number of shares | 33,218,632         | 33,151,373         |
| <b>Earnings per share</b>         | <b>3.38</b>        | <b>3.21</b>        |

| <i>(In euros)</i>                                          | 31/12/2016         | 31/12/2015         |
|------------------------------------------------------------|--------------------|--------------------|
| Earnings                                                   | 112,404,921        | 106,261,919        |
| Dilutive effect                                            | 0                  | 0                  |
| <b>Diluted earnings</b>                                    | <b>112,404,921</b> | <b>106,261,919</b> |
| Weighted average number of shares                          | 33,218,632         | 33,151,373         |
| Effect of dilutions                                        | 446,008            | 11,622             |
| Weighted average number of shares after potential dilution | 33,664,640         | 33,162,995         |
| <b>Diluted earnings per share</b>                          | <b>3.34</b>        | <b>3.20</b>        |

### 3.21 Dividends per share

| <i>(In thousands of euros)</i>                                                                   | 2017 *   | 2016     | 2015     |
|--------------------------------------------------------------------------------------------------|----------|----------|----------|
| Date dividends paid on the profit from the previous financial year                               | n/a      | 31/05/16 | 25/06/15 |
| Date of the General Meeting deciding on the dividend distribution proposal                       | 22/06/17 | 24/05/16 | 18/06/15 |
| Total distribution amount (in thousands of euros) on the profit from the previous financial year | 33,225   | 33,224   | 33,160   |
| Dividend per share on the profit from the previous financial year (in euros and per share)       | 1.00     | 1.00     | 1.00     |

\* Subject to approval by the next General Meeting, and according to the number of shares in circulation as of that date.

### 3.22 Statement of cash flows

#### CHANGES IN DEPRECIATION, PROVISION AND OTHER CALCULATED INCOME/EXPENSES

| <i>(In thousands of euros)</i>                | 31/12/2016    | 31/12/2015    |
|-----------------------------------------------|---------------|---------------|
| Amortisation of intangible assets             | 2,888         | 2,427         |
| Depreciation of property, plant and equipment | 8,578         | 7,882         |
| Impairment of goodwill                        | 0             | 0             |
| Provisions for risks and expenses             | 6,511         | 2,444         |
| Other income and calculated expenses          | 745           | (1,272)       |
| <b>TOTAL</b>                                  | <b>18,723</b> | <b>11,481</b> |

## BREAKDOWN OF TAXES PAID

| <i>(In thousands of euros)</i> | 31/12/2016      | 31/12/2015      |
|--------------------------------|-----------------|-----------------|
| Repayments received            | 5,974           | 3,117           |
| Payments made                  | (58,283)        | (53,832)        |
| <b>TOTAL</b>                   | <b>(52,309)</b> | <b>(50,715)</b> |

## BREAKDOWN OF CASH FLOWS ON WORKING CAPITAL REQUIREMENTS

| <i>(In thousands of euros)</i>                                | 31/12/2016      | 31/12/2015     |
|---------------------------------------------------------------|-----------------|----------------|
| Changes in net WCR - customers                                | (36,624)        | 2,899          |
| Changes in net WCR - suppliers                                | 1,943           | (3,475)        |
| Changes in net WCR - other receivables and operating payables | 13,735          | (3,949)        |
| <b>TOTAL</b>                                                  | <b>(20,946)</b> | <b>(4,525)</b> |

## IMPACT OF CHANGES IN SCOPE AND EARN-OUTS

| <i>(In thousands of euros)</i>            | 31/12/2016      | 31/12/2015      |
|-------------------------------------------|-----------------|-----------------|
| Acquisitions of consolidated subsidiaries | (70,490)        | (64,312)        |
| Cash from new consolidated subsidiaries   | 12,424          | 14,037          |
| Cash from deconsolidated subsidiaries     | (33)            | 66              |
| Payment of earn-outs                      | (28,512)        | (8,370)         |
| <b>TOTAL</b>                              | <b>(86,611)</b> | <b>(58,645)</b> |

## CAPITAL INCREASE

| <i>(In thousands of euros)</i> | 31/12/2016 | 31/12/2015   |
|--------------------------------|------------|--------------|
| Stock options exercised        | 503        | 1,366        |
| Exercise of share warrants     | 0          | 0            |
| <b>TOTAL</b>                   | <b>503</b> | <b>1,366</b> |

## 4. OTHER INFORMATION

### 4.1 Related-party transactions

#### Remuneration and benefits granted to executive Corporate Officers<sup>(1)</sup>

|                                    | 2016            |                 | 2015            |                 |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                    | Amount paid     | Amount due      | Amount paid     | Amount due      |
| <b>Simon AZOULAY<sup>(2)</sup></b> |                 |                 |                 |                 |
| • fixed remuneration               | €120,000        | €120,000        | €120,000        | €120,000        |
| • variable remuneration            | None            | None            | None            | None            |
| • extraordinary remuneration       | None            | None            | None            | None            |
| • Directors' fees                  | None            | None            | None            | None            |
| • benefits in kind                 | €5,811          | €5,811          | €5,811          | €5,811          |
| <b>TOTAL</b>                       | <b>€125,811</b> | <b>€125,811</b> | <b>€125,811</b> | <b>€125,811</b> |
| <b>Gérald ATTIA<sup>(3)</sup></b>  |                 |                 |                 |                 |
| • fixed remuneration               | €205,118        | €205,118        | €178,224        | €178,224        |
| • variable remuneration            | None            | None            | None            | None            |
| • extraordinary remuneration       | None            | None            | None            | None            |
| • Directors' fees                  | €84,000         | €84,000         | €84,000         | €84,000         |
| • benefits in kind                 | €4,152          | €4,152          | €4,148          | €3,873          |
| <b>TOTAL</b>                       | <b>€293,270</b> | <b>€293,270</b> | <b>€266,372</b> | <b>€266,097</b> |
| <b>Bruno BENOLIEL</b>              |                 |                 |                 |                 |
| • fixed remuneration               | €249,157        | €249,157        | €249,157        | €249,157        |
| • variable remuneration            | None            | None            | None            | None            |
| • extraordinary remuneration       | None            | None            | None            | None            |
| • Directors' fees                  | None            | None            | None            | None            |
| • benefits in kind                 | None            | None            | None            | None            |
| <b>TOTAL</b>                       | <b>€249,157</b> | <b>€249,157</b> | <b>€249,157</b> | <b>€249,157</b> |
| <b>Pierre MARCEL</b>               |                 |                 |                 |                 |
| • fixed remuneration               | €324,006        | €324,006        | €324,006        | €324,006        |
| • variable remuneration            | None            | None            | None            | None            |
| • extraordinary remuneration       | None            | None            | None            | None            |
| • Directors' fees                  | None            | None            | None            | None            |
| • benefits in kind                 | €5,254          | €5,254          | €4,973          | €4,973          |
| <b>TOTAL</b>                       | <b>€329,260</b> | <b>€329,260</b> | <b>€328,979</b> | <b>€328,979</b> |

(1) Amounts are expressed in gross values.

(2) The company SGTI 2, of which Mr Azoulay was the Chairman and sole shareholder, and which was wound up in May 2016, received €37,500 from Spanish company ALTEN Spain SAU in directors' fees in respect of the 2016 financial year for its role as Consejero, €37,500 in directors' fees from ALTEN Ltd, subsidiary of ALTEN Europe for its role as Director, and €37,500 in directors' fees from Atexis Spain SLU for its role as Administrador unico.

The company SGTI, of which Simon Azoulay is the Chairman and sole shareholder, also received €75,000 from Spanish company ALTEN Spain SAU in directors' fees in respect of the 2016 financial year for its role as Consejero. It is due to receive €37,500 in 2017 on this basis, as well as €112,500 in directors' fees from ALTEN Ltd for its role as Director, and €75,000 in directors' fees from Atexis Spain SLU for its role as Administrador unico. It is due to receive €37,500 in 2017 on this basis.

(3) In February 2017, Gérald Attia received €84,000 from Spanish company ALTEN Spain SAU in directors' fees in respect of the 2016 financial year for his role as Consejero. Benefits in kind consist of a company car.

Furthermore, Gérald Attia and Pierre Marcel were each awarded 840 preferred A shares (see Note 3.15). These 840 financial instruments were valued on the date of their award by the Board of Directors at €2,906,744\*.

\* Value of the shares at the time of their award as part of 3-year LTIPs, as recorded in accordance with IFRS 2 but before spreading the expense. Moreover, you are reminded that no LTIP (stock options, free shares, etc.) has been set up for Executive Corporate Officers since 2008.

**Remuneration and benefits granted to non-executive Corporate Officers**

The Board of Directors has awarded directors' fees to non-executive Board members for the 2016 financial year.

|                            | 2016                |                     |
|----------------------------|---------------------|---------------------|
|                            | Amount paid         | Amount due          |
| <b>Evelyne FELDMAN</b>     |                     |                     |
| Directors' fees            | None                | €6,000              |
| Other remuneration         | None                | None                |
| <b>Philippe TRIBAUDEAU</b> |                     |                     |
| Directors' fees            | None                | €4,500              |
| Other remuneration         | None                | None                |
| <b>Marc EISENBERG</b>      |                     |                     |
| Directors' fees            | None                | €1,500              |
| Other remuneration         | None                | None                |
| <b>Jane SEROUSSI</b>       |                     |                     |
| Directors' fees            | None                | €9,000              |
| Other remuneration         | None                | None                |
| <b>Emily AZOULAY</b>       |                     |                     |
| Directors' fees            | None                | €3,000              |
| Other remuneration         | None                | None                |
| <b>Anaëlle AZOULAY</b>     |                     |                     |
| Directors' fees            | None                | €2,000              |
| Other remuneration         | None                | None                |
| <b>Jérôme VALAT</b>        |                     |                     |
| Directors' fees            | None                | None                |
| Other remuneration         | Employment contract | Employment contract |
| <b>TOTAL</b>               | <b>€0</b>           | <b>€26,000</b>      |

**Information concerning defined-contribution schemes for Corporate Officers**

Social contributions for managers for the 2016 financial year amounted to €486 thousand (€475 thousand in 2015).

**Transactions with non-consolidated companies**

Non-consolidated subsidiaries, Group associates or companies controlled directly by the Group's directors.

**IN THE INCOME STATEMENT:**

|                                   | 31/12/2016     | 31/12/2015     |
|-----------------------------------|----------------|----------------|
| Revenue                           | 299            | 0              |
| Other operating income (expenses) | (3,761)        | (3,596)        |
| Financial income (expenses)       | 688            | 995            |
| <b>TOTAL</b>                      | <b>(2,774)</b> | <b>(2,600)</b> |

**ON THE BALANCE SHEET:**

|                                           | 31/12/2016    | 31/12/2015    |
|-------------------------------------------|---------------|---------------|
| Long-term financial assets <sup>(1)</sup> | 23,217        | 33,509        |
| Trade receivables                         | 124           | 24            |
| Other receivables                         | 33            | 54            |
| <b>ASSETS</b>                             | <b>23,374</b> | <b>33,587</b> |
| Trade payables                            | 1,058         | 1,252         |
| Other debt                                | 11            | 0             |
| <b>LIABILITIES</b>                        | <b>1,058</b>  | <b>1,252</b>  |

(1) The decrease over the financial year primarily came from the repayment of a loan to an associate.

The Group transferred the rights of a real estate lease to a related party during the financial year, generating €50 thousand in capital gains.

## 4.2 Contingent assets and liabilities

### Contingent assets

None.

### Contingent liabilities

Following an tax audit for the period from 1 January 2013 to 31 December 2014, the adjustments proposed by the tax authority

led to payments totalling €8.5 million being applied to research tax credits. ALTEN SA's de facto and de jure case is sufficiently robust to enable us to continue to challenge the proposed adjustments. Therefore, no provision has been made in the 2016 financial statements, and ALTEN SA will continue to liaise with the tax authority as part of hierarchical appeals lodged to continue to defend its stance on the research tax credit.

## 4.3 Share capital

| Number of shares (nominal value €1.016) | Shares issued     | Treasury shares  | Shares in circulation |
|-----------------------------------------|-------------------|------------------|-----------------------|
| <b>At 31 December 2015</b>              | <b>33,662,625</b> | <b>(467,397)</b> | <b>33,195,228</b>     |
| Exercise of options/warrants            | 25,100            |                  | 25,100                |
| Other capital increases                 |                   |                  |                       |
| <b>Treasury shares</b>                  |                   |                  |                       |
| Purchasing                              |                   |                  |                       |
| Sales                                   |                   |                  |                       |
| Transfers                               |                   |                  |                       |
| Liquidity contract transactions         |                   | 4,441            | 4,441                 |
| <b>AT 31 DECEMBER 2016</b>              | <b>33,687,725</b> | <b>(462,956)</b> | <b>33,224,769</b>     |

## 4.4 Treasury shares

In the framework of a treasury-share buyback programme, the Company proceeded, during the financial year, with the various purchase and sale operations, indicated below:

|                              | 31/12/2016     | 31/12/2015     |
|------------------------------|----------------|----------------|
| <b>Unallocated shares</b>    |                |                |
| Shares held at start of year | 460,022        | 460,022        |
| Shares purchased             |                |                |
| Shares sold                  |                |                |
| Reclassifications            |                |                |
| Shares held at closing       | 460,022        | 460,022        |
| <b>Liquidity contract</b>    |                |                |
| Shares held at start of year | 7,375          | 7,727          |
| Shares purchased             | 165,732        | 186,337        |
| Shares sold                  | (170,173)      | (186,689)      |
| Reclassifications            |                |                |
| Shares held at closing       | 2,934          | 7,375          |
| <b>TOTAL</b>                 | <b>462,956</b> | <b>467,397</b> |

## 4.5 Financial commitments

## COMMITMENTS RELATED TO THE GROUP SCOPE:

| <i>(In thousands of euros)</i>                   | 31/12/2016    | 31/12/2015    |
|--------------------------------------------------|---------------|---------------|
| <b>Pledges and guarantees given</b>              |               |               |
| ALTEN SA <sup>(1)</sup>                          | 10,000        | 10,000        |
| <b>Bank guarantees given</b>                     |               |               |
| ALTEN Italia                                     | 174           | 139           |
| ALTEN Nederland                                  | 158           | 75            |
| ALTEN Spain                                      | 1,768         | 2,044         |
| Anotech Energy France                            | 19            | 56            |
| Nexse SRL                                        | 350           | 0             |
| Anotech Energy Nigeria                           | 9             | 14            |
| G-Fit Maroc                                      | 4             | 11            |
| TSS Group OY                                     | 360           | 360           |
| Visitec Oy                                       | 200           | 1,199         |
| Alten Sverige                                    | 2,188         | 0             |
| <b>TOTAL</b>                                     | <b>15,230</b> | <b>13,898</b> |
| <b>Pledges, sureties and guarantees received</b> |               |               |
| <i>(collateral guarantees of liabilities)</i>    |               |               |
| ALTEN Belgium                                    | 500           | 500           |
| ALTEN Canada                                     | 352           | 183           |
| Alten Europe                                     | 2,700         | 950           |
| ALTEN GmbH                                       |               | 1,100         |
| ALTEN Nederland                                  |               | 1,500         |
| ALTEN SA                                         | 2,350         | 2,000         |
| Alten SIR                                        |               | 200           |
| ALTEN Sweden                                     | 587           | 411           |
| Alten Casoft Labs inc                            | 1,660         | 732           |
| Anotech Energy USA                               | 379           |               |
| Alten Life Sciences                              | 2,500         |               |
| Alten Italia                                     | 750           |               |
| Alten Casoft Labs Singapore                      | 142           |               |
| Avenir Conseil Formation                         | 45            |               |
| <b>(other)</b>                                   |               |               |
| HPTI <sup>(2)</sup>                              | 21,400        | 22,000        |
| <b>TOTAL</b>                                     | <b>54,766</b> | <b>51,576</b> |

(1) A guarantee of €10 million for a bank loan taken out by the associate company Horex.

(2) Pledge of securities held by the associate company CTL Participations to guarantee a loan granted by the Group.

## Commitments related to Group financing:

| <i>(In thousands of euros)</i> | 31/12/2016 | 31/12/2015 |
|--------------------------------|------------|------------|
| Unused credit lines            | 117,165    | 151,533    |

**Commitments related to operating activities:**

| <i>(In thousands of euros)</i>  | 31/12/2016 | 31/12/2015 |
|---------------------------------|------------|------------|
| Operating leases <sup>(1)</sup> | 129,948    | 94,943     |
| Financial leases <sup>(2)</sup> | 1,380      | 12,600     |

(1) Of which property rentals: €108,260 thousand

(including: €22,441 thousand at less than a year, €65,489 thousand in 2 to 5 years and €20,329 thousand in more than 5 years).

(2) Royalties unpaid at 31 December 2016 are as follows:.

| Fixed asset type              | Royalties unpaid |           |              | Including share | Including share |
|-------------------------------|------------------|-----------|--------------|-----------------|-----------------|
|                               | Capital          | Interest  | Total        |                 |                 |
| Intangible assets             | 0                | 0         | 0            | 0               | 0               |
| Property, plant and equipment | 1,281            | 98        | 1,380        | 1,017           | 363             |
| <b>TOTAL</b>                  | <b>1,281</b>     | <b>98</b> | <b>1,380</b> | <b>1,017</b>    | <b>363</b>      |

| Assets pledged                            | Amount<br><i>(In thousands of euros)</i> | Type of asset |
|-------------------------------------------|------------------------------------------|---------------|
| Finance-lease transactions (see Note 3,2) | 1,342                                    | Fixed assets  |

**Minority interests purchase options**

*ALTEN SI GSS: Under the terms of an agreement signed on 26 November 2014, the parties signed promises to buy out/sell the non-controlling shareholder's 49% stake.*

At the end of the financial year, except for the commitment set forth above, management does not believe that there are other commitments which will materially impact the Group's financial position.

**4.6 Audit fees**

The table below shows Statutory Auditors' fees for ALTEN SA (KPMG and Grant Thornton) in relation to the Group:

|                                                                                   | KPMG                 |            |             |             | GRANT THORNTON       |              |             |             |
|-----------------------------------------------------------------------------------|----------------------|------------|-------------|-------------|----------------------|--------------|-------------|-------------|
|                                                                                   | Amount excluding tax |            | %           |             | Amount excluding tax |              | %           |             |
|                                                                                   | 2016                 | 2015       | 2016        | 2015        | 2016                 | 2015         | 2016        | 2015        |
| <b>AUDIT</b>                                                                      |                      |            |             |             |                      |              |             |             |
| Statutory audit, certification, review of accounts:                               |                      |            |             |             |                      |              |             |             |
| • Issuer                                                                          | 195                  | 190        | 68%         | 81%         | 206                  | 201          | 20%         | 20%         |
| • Fully consolidated subsidiaries                                                 | 73                   | 13         | 25%         | 6%          | 575                  | 596          | 57%         | 58%         |
| Other duties and services directly related to the Statutory Auditors' assignment: |                      |            |             |             |                      |              |             |             |
| • Issuer                                                                          | 0                    | 0          | 0%          | 0%          | 26                   | 82           | 3%          | 8%          |
| • Fully consolidated subsidiaries                                                 | 0                    | 0          | 0%          | 0%          | 202                  | 132          | 20%         | 13%         |
| <b>SUBTOTAL</b>                                                                   | <b>268</b>           | <b>203</b> | <b>93%</b>  | <b>87%</b>  | <b>1,008</b>         | <b>1,011</b> | <b>100%</b> | <b>98%</b>  |
| <b>OTHER SERVICES</b>                                                             |                      |            |             |             |                      |              |             |             |
| Legal, tax, corporate                                                             |                      |            |             |             |                      |              |             |             |
| • Issuer                                                                          |                      |            |             |             |                      |              |             |             |
| • Fully consolidated subsidiaries                                                 | 19                   | 31         | 7%          | 13%         | 4                    | 0            | 0%          | 0%          |
| Other                                                                             |                      |            |             |             |                      |              |             |             |
| • Issuer                                                                          |                      |            |             |             |                      |              |             |             |
| • Fully consolidated subsidiaries                                                 | 0                    | 0          | 0%          |             | 0                    | 17           | 0%          | 2%          |
| <b>SUBTOTAL</b>                                                                   | <b>19</b>            | <b>31</b>  | <b>7%</b>   | <b>13%</b>  | <b>4</b>             | <b>17</b>    | <b>0%</b>   | <b>2%</b>   |
| <b>TOTAL</b>                                                                      | <b>287</b>           | <b>234</b> | <b>100%</b> | <b>100%</b> | <b>1,012</b>         | <b>1,028</b> | <b>100%</b> | <b>100%</b> |

**20.3.2 2016 SEPARATE FINANCIAL STATEMENTS****1. BALANCE SHEET****1.1 Balance sheet assets**

| <i>(In thousands of euros)</i> | Gross          | Depreciation,<br>amortisation and<br>impairment | 31/12/2016     | 31/12/2015     |
|--------------------------------|----------------|-------------------------------------------------|----------------|----------------|
| <b>Intangible assets</b>       | <b>55,468</b>  | <b>16,197</b>                                   | <b>39,271</b>  | <b>37,855</b>  |
| Property, plant and equipment  | 23,197         | 17,285                                          | 5,912          | 5,534          |
| Financial assets               | 232,287        | 30,929                                          | 201,358        | 201,940        |
| <b>CAPITALISED ASSETS</b>      | <b>310,951</b> | <b>64,410</b>                                   | <b>246,541</b> | <b>245,329</b> |
| Trade receivables              | 155,573        | 2,262                                           | 153,312        | 123,151        |
| Other receivables              | 136,516        | 129                                             | 136,387        | 118,350        |
| Marketable securities          | 199            |                                                 | 199            | 400            |
| Cash and equivalents           | 5,125          |                                                 | 5,125          | 5,495          |
| Prepaid expenses               | 5,636          |                                                 | 5,636          | 4,787          |
| <b>CURRENT ASSETS</b>          | <b>303,050</b> | <b>2,390</b>                                    | <b>300,660</b> | <b>252,182</b> |
| Translation adjustments        | 1,864          |                                                 | 1,864          | 1,249          |
| <b>TOTAL</b>                   | <b>615,865</b> | <b>66,800</b>                                   | <b>549,065</b> | <b>498,760</b> |

**1.2 Equity and liabilities**

| <i>(In thousands of euros)</i>                     | 31/12/2016     | 31/12/2015     |
|----------------------------------------------------|----------------|----------------|
| Capital                                            | 34,240         | 34,215         |
| Paid-in capital                                    | 46,749         | 46,272         |
| Reserves and retained earnings                     | 164,644        | 163,555        |
| Profit for the year                                | 54,545         | 34,313         |
| <b>SHAREHOLDERS' EQUITY</b>                        | <b>300,179</b> | <b>278,354</b> |
| <b>PROVISIONS FOR RISKS AND EXPENSES</b>           | <b>14,773</b>  | <b>11,392</b>  |
| Other loans and related debt                       | 764            | 627            |
| Miscellaneous financial borrowings and liabilities | 59,740         | 57,935         |
| Trade payables                                     | 54,002         | 42,106         |
| Taxes and social security charges payable          | 98,695         | 87,479         |
| Other debt                                         | 17,141         | 17,360         |
| Deferred income                                    | 2,513          | 2,571          |
| <b>DEBT</b>                                        | <b>232,855</b> | <b>208,079</b> |
| Translation adjustments                            | 1,258          | 935            |
| <b>TOTAL</b>                                       | <b>549,065</b> | <b>498,760</b> |

## 2. INCOME STATEMENT

### 2.1 Income statement

| <i>(In thousands of euros)</i>                                               | 2016            | 2015           |
|------------------------------------------------------------------------------|-----------------|----------------|
| NET REVENUE                                                                  | 505,595         | 465,268        |
| Reversal of depreciation, amortisation and provisions, transfers of expenses | 2,662           | 2,277          |
| Other income                                                                 | 9,850           | 9,660          |
| <b>Operating revenue</b>                                                     | <b>518,107</b>  | <b>477,206</b> |
| Other external purchases and costs                                           | 179,767         | 160,464        |
| Taxes other than on income                                                   | 17,877          | 16,760         |
| Employee expenses                                                            | 277,796         | 264,402        |
| Charges to depreciation, amortisation and provisions                         | 6,896           | 6,508          |
| Other operating expenses                                                     | 1,472           | 1,173          |
| <b>Operating expenses</b>                                                    | <b>483,809</b>  | <b>449,308</b> |
| <b>OPERATING PROFIT</b>                                                      | <b>34,298</b>   | <b>27,898</b>  |
| <b>NET FINANCIAL INCOME</b>                                                  | <b>30,014</b>   | <b>8,437</b>   |
| <b>PROFIT (LOSS) BEFORE TAX</b>                                              | <b>64,312</b>   | <b>36,335</b>  |
| <b>NON-RECURRING PROFIT</b>                                                  | <b>(12,768)</b> | <b>2,670</b>   |
| Employee profit-sharing                                                      | 0               | 1,768          |
| Income tax                                                                   | (3,001)         | 2,924          |
| <b>PROFIT FOR THE YEAR</b>                                                   | <b>54,545</b>   | <b>34,313</b>  |

## Detailed contents of the notes to the financial statements

|                                       |            |                                              |            |
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### 3. NOTES

#### 3.1 General information on ALTEN SA

Founded in 1988, ALTEN is the European leader in the engineering and technology consulting (ETC) market.

ALTEN SA carries out design and research projects for the Technical and Information Systems Divisions of major customers in the industrial, telecommunications and service sectors.

ALTEN SA works with its customers through various types of contracts:

- consulting;
- workpackage or "global platforms". These services are generally provided by committing resources and billed on a time-spent basis, or in work units;
- fixed-price projects under which ALTEN is bound by an obligation to achieve results at a fixed price. This business represents less than 10% of activity.

ALTEN SA has been ISO-certified since 1998 and has been certified CMMI level 3 and ISO 27001 since 2016.

The scope of ALTEN SA's business covers all outsourced engineering and technology consulting services.

ALTEN Group's consolidated financial statements are available at: [www.alten.fr](http://www.alten.fr), in the 'Investors' section.

#### 3.2 Key events

##### 3.2.1 Activity

Business in 2016 was satisfactory overall, even though its key customers continue to pursue productivity gains.

The Automotive, Manufacturing engineering activities within the Aeronautics sector, and Space sectors continued to post solid growth as in previous years. The Telecom sector saw a gradual upturn in its business. The Oil & Gas and Nuclear sectors again faced difficulties during 2016, though ALTEN SA remained relatively unexposed (8.5% of revenue).

##### 3.2.2 Other information

- During the first half of 2016, €33,224 thousand in dividends were paid to shareholders in respect of financial year 2015.
- ALTEN SA was subject to an URSSAF audit covering 2013-2015 whose financial impact was provisioned in the 2016 financial statements.
- ALTEN SA's Board of Directors awarded free shares during the financial year, within the framework of an authorisation granted by the General Meeting held on 24 May 2016.

#### 3.3 Events after the reporting period

- 509,614 AUSY shares held at 31/12/2016 were contributed in January 2017 as part of the Randstad France AUSY public purchase offer.

#### 3.4 Accounting principles and methods

The accounting principles and methods applied by ALTEN SA are consistent with France's generally accepted accounting standards (Plan Comptable Général) pursuant to ANC (Autorité des Normes Comptables, France's national accounting standards body) regulation 2014-03 of 5 June 2014 as amended by ANC regulation 2015-06 and 2016-07.

General accounting conventions have been applied, in accordance with the principle of prudence and the fundamental accounting concepts of:

- going concern;
- the same accounting methods used from one year to the next;
- independence between years.

These accounting conventions are also applied in accordance with the general rules for preparing and presenting financial statements.

The main accounting methods used are as follows:

##### 3.4.1 Change in accounting methods

The application of ANC Regulation No. 2015-06 has not led to any changes in the presentation of the ALTEN SA financial statements and their comparability.

##### 3.4.2 Fixed assets

Intangible assets and property, plant and equipment are valued at acquisition or production cost.

Depreciation is calculated on a straight-line/declining-balance basis over the following estimated useful lives:

- development costs 5 to 10 years/SL;
- concessions-patents-IT licences 1 to 10 years/SL;
- transport equipment 5 years/SL;
- office and computer equipment 1 to 5 years/SL;
- office equipment 5 to 10 years/SL;
- fixtures and fittings 3 to 10 years/SL;
- technical facilities, tools and equipment 1 to 10 years/SL.

Development costs are capitalised as intangible assets and all expenses directly attributable to the creation, production and preparation of the asset in view of its planned use are capitalised.

Information systems are amortised over six to ten years.

Residual value and anticipated lifespan are reviewed at least annually and adjusted accordingly if they differ significantly from previous estimates.

All depreciation and amortisation charges are recognised under operating expenses.

##### 3.4.3 Goodwill

Goodwill is valued at its acquisition cost. It is not amortised but is tested for value if, because of events or circumstances occurring during the year, its recoverable value appears to be permanently lower than its net book value. The recoverable value is based on the discounted future cash flows generated by the continued use of the assets tested. The discounting is applied at a rate corresponding to the weighted average cost of capital.

The main criteria chosen for the application of the valuation method according to the Discounted Cash-Flow are described under the heading "Investment securities".

Following the initial application of ANC regulation 2015-06 applicable from 1 January 2016, accounting for technical losses was reviewed as part of a change in method, so the technical losses are allocated to the underlying assets according to unrealised gains assessed at the start of the 2016 financial year.

For accounting purposes, the analysis shows that assets underlying the merger loss are composed of goodwill related to the merged entities' business and have an unlimited useful life, hence the need to conduct annual impairment testing. The Company calculates a useful value for the company corresponding to an estimate of future cash flow that the Company expects to achieve. Impairment is recognised when the value-in-use is less than the acquisition value of the goodwill.

### 3.4.4 Investment securities

The gross value of investment securities is recorded on the balance sheet at acquisition cost. The acquisition cost of investment securities comprises a fixed portion paid at the time an interest is acquired and any variable earn-outs based on the acquired entity's future revenues and earnings. These earn-outs are recognised under investment securities against debt on non-current assets.

Whenever general business conditions and/or material adverse developments cause a subsidiary to post revenue and earnings significantly below expectations at the time of acquisition, an additional one-time impairment loss on the investment securities is calculated.

Required impairment is determined through the Discounted Cash Flow method, corrected for net indebtedness. This is only done for acquired companies and applies the following assumptions:

- a four-year financial budget prepared by the entity and validated by the Group's Finance Division, updated when the year-end budget is prepared. The cash flow beyond the four-year period is extrapolated, taking the growth rate to infinity into consideration;
- perpetual growth rate: this growth rate does not exceed the long-term average growth rate for the business sector;
- discount rate: this rate corresponds to the weighted average cost of capital, derived from risk-free interest rates, country and market risk premium, beta coefficient and the cost of indebtedness;
- net indebtedness (except for goodwill).

In the current fast-changing economic environment, it is harder to define the business outlook and the random nature of some estimates can be accentuated, especially where profits and cash flow are concerned.

### 3.4.5 Treasury shares

Treasury shares are recorded in the following accounts:

- non-current financial assets when they are held for the purpose of covering stock options or other employee share-holding systems;
- marketable securities:
  - when they are allocated to a 'liquidity contract' entrusted to an agent to promote liquidity of securities and share price liquidity,
  - when they are held for delivery to employees of the Company or its subsidiaries.

They appear on the balance sheet at their acquisition cost. The FIFO method is used to determine the gross value of treasury shares sold. If the value of treasury shares allocated to the liquidity contract is less than their acquisition value, the shares are subject to impairment testing. Treasury shares held for delivery to its own employees are subject to provisioning calculated pro rata for the vesting period just ended. Treasury shares held for delivery to its subsidiaries' employees are not subject to impairment testing, to the extent the cost of such treasury shares equals the increased cost price, if applicable management fees will be rebilled when they are delivered to employees of its subsidiaries.

### 3.4.6 Trade receivables

Trade receivables are valued at nominal value. They are individually valued and, where applicable, impaired to account for any difficulties in collecting certain amounts.

Any such impairment is recognised once there is an indication of the Group's inability to recover the full amount, such as bankruptcy procedures or non-payment by the due date. The amount of the impairment or reversal is recognised as operating profit.

For any trade receivables that are not subject to individual impairment, the impairment method applied is a statistical one.

### 3.4.7 Marketable securities

Securities (money market funds) recognised in the balance sheet are valued at the lower of either their historical cost or market value.

### 3.4.8 Provisions for risks and expenses

Provisions for risks and expenses are recorded at year-end whenever the Company has an obligation towards a third party which is likely or certain to result in an outflow of resources for the benefit of such a third party, with no anticipated consideration of at least equal value.

The estimate of the amount recorded under the provisions is the expense the Company is likely to incur to discharge the obligation.

Among these provisions are retirement obligations as estimated by an independent actuarial firm, in compliance with the ANC (French accounting standards authority) Recommendation 2013-R.02.

Benefits payable to retiring employees are calculated on the basis of the current headcount at reporting date. It is based on the following items:

| Presentation of actuarial assumptions | 31/12/2016 | 31/12/2015 |
|---------------------------------------|------------|------------|
| Discount rate                         | 1,85%      | 2,40%      |
| Revaluation rate for employees        |            |            |
| Managerial staff                      | 1,50%      | 1,50%      |
| Non-managerial staff                  | 2,50%      | 2,50%      |
| Employer contribution rate            |            |            |
| Managerial staff                      | 46,89%     | 46,89%     |
| Non-managerial staff                  | 46,49%     | 46,49%     |
| Mortality table                       |            |            |
| For women                             | TPGF05     | TPGF05     |
| For men                               | TPGH05     | TPGH05     |
| Age of retirement                     | 65 years   | 65 years   |

### 3.4.9 Revenue recognition

Revenue is recognised over the period in which services are rendered and made up of invoiced services (issued or to be issued):

- on a time-worked basis: income is equal to time spent multiplied by an hourly, daily or monthly rate;
- on a fixed-rate basis: income is recognised according to the percentage of completion method, proportionally to the expenses incurred. Loss-making contracts give rise to recognition of a contract loss provision corresponding to the total expected loss less any losses already recorded in advance. Services for which a fixed price is charged account for less than 10% of revenue;
- “workpackage” method: recognition of revenue varies according to the nature of the resource commitment. When the workpackage is part of a global cost-based scheme, income is equal to time spent multiplied by an hourly, daily or monthly sales rate; when it is part of an outsourced platform for which billing is on a monthly or quarterly fixed-price basis, income is recognised on a monthly basis according to the amount of the agreement, independent of the actual time spent by the consultants; lastly, when it is part of a service commitment package (workpackage), revenue is recognised as and when deliverables and/or performance indicators (work units) are received/validated by the customer and for which the price has been fixed in the “workpackage” contract.

### 3.4.10 Tax credit for encouraging competitiveness and jobs (CICE)

In accordance with the recommendations of the ANC, the CICE is credited against employee expenses as the corresponding remuneration expenses are incurred.

ALTEN SA declares the remuneration concerned on its employer contributions forms in accordance with the conditions of eligibility for the scheme. The CICE is used in accordance with its intended purpose and finances neither a share of distributed earnings, nor an increase in remuneration of employees in management positions.

ALTEN SA received total CICE of €8,523 thousand for 2016.

### 3.4.11 Tax consolidation

ALTEN SA follows a tax consolidation regime in which it is the Group’s holding company.

Under this agreement, ALTEN SA is solely liable for payment of corporation tax on behalf of subsidiaries, which are responsible for indemnifying ALTEN SA for this expense. In the event a subsidiary records a loss, this is also transferred to ALTEN SA. This loss is not repaid to the subsidiary in the event of exclusion from the tax consolidation scope.

### 3.4.12 Translation adjustments of assets and liabilities in foreign currency

Costs and income in foreign currency are recorded at their exchange value on the transaction date.

Receivables and debts in foreign currency are recorded in the balance sheet at their exchange value on the year-end date. The difference resulting from the discounting of debts and receivables in foreign currency at year end is recorded under asset or liability translation adjustment and provisioned for foreign exchange risk.

## 3.5 Balance sheet notes

### 3.5.1 Fixed assets, gross value

| (In thousands of euros)          | 31/12/2015     | Increases     | Decreases     | 31/12/2016     |
|----------------------------------|----------------|---------------|---------------|----------------|
| Intangible assets <sup>(1)</sup> | 52,931         | 2,851         | 314           | 55,468         |
| Property, plant and equipment    | 25,028         | 3,565         | 5,397         | 23,197         |
| Financial assets                 | 227,206        | 10,761        | 5,679         | 232,287        |
| <b>TOTAL</b>                     | <b>305,165</b> | <b>17,176</b> | <b>11,389</b> | <b>310,951</b> |

(1) Intangible assets comprise goodwill from full asset and liability transfers for €32,882 thousand at 31 December 2016, and software development costs.

## 3.5.2 Depreciation, amortisation and impairment

| <i>(In thousands of euros)</i>   | 31/12/2015    | Increases     | Decreases    | 31/12/2016    |
|----------------------------------|---------------|---------------|--------------|---------------|
| Intangible assets <sup>(1)</sup> | 15,076        | 1,434         | 313          | 16,197        |
| Property, plant and equipment    | 19,494        | 3,157         | 5,367        | 17,285        |
| Financial assets                 | 25,265        | 5,663         |              | 30,929        |
| <b>TOTAL</b>                     | <b>59,835</b> | <b>10,255</b> | <b>5,680</b> | <b>64,410</b> |

(1) No impairment was recorded for goodwill during the year.

## 3.5.3 Breakdown of financial assets

| <i>(In thousands of euros)</i> | 31/12/2015     | Increases <sup>(1)</sup> | Decreases <sup>(2)</sup> | 31/12/2016     |
|--------------------------------|----------------|--------------------------|--------------------------|----------------|
| Investment securities          | 207,848        | 6,118                    | 287                      | 213,679        |
| Other equity interests         | 2,245          | 234                      |                          | 2,479          |
| Treasury shares                | 8,713          |                          |                          | 8,713          |
| Security deposits              | 3,025          | 855                      | 389                      | 3,491          |
| Loans                          | 5,374          | 3,554                    | 5,004                    | 3,924          |
| <b>TOTAL</b>                   | <b>227,206</b> | <b>10,761</b>            | <b>5,679</b>             | <b>232,287</b> |

(1) Increases concern the buyback of shares from minority shareholders, the capital increase of the Alten Cash Management and Alten Training Center subsidiaries, the exercise of AUSY redeemable equity warrants (BSAAR) and loans granted to two subsidiaries.

(2) Reductions mainly correspond to the capital decrease of XANGE and the partial repayment of a loan granted to an associate.

## 3.5.4 Provisions and impairments

| <i>(In thousands of euros)</i>   | 31/12/2015    | Increases <sup>(1)</sup> | Decreases <sup>(2)</sup> | 31/12/2016    |
|----------------------------------|---------------|--------------------------|--------------------------|---------------|
| <b>Provisions for risks</b>      |               |                          |                          |               |
| Provisions pour corporate risk   | 2,228         | 244                      | 805                      | 1,667         |
| Other provisions for risks       | 1,558         | 2,850                    | 194                      | 4,215         |
| <b>Provisions for charges</b>    |               |                          |                          | <b>0</b>      |
| Retirement provisions            | 7,605         | 1,286                    |                          | 8,891         |
| <b>TOTAL PROVISIONS</b>          | <b>11,392</b> | <b>4,380</b>             | <b>999</b>               | <b>14,773</b> |
| <b>Impairments</b>               |               |                          |                          |               |
| For intangible assets            | 206           |                          |                          | 206           |
| For non-current financial assets | 25,265        | 5,663                    |                          | 30,929        |
| For receivables                  | 1,748         | 713                      | 200                      | 2,262         |
| Other impairments                | 133           | 63                       | 67                       | 129           |
| <b>TOTAL IMPAIRMENTS</b>         | <b>27,353</b> | <b>6,439</b>             | <b>267</b>               | <b>33,525</b> |

(1) Including impairment of securities in the amount of €5,663 thousand and €2,235 thousand for provisions for subsidiary risks.

(2) Including reversal of provisions: €650 thousand used in 2016 and €349 thousand not used in 2016.

| <b>Including</b> | <b>Provisions</b> | <b>Reversals</b> |
|------------------|-------------------|------------------|
| Operating        | 2,305             | 1,266            |
| Financial        | 8,514             |                  |
| Extraordinary    |                   |                  |
| <b>TOTAL</b>     | <b>10,819</b>     | <b>1,266</b>     |

### 3.5.5 Statement of maturity dates of receivables and payables

#### STATEMENT OF RECEIVABLES

|                                           | Gross amounts  | At 31/12/2016  |               |
|-------------------------------------------|----------------|----------------|---------------|
| (In thousands of euros)                   | 2016           | Up to one year | Over one year |
| <b>Fixed assets</b>                       |                |                |               |
| Loans                                     | 3,924          | 24             | 3,900         |
| Other fixed financial assets              | 3,491          |                | 3,491         |
|                                           | <b>7,415</b>   | <b>24</b>      | <b>7,391</b>  |
| <b>Current assets</b>                     |                |                |               |
| Uncertain clients                         | 1,794          | 1,794          |               |
| Other trade receivables                   | 153,780        | 153,780        |               |
| Personnel and related accounts            | 353            | 353            |               |
| Social security and other social agencies | 129            | 129            |               |
| Income tax                                | 50,454         | 50,454         |               |
| Value added tax                           | 6,766          | 6,766          |               |
| Other receivables                         | 12             | 12             |               |
| Groups and associates                     | 68,979         | 68,979         |               |
| Miscellaneous receivables                 | 9,823          | 9,823          |               |
|                                           | <b>292,090</b> | <b>292,090</b> | <b>0</b>      |
| Prepaid expenses <sup>(1)</sup>           | 5,636          | 5,151          | 486           |
| <b>TOTAL</b>                              | <b>305,142</b> | <b>297,264</b> | <b>7,877</b>  |

#### STATEMENT OF PAYABLES

|                                                | Gross amounts  | At 31/12/2016  |                            |                 |
|------------------------------------------------|----------------|----------------|----------------------------|-----------------|
| (In thousands of euros)                        | 2016           | Up to one year | Between one and five years | Over five years |
| Bank borrowings maturing in less than one year | 764            | 764            |                            |                 |
| Miscellaneous financial borrowings and debts   | 31,665         | 302            | 31,363                     |                 |
| Trade payables                                 | 54,002         | 54,002         |                            |                 |
| Personnel and Social security debts            | 60,833         | 60,833         |                            |                 |
| Tax liabilities                                | 37,862         | 37,862         |                            |                 |
| Groups and associates                          | 28,075         | 28,075         |                            |                 |
| Other debt                                     | 17,141         | 15,127         | 1,974                      | 40              |
| Deferred income                                | 2,513          | 2,513          |                            |                 |
| <b>TOTAL</b>                                   | <b>232,855</b> | <b>199,478</b> | <b>33,337</b>              | <b>40</b>       |

(1) Including €2,378 thousand related to rental costs and €1,618 thousand related to maintenance.

### 3.5.6 Outstanding charges

| (In thousands of euros)                           | 31/12/2016    | 31/12/2015    |
|---------------------------------------------------|---------------|---------------|
| Trade payables                                    | 19,372        | 12,198        |
| Taxes and social security charges payable         | 42,575        | 42,070        |
| Debt related to fixed assets and related accounts | 0             | 1,500         |
| Current interest                                  | 368           | 364           |
| Other debt                                        | 14,169        | 12,751        |
| <b>TOTAL</b>                                      | <b>76,484</b> | <b>68,883</b> |

**3.5.7 Revenue accruals**

| <i>(In thousands of euros)</i> | 31/12/2016    | 31/12/2015    |
|--------------------------------|---------------|---------------|
| Trade receivables              | 26,734        | 21,157        |
| Government-related receivables | 1,639         | 1,158         |
| Other receivables              | 9,599         | 5,408         |
| <b>TOTAL</b>                   | <b>37,972</b> | <b>27,723</b> |

**3.5.8 Cash and equivalents and marketable securities**

These mainly consist of money market funds whose underlying surplus was immaterial at 31 December 2016.

**3.5.9 Change in Shareholders' Equity**

| <i>(In thousands of euros)</i>  | Number of shares  | Capital       | Additional paid-in capital | Legal Reserves | Other Reserves | Reserves and retained earnings | Earnings      | Shareholders' Equity |
|---------------------------------|-------------------|---------------|----------------------------|----------------|----------------|--------------------------------|---------------|----------------------|
| <b>AT 31 DECEMBER 2014</b>      | <b>33,589,610</b> | <b>34,140</b> | <b>44,981</b>              | <b>3,373</b>   | <b>27,145</b>  | <b>133,870</b>                 | <b>32,327</b> | <b>275,836</b>       |
| 2014 allocation of earnings     |                   |               |                            | 44             |                | 32,283                         | (32,327)      | 0                    |
| Dividends paid in 2015          |                   |               |                            |                |                | (33,160)                       |               | (33,160)             |
| Capital increase <sup>(1)</sup> | 73,015            | 74            | 1,291                      |                |                |                                |               | 1,365                |
| Profit/loss at 31 December 2015 |                   |               |                            |                |                |                                | 34,313        | 34,313               |
| <b>AT 31 DECEMBER 2015</b>      | <b>33,662,625</b> | <b>34,215</b> | <b>46,272</b>              | <b>3,417</b>   | <b>27,145</b>  | <b>132,993</b>                 | <b>34,313</b> | <b>278,354</b>       |
| 2015 allocation of earnings     |                   |               |                            | 6              | 12,000         | 22,307                         | (34,313)      | 0                    |
| Dividends paid in 2016          |                   |               |                            |                |                | (33,224)                       |               | (33,224)             |
| Capital increase <sup>(2)</sup> | 25,100            | 26            | 477                        |                |                |                                |               | 503                  |
| Profit/loss at 31 December 2016 |                   |               |                            |                |                |                                | 54,545        | 54,545               |
| <b>AT 31 DECEMBER 2016</b>      | <b>33,687,725</b> | <b>34,240</b> | <b>46,749</b>              | <b>3,423</b>   | <b>39,145</b>  | <b>122,076</b>                 | <b>54,545</b> | <b>300,179</b>       |

(1) The number of shares issued in 2015 corresponds to the issue of shares following the exercise of stock options (73,015 shares).

(2) The number of shares issued in 2016 corresponds to the issue of shares following the exercise of stock options (25,100 shares).

At 31 December 2016, the nominal value of one share was €1.016.

**3.5.10 Information regarding capital**

In total, 22,472 options awarded have yet to be exercised, i.e. 0.07% of the share capital as at 31 December 2016.

**3.5.11 Free share plan**

ALTEN SA's Board of Directors awarded free shares during the financial year within the framework of an authorisation granted by the General Meeting held on 24 May 2016. Six separate plans were drawn up for this award, the main terms of which are shown in the table below:

| PLAN                                                             | 1              | 2                  | 3                  | 4              | 5                  | 6                  |
|------------------------------------------------------------------|----------------|--------------------|--------------------|----------------|--------------------|--------------------|
| Date awarded by the Board of Directors                           | 27/07/2016     | 27/07/2016         | 27/07/2016         | 20/09/2016     | 27/10/2016         | 23/12/2016         |
| Class of financial instruments awarded                           | Ordinary share | Preferred A shares | Preferred B shares | Ordinary share | Preferred B shares | Preferred A shares |
| Number of awardable financial instruments                        | 99,880         | 2,520              | 1,873              | 99,800         | 500                | 230                |
| of which number awarded to employees                             | 99,880         | 840                | 1,873              | 99,800         | 500                | 230                |
| of which number awarded to corporate officers                    | 0              | 1,680              | 0                  | 0              | 0                  | 0                  |
| Number of financial instruments voided over the period           | 16,040         |                    | 207                |                |                    |                    |
| <b>NUMBER OF FINANCIAL INSTRUMENTS OUTSTANDING AT 31/12/2016</b> | <b>83,840</b>  | <b>2,520</b>       | <b>1,666</b>       | <b>99,800</b>  | <b>500</b>         | <b>230</b>         |
| Fair value of the financial instruments ( <i>in euros</i> )      | 55.1           | 3,460.4            | 1,438.7            | 59.6           | 1,702.7            | 3,967.2            |
| Final award date                                                 | 27/07/2017     | 27/07/2017         | 27/07/2018         | 20/09/2017     | 27/10/2018         | 23/12/2017         |
| End of lock-up/non-transferability period                        | 27/07/2018     | 27/07/2019         | 27/07/2020         | 20/09/2018     | 27/10/2020         | 23/12/2019         |

At the end of the lock-up period, the preferred A and B shares may be converted into ordinary shares provided that the performance and presence criteria are met.

The conversion ratio is as follows: 1 preferred share =  $(100 \times M \times \text{Rev Coef}) \times 20\% + (100 \times M \times \text{OPA Coef}) \times 80\%$ .

| Preferred A share                   |                            |                                                             |                                                                |                            |                                                         |                                                         |
|-------------------------------------|----------------------------|-------------------------------------------------------------|----------------------------------------------------------------|----------------------------|---------------------------------------------------------|---------------------------------------------------------|
| Revenue 2018 - in millions of euros | Growth in relation to 2015 | Translation coefficient linked to revenue growth (Rev Coef) | Operating profit on activity 2018 (OPA) - in millions of euros | Growth in relation to 2015 | Translation coefficient linked to OPA growth (OPA Coef) | Presence-based multiplying coefficient (M)              |
| > or = 1,850                        | > or = 20%                 | 100%                                                        | > or = 183                                                     | > or = 20%                 | 100%                                                    | Default = 0.01                                          |
| 1,810                               | 17.5%                      | 80%                                                         | 179                                                            | 17%                        | 80%                                                     |                                                         |
| 1,772                               | 15%                        | 60%                                                         | 175                                                            | 15%                        | 60%                                                     |                                                         |
| 1,734                               | 12.5%                      | 40%                                                         | 171                                                            | 12%                        | 40%                                                     | Presence on 2 <sup>nd</sup> anniversary of award = 0.02 |
| 1,695                               | 10%                        | 20%                                                         | 168                                                            | 10%                        | 20%                                                     | Presence on 3 <sup>rd</sup> anniversary of award = 1    |
| < 1,695                             | < 10%                      | 0%                                                          | < 168                                                          | < 10%                      | 0%                                                      |                                                         |
| Preferred B share                   |                            |                                                             |                                                                |                            |                                                         |                                                         |
| Revenue 2018 - in millions of euros | Growth in relation to 2015 | Translation coefficient linked to revenue growth (Rev Coef) | Operating profit on activity 2018 (OPA) - in millions of euros | Growth in relation to 2015 | Translation coefficient linked to OPA growth (OPA Coef) | Presence-based multiplying coefficient (M)              |
| > or = 1,850                        | > or = 26%                 | 100%                                                        | > or = 192                                                     | > or = 26%                 | 100%                                                    | Default = 0.01                                          |
| 1,810                               | 22%                        | 80%                                                         | 186                                                            | 22%                        | 80%                                                     |                                                         |
| 1,772                               | 18%                        | 60%                                                         | 180                                                            | 18%                        | 60%                                                     |                                                         |
| 1,756                               | 14%                        | 40%                                                         | 174                                                            | 14%                        | 40%                                                     | Presence on 3 <sup>rd</sup> anniversary of award = 0.01 |
| 1,695                               | 10%                        | 20%                                                         | 168                                                            | 10%                        | 20%                                                     | Presence on 4 <sup>th</sup> anniversary of award = 1    |
| < 1,695                             | < 10%                      | 0%                                                          | < 168                                                          | < 10%                      | 0%                                                      |                                                         |

The free shares awarded by the Board of Directors of ALTEN SA during the financial year and not yet issued represent a maximum dilution of 1.96% of share capital as at 31 December 2016.

### 3.5.12 Information on financial liabilities

ALTEN SA and its subsidiary, ALTEN CASH MANAGEMENT, assume the financing of the Group, by having non-confirmed short-term lines of credit, renewable annually, and open lines of credit in the amount of €160,000 thousand. The new "Club Deal" agreement was recently renewed in March 2015, in replacement of the former contract, for a maximum period of seven years. At the close of the financial year, this line of credit was used in the amount of €72,000, drawn down by ALTEN Cash Management. This "Club Deal" requires the following ratios to be met for each 6-month and 12-month period while the contract is in force and an advance is outstanding:

- ratio 1 – "Consolidated net financial debt/Consolidated operating profit on activity". This ratio must be less than 2.5;
- ratio 2 – "Consolidated net financial debt/Increased equity<sup>(1)</sup>". This ratio must be less than 0.7.

At 31 December 2016, these ratios were met.

## 3.6 Notes to the income statement

### 3.6.1 Revenue

ALTEN SA's revenue in 2016 was €505,595 thousand, up 8.7% on the previous year (€465,268 thousand).

98.5% of ALTEN SA's revenue is generated in France and 1.5% outside France, from projects carried out for French customers.

(1) "Increased equity" means the Group's total shareholders' equity and quasi-consolidated funds, as defined in the consolidated financial statements of the ALTEN Group borrower.

**3.6.2 Breakdown of revenue by geographic region**

| <i>(In thousands of euros)</i> | 2016           | 2015           |
|--------------------------------|----------------|----------------|
| France                         | 497,968        | 456,302        |
| Abroad                         | 7,626          | 8,966          |
| <b>TOTAL <sup>(1)</sup></b>    | <b>505,595</b> | <b>465,268</b> |

(1) Of which 2016 revenue from operations = €475,510 thousand compared with €437,688 thousand in 2015.  
2016 revenue management fees = €30,085 thousand compared with €27,580 thousand in 2015.

**3.6.3 Transfer of expenses**

The balance of the transfer of expenses account was €1,396 thousand (€270 thousand in 2015). It was composed, for the most part, of rebilled and transferred payroll expenses.

**3.6.4 Net financial income**

Net financial income was €30,014 thousand compared with €8,437 thousand in 2015.

It reflected the following:

| <i>(In thousands of euros)</i>                                          | 2016          | 2015         |
|-------------------------------------------------------------------------|---------------|--------------|
| Dividends                                                               | 38,799        | 35,530       |
| Provisions/net reversals on non-current financial assets <sup>(1)</sup> | (8,514)       | (26,063)     |
| Other net financial income (expenses)                                   | (271)         | (1,029)      |
| <b>TOTAL</b>                                                            | <b>30,014</b> | <b>8,437</b> |

(1) Mainly concerns provisions for impairment of investment securities.

**3.6.5 Non-recurring profit**

| <i>(In thousands of euros)</i>                       | 2016            | 2015         |
|------------------------------------------------------|-----------------|--------------|
| Gains and losses on assets sold                      | (28)            | 1,935        |
| Other <sup>(1)</sup>                                 | (12,740)        | (182)        |
| Provisions/net extraordinary reversals on provisions | 0               | 917          |
| <b>TOTAL</b>                                         | <b>(12,768)</b> | <b>2,670</b> |

(1) In 2016, mainly concerns the URSSAF audit.

**3.6.6 Related parties****BALANCE SHEET**

| <i>(In thousands of euros)</i> | 2016  |
|--------------------------------|-------|
| Receivables on assets          | 442   |
| Trade receivables              | 124   |
| Other receivables              | 53    |
| Trade payables                 | 1,012 |

**INCOME STATEMENT**

| <i>(In thousands of euros)</i> | 2016  |
|--------------------------------|-------|
| Operating income               | 316   |
| Operating expenses             | 3,486 |
| Financial income               | 64    |

## 3.6.7 Information on taxable income and tax rates

| <i>(In thousands of euros)</i>                                    | 2016           | 2015          |
|-------------------------------------------------------------------|----------------|---------------|
| Net financial income                                              | 54,545         | 34,313        |
| Income tax expense                                                | (3,001)        | 2,924         |
| <b>Pre-tax earnings</b>                                           | <b>51,544</b>  | <b>37,237</b> |
| Tax rate                                                          | 33,33%         | 33,33%        |
| Theoretical income tax expense                                    | 17,181         | 12,412        |
| Social security contributions 3.3%                                | 176            | 251           |
| Additional contribution of 10.70% to corporation tax (common law) | 0              | 897           |
| 3% tax on dividend distribution                                   | 997            | 995           |
| Temporary and permanent differences <sup>(1)</sup>                | (21,355)       | (11,632)      |
| <b>Tax expense recognised</b>                                     | <b>(3,001)</b> | <b>2,924</b>  |

| <b>(1) Temporary and permanent differences</b>           | 2016            | 2015            |
|----------------------------------------------------------|-----------------|-----------------|
| Dividends                                                | (12,824)        | (11,669)        |
| Impairment of securities                                 | 1,888           | 8,325           |
| Provision SN subsidiaries                                | 745             | 0               |
| Fine and penalties                                       | 624             |                 |
| Corporate social contribution                            | 305             |                 |
| Long-term capital gain (net)                             | 0               | (335)           |
| Income from tax savings resulting from tax consolidation | (3,678)         | (811)           |
| Gifts                                                    | (657)           | (625)           |
| Employee profit sharing                                  | (590)           | 590             |
| Tax credits                                              | (4,306)         | (5,549)         |
| Other temporary and permanent differences*               | (2,863)         | (1,559)         |
| <b>TOTAL</b>                                             | <b>(21,355)</b> | <b>(11,632)</b> |

\* Primarily concerns the tax credit for encouraging competitiveness and jobs (CICE).

| <b>Breakdown of tax on current and non-recurring profit</b> | 2016           | 2015         |
|-------------------------------------------------------------|----------------|--------------|
| Current profit                                              | 644            | 2,272        |
| Non-recurring profit                                        | (3,645)        | 652          |
| <b>TOTAL TAX</b>                                            | <b>(3,001)</b> | <b>2,924</b> |

| <b>Increase and decrease in future tax liabilities</b>                       | 2016         | 2015         |
|------------------------------------------------------------------------------|--------------|--------------|
| <b>Increases</b>                                                             | <b>0</b>     | <b>0</b>     |
| <b>Decreases</b>                                                             |              |              |
| Provisions and expenses not deductible during the year of their recognition: |              |              |
| Acquisition fees                                                             | 404          | 561          |
| Employee profit sharing                                                      | 0            | 1,771        |
| Tax on Turnover                                                              | 764          | 716          |
| Retirement benefits                                                          | 1,286        | 893          |
| Translation adjustments                                                      | 2,507        | 1,219        |
| Corporate social contribution                                                | 916          | 0            |
| Uncertain clients                                                            | 638          | 31           |
| <b>TOTAL PROVISIONS AND NON-DEDUCTIBLE EXPENSES</b>                          | <b>6,515</b> | <b>5,192</b> |
| <b>DECREASE IN FUTURE TAX EXPENSE</b>                                        | <b>2,235</b> | <b>1,968</b> |

### 3.7 Other information

#### 3.7.1 Workforce

| Average headcount by category | 31/12/2016   | 31/12/2015   |
|-------------------------------|--------------|--------------|
| Managerial staff              | 4,872        | 4,436        |
| Non-managerial staff          | 351          | 504          |
| <b>TOTAL</b>                  | <b>5,223</b> | <b>4,940</b> |

#### 3.7.2 Remuneration of Corporate Officers

The Board of Directors has eight members, including the Chairman and founder. ALTEN SA has three Deputy Chief Executive Officers.

In 2016, the amount of gross remuneration and benefits in kind paid to corporate officers by ALTEN SA totalled €494 thousand. This remuneration is paid to Corporate Officers who are employees of ALTEN SA.

In accordance with the legislation in force, no advances or credits were granted to the company executives or corporate officers.

#### 3.7.3 Tax consolidation

ALTEN SA is the head Company of the tax consolidation Group, which includes several subsidiaries.

The tax payable by this group amounted to €16,331 thousand. The net tax saving to which ALTEN SA is entitled is €3,678 thousand.

The amount of tax concerning ALTEN SA is €676 thousand excluding the impact of tax integration.

#### Other commitments

| Given or mutual commitments                           | 2016   | 2015   |
|-------------------------------------------------------|--------|--------|
| Bonds, pledges and guarantees provided <sup>(1)</sup> | 10,000 | 10,000 |
| Receivables in favour of financial institutions       | 0      | 20,079 |

(1) The surety in the amount of €10,000 thousand is a guarantee for a bank loan taken out by an associate.

| Guarantees received                                          | 2016  | 2015  |
|--------------------------------------------------------------|-------|-------|
| Bank guarantees in respect of debt guarantees <sup>(1)</sup> | 2,350 | 2,000 |

(1) The bank guarantees received as debt guarantees concern the acquisitions completed during 2015.

ALTEN SA granted a first-demand guarantee to the banks as part of the Club Deal dated 20 March 2015. This guarantee covers €180,000 thousand for a term running to 20 March 2022.

#### 3.7.4 Contingent liabilities

Following a tax audit for the period from 1 January 2013 to 31 December 2014, the adjustments proposed by the tax authority led to payments totalling €8.5 million being applied to research tax credits. ALTEN SA's de facto and de jure case is sufficiently robust to enable us to continue to challenge the proposed adjustments. Therefore, no provision has been made in the 2016 financial statements, and ALTEN SA will continue to liaise with the tax authority as part of hierarchical appeals lodged to continue to defend its stance on the research tax credit.

#### 3.7.5 Off-balance sheet commitments

##### Minority interests purchase options

Under the terms of the Joint Venture Protocol signed on 26 November 2014, a unilateral and irrevocable sale promise, which covered 49% of the joint company ALTEN SIR GLOBAL SECURITY SERVICES, was granted to ALTEN SA.

**3.7.6 Treasury shares**

Within the framework of the share buyback programme adopted by the Combined Ordinary and Extraordinary General Meetings of 27 June 2008 and 23 June 2009, the Company purchased and sold the following shares under its liquidity contract during the past financial year.

|                              | 2016      |
|------------------------------|-----------|
| Shares held at start of year | 7,375     |
| Shares purchased             | 165,732   |
| Shares sold                  | (170,173) |
| Shares held at closing       | 2,934     |

No acquisition of treasury shares to be awarded to employees took place during the 2016 financial year.

Treasury shares are recognised under non-current financial assets in the amount of €8,713 thousand for a total of 460,022 shares purchased.

Treasury shares are not revalued in the annual financial statements. Based on the average from the last 20 days of the trading month, treasury shares are estimated at €30,433 thousand.

*Summary of transactions during the year:*

|                              | 2016      |
|------------------------------|-----------|
| Shares held at start of year | 467,397   |
| Shares purchased             | 165,732   |
| Shares sold                  | (170,173) |
| Shares held at closing       | 462,956   |

### 3.8 Table of subsidiaries and associates

|                                                                            | ALTEN SA Closing on 31/12/2016 |                                         |                             |                               |         |                                                           |                                           |                                                  |                                           |                                                                       |
|----------------------------------------------------------------------------|--------------------------------|-----------------------------------------|-----------------------------|-------------------------------|---------|-----------------------------------------------------------|-------------------------------------------|--------------------------------------------------|-------------------------------------------|-----------------------------------------------------------------------|
|                                                                            | Capital                        | Shareholders' Equity other than capital | Share of capital owned, in% | Book value of securities held |         | Loans and advances made by the company and not yet repaid | Guarantees and bonds given by the company | Earnings in the last financial year (excl. tax). | Net income for the year ended 31/12/2016. | Dividends paid to the Group by the company during the financial year. |
|                                                                            |                                |                                         |                             | Gross                         | Net     |                                                           |                                           |                                                  |                                           |                                                                       |
| Subsidiaries more than 50% directly held<br><i>(in thousands of euros)</i> |                                |                                         |                             |                               |         |                                                           |                                           |                                                  |                                           |                                                                       |
| Alten SIR                                                                  | 20,003                         | 10,272                                  | 100                         | 26,221                        | 26,221  | 0                                                         |                                           | 124,855                                          | 5,085                                     |                                                                       |
| Alten Training Center                                                      | 16                             | 44                                      | 100                         | 1,018                         | 950     | 0                                                         |                                           | 1,602                                            | 337                                       |                                                                       |
| Alten Sud-Ouest                                                            | 15,061                         | 8,447                                   | 100                         | 15,939                        | 15,939  | 0                                                         |                                           | 132,417                                          | 9,481                                     |                                                                       |
| MI-GSO                                                                     | 1,000                          | 9,244                                   | 100                         | 11,941                        | 11,941  | 0                                                         |                                           | 68,517                                           | 6,042                                     | 6,000                                                                 |
| Alten Cash Management                                                      | 2,850                          | (3,971)                                 | 100                         | 3,493                         | 3,493   | 20,366                                                    |                                           | 0                                                | 1,416                                     |                                                                       |
| Alten Europe                                                               | 57,120                         | 96,022                                  | 100                         | 58,072                        | 58,072  | 17,252                                                    |                                           | 0                                                | 271                                       |                                                                       |
| Elitys Consulting                                                          | 60                             | 37                                      | 100                         | 1,750                         | 1,750   | 0                                                         |                                           | 7,618                                            | 326                                       | 1,500                                                                 |
| Pegase SI                                                                  | 100                            | (1,062)                                 | 100                         | 426                           | 0       | 0                                                         |                                           | 3,006                                            | 365                                       |                                                                       |
| Atexis France                                                              | 1,307                          | 727                                     | 100                         | 9,435                         | 0       | 0                                                         |                                           | 17,570                                           | (4,265)                                   |                                                                       |
| Alten Aerospace                                                            | 37                             | 2,354                                   | 100                         | 37                            | 37      | 0                                                         |                                           | 21,819                                           | 2,275                                     |                                                                       |
| Avenir Conseil Formation                                                   | 50                             | 6,636                                   | 99,96                       | 533                           | 533     | 0                                                         |                                           | 24,166                                           | 2,576                                     | 3,499                                                                 |
| Alten SI Techno Romania                                                    | 1                              | 1,800                                   | 100                         | 0                             | 0       | 0                                                         |                                           | 7,816                                            | 855                                       |                                                                       |
| Anotech Energy France                                                      | 100                            | 7,989                                   | 100                         | 621                           | 621     | 0                                                         |                                           | 67,206                                           | 1,042                                     | 3,000                                                                 |
| HPTI                                                                       | 40                             | 13,761                                  | 100                         | 40                            | 40      | 0                                                         |                                           | 0                                                | 282                                       |                                                                       |
| Alten SIR GTS                                                              | 200                            | 108                                     | 100                         | 612                           | 0       | 0                                                         |                                           | 653                                              | (489)                                     | 800                                                                   |
| ID.APPS                                                                    | 100                            | (48)                                    | 100                         | 127                           | 127     | 0                                                         |                                           | 6,592                                            | 431                                       |                                                                       |
| APTECH SAS                                                                 | 100                            | 2,432                                   | 100                         | 1,852                         | 1,852   | 0                                                         |                                           | 18,524                                           | 930                                       | 1,000                                                                 |
| PPP USA INC                                                                | 3                              | 2,874                                   | 100                         | 29,830                        | 9,455   | 0                                                         |                                           | 18,781                                           | 694                                       |                                                                       |
| PPP LTD UK                                                                 | 0                              | 10,377                                  | 100                         | 14,082                        | 14,082  | 0                                                         |                                           | 27,918                                           | (161)                                     |                                                                       |
| ABILENE                                                                    | 2,567                          | 3,622                                   | 100                         | 11,989                        | 11,989  | 1,460                                                     |                                           | 2,584                                            | 86                                        |                                                                       |
| HPA                                                                        | 100                            | (4)                                     | 100                         | 100                           | 100     | 0                                                         |                                           | 0                                                | (1)                                       |                                                                       |
| ALT 02                                                                     | 1                              | (3)                                     | 100                         | 1                             | 1       | 0                                                         |                                           | 0                                                | 0                                         |                                                                       |
| ALT 03                                                                     | 1                              | (3)                                     | 100                         | 1                             | 1       | 0                                                         |                                           | 0                                                | 0                                         |                                                                       |
| ALTEN LIFE SCIENCE HOLDING                                                 | 1                              | (3)                                     | 100                         | 1                             | 1       | 0                                                         |                                           | 0                                                | (63)                                      |                                                                       |
| ALTEN TECHNOLOGIES                                                         | 1                              | (3)                                     | 100                         | 1                             | 1       | 0                                                         |                                           | 99                                               | (85)                                      |                                                                       |
| HUBSAN                                                                     | 100                            | (20)                                    | 100                         | 100                           | 100     | 0                                                         |                                           | 8,276                                            | 326                                       |                                                                       |
| Alten SIR GSS                                                              | 150                            | (125)                                   | 51                          | 77                            | 77      | 0                                                         |                                           | 1,182                                            | 40                                        |                                                                       |
| AIXIAL                                                                     | 5,321                          | 3,904                                   | 100                         | 15,650                        | 15,650  | 0                                                         |                                           | 21,764                                           | 2,338                                     |                                                                       |
| ALT 06                                                                     | 1                              | 0                                       | 100                         | 1                             | 1       | 0                                                         |                                           | 0                                                | 0                                         |                                                                       |
| ALT 07                                                                     | 1                              | 0                                       | 100                         | 1                             | 1       | 0                                                         |                                           | 0                                                | 0                                         |                                                                       |
| ALT 08                                                                     | 1                              | 0                                       | 100                         | 1                             | 1       | 0                                                         |                                           | 0                                                | 0                                         |                                                                       |
| TOTAL SECURITIES                                                           |                                |                                         |                             | 203,953                       | 173,037 |                                                           |                                           |                                                  |                                           |                                                                       |
| General information on other securities                                    |                                |                                         |                             |                               |         |                                                           |                                           |                                                  |                                           |                                                                       |
| French subsidiaries                                                        |                                |                                         |                             | 0                             | 0       |                                                           |                                           |                                                  |                                           |                                                                       |
| Foreign subsidiaries                                                       |                                |                                         |                             | 3,201                         | 3,201   |                                                           |                                           |                                                  |                                           |                                                                       |
| Interests in French companies                                              |                                |                                         |                             | 9,004                         | 9,004   |                                                           |                                           |                                                  |                                           |                                                                       |
| TOTAL OTHER SECURITIES                                                     |                                |                                         |                             | 12,206                        | 12,206  | 0                                                         |                                           |                                                  |                                           | 0                                                                     |

## 20.4 AUDIT OF COMPANY HISTORICAL FINANCIAL INFORMATION

### 20.4.1 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

*This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and is provided solely for the convenience of English-speaking users.*

*The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.*

*This report also includes information relating to the specific verification of information given in the Group's management report.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

#### To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we hereby report to you, for the year ended 31 December 2016 on:

- the audit of the accompanying consolidated financial statements of ALTEN S.A.;
- the justification of our assessments;
- the specific verification required by law.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

#### 1 Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques

or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2016 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

#### 2 Justification of our assessments

In application of the provisions of Article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we hereby inform you of the following matters:

- Goodwill is valued on the basis of its value-in-use in accordance with the procedure described in Notes 2.2.5.3 "Goodwill" and 2.2.5.6 "Impairment of assets" and 3.1 "Goodwill" of the consolidated financial statements. Based on the information provided to us, we assessed the data provided by management on which the values-in-use are based and specifically reviewed the expected discounted cash flows for each Cash Generating Unit (CGU), checked the consistency of assumptions with the forecast data and verified that the notes to the financial statements provide adequate information.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

#### 3 Specific verification

As required by French law, in accordance with professional standards applicable in France, we have also verified the information presented in the Group's management report. We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine, 28 April 2017

Grant Thornton

French member of Grant Thornton International

Vincent Frambourt  
Partner

Paris-La Défense, 28 April 2017

KPMG AUDIT IS

Jean-Pierre Valensi  
Partner

## 20.4.2 STATUTORY AUDITORS' REPORT ON THE SEPARATE FINANCIAL STATEMENTS

*This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking users.*

*The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not.*

*This information is presented below the opinion on the Company financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the Company financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the Company financial statements.*

*This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.*

### To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we hereby report to you, for the year ended 31 December 2016 on:

- the audit of the accompanying financial statements of ALTEN S.A.;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by your Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

### 1 Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the financial position and the assets and liabilities of the Company as of December 31, 2016 and the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

Without challenging the opinion expressed above, we would like to draw your attention to Notes 3.4.1" change in accounting method"

and 3.4.3" Business Assets" to the financial statements which describes the change in accounting method regarding the allocation of technical losses in accordance with Article 12 of Regulation No. 2015-06 of November 23, 2015.

### 2 Justification of our assessments

In application of the provisions of Article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we hereby inform you of the following information:

- Business assets are subject to value testing and is assessed in accordance with the procedure described in Note 3.4.3 "Business Assets" of the notes to the financial statements. Investment securities are valued in accordance with the procedure described in Note 3.4.4 "Investment securities". The necessity to record an impairment of these assets is assessed in reference to the value of the discounted future cash flow determined in accordance with the procedures set forth in the notes above. Our work consisted of: assessing the information provided by the management which was used as a basis for these estimates; reviewing the discounting of the expected future cash flows; checking the consistency of the assumptions made with the forecasts and ensuring that the notes to the financial statements provide appropriate information.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

### 3 Verifications and specific information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to shareholders with respect to the financial position and the financial statements.

With regard to the information provided pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code concerning the compensation and benefits paid to the Corporate Officers as well as the commitments made in their favour, we have verified their consistency with the financial statements or with the data used to prepare these financial statements and, where necessary, with the information collected by your Company from the companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine, 28 April 2017  
Grant Thornton  
French member of Grant Thornton International  
Vincent Frambourt  
Partner

Paris-La Défense, 28 April 2017  
KPMG AUDIT IS  
Jean-Pierre Valensi  
Partner

## 20.5 DATE OF LATEST FINANCIAL INFORMATION

The last financial year for which financial information was audited was the year ended 31 December 2016.

## 20.6 INTERIM FINANCIAL AND OTHER INFORMATION

The last financial year for which financial information was audited was the year ended 31 December 2016.

## 20.7 DIVIDEND DISTRIBUTION POLICY

Over the last three years, ALTEN SA has paid the following gross dividends per share:

| <i>(In euros per share)</i> | <b>2016</b><br><i>(in respect of the 2015 financial year)</i> | <b>2015</b><br><i>(in respect of the 2014 financial year)</i> | <b>2014</b><br><i>(in respect of the 2013 financial year)</i> |
|-----------------------------|---------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------|
| Gross dividend              | 1.00                                                          | 1.00                                                          | 1.00                                                          |

Future gross dividends will depend on the Company's ability to generate profits, its financial position, its development strategy and all other factors that the Board of Director's consider relevant.

## 20.8 LEGAL AND ARBITRATION PROCEEDINGS

Other than as mentioned in paragraph 4.5 of this Registration Document, there are no other governmental, judicial, arbitration or administrative procedures, including all procedures known to the Company, that are pending or liable to occur and likely to result or which have resulted in a material impact on the financial position or profitability of the issuer and/or the Group over the past 12 months (see sections 4.5 and 20.3.1, Note 3.11).

## 20.9 MATERIAL CHANGE IN FINANCIAL OR COMMERCIAL POSITION

There were no material changes in the financial or commercial position of the ALTEN Group during the year since the end of the last year for which audited financial statements have been published.

## ADDITIONAL INFORMATION

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## 21.1 SHARE CAPITAL

### 21.1.1 SUBSCRIBED AND AUTHORISED CAPITAL

At 31 December 2016, subscribed share capital amounted to €34,240,175.27, divided into 33,687,725 shares, as noted by the Company's Board of Directors at its meeting of 23 December 2016. These 33,687,725 shares represent 38,801,943 theoretical voting rights and 38,338,987 actual voting rights. At the beginning of the financial year, there were 33,662,625 shares in circulation, representing the creation of 25,100 new shares following the exercising of the share options during the year.

As of the date of this Registration Document, subscribed share capital amounted to €34,244,184.97 divided into 33,691,670 ordinary shares, fully subscribed and paid-up, and all of the same

class. These 33,691,670 shares represent 38,805,373 theoretical voting rights and 38,343,151 actual voting rights.

The difference between the number of shares and the number of voting rights is due to the existence of shares with a double voting right.

The difference between the number of theoretical votes and the number of actual votes corresponds to the number of treasury shares.

Shares are freely transferable; they are either registered shares or bearer shares as decided by the shareholder.

#### SUMMARY TABLE OF DELEGATIONS AND AUTHORISATIONS TO INCREASE THE SHARE CAPITAL

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Date of the O&EGM | Delegation's expiry date | Amount authorised                                                                                                                                     | Increase(s) and issuance(s) carried out in previous years | Increase(s) and issuance(s) carried out during the financial year | Residual amount at 31/12/2016                                                                                                                         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| Delegation of authority for the purpose of increasing capital through capitalisation of reserves, earnings or premiums                                                                                                                                                                                                                                                                                                                                                                              | 18/06/2015        | 17/08/2017               | €17,000,000                                                                                                                                           | None                                                      | None                                                              | €17,000,000                                                                                                                                           |
| Delegation for purposes of issuing ordinary shares which, if applicable, conferring a right to ordinary shares or to the allocation of debt securities (of the Company or a Group company), and/or securities conferring a right to ordinary shares to be issued (by the Company or by a Group company), with pre-emptive subscription rights                                                                                                                                                       | 18/06/2015        | 17/08/2017               | €17,000,000<br>(nominal amount of shares)<br>€280,000,000<br>(nominal amount of debt securities)                                                      | None                                                      | None                                                              | €17,000,000<br>(nominal amount of shares)<br>€280,000,000<br>(nominal amount of debt securities)                                                      |
| Delegation for purposes of increasing company capital through the issuance of ordinary shares or marketable securities giving access to capital and/or entitlement to the allocation of debt securities with pre-emptive subscription rights and compulsory priority period by public offering                                                                                                                                                                                                      | 24/05/2016        | 23/07/2018               | €3,423,118<br>(nominal amount of shares)<br>€240,000,000<br>nominal amount of debt securities <sup>(1)</sup>                                          | None                                                      | None                                                              | €3,423,118<br>(nominal amount of shares)<br>€240,000,000<br>nominal amount of debt securities <sup>(1)</sup>                                          |
| Delegation for purposes of issuing ordinary shares which, if applicable, conferring a right to ordinary shares or to the allocation of debt securities (of the Company or a Group company), and/or securities (with the exception of debt securities) conferring a right to ordinary shares to be issued (by the Company or by a Group company), with elimination of pre-emptive subscription rights, by an offering referenced in II of Article L. 411-2 of the French Monetary and Financial Code | 18/06/2015        | 17/08/2017               | 5% of capital at 18/06/2015<br>(nominal amount of shares) <sup>(1)(2)</sup> and<br>€150,000,000<br>(nominal amount of debt securities) <sup>(2)</sup> | None                                                      | None                                                              | 5% of capital at 18/06/2015<br>(nominal amount of shares) <sup>(1)(2)</sup> and<br>€150,000,000<br>(nominal amount of debt securities) <sup>(2)</sup> |

|                                                                                                                                                                                                                                                                                                                                | Date of the O&EGM | Delegation's expiry date | Amount authorised                                                                                                                            | Increase(s) and issuance(s) carried out in previous years | Increase(s) and issuance(s) carried out during the financial year                                 | Residual amount at 31/12/2016                                                                                                                |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|---------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| Delegation for purposes of issuing debt securities conferring a right to ordinary shares to be issued (by the Company or by a Group company), without pre-emptive subscription rights, by an offering referenced in II of Article L. 411-2 of the French Monetary and Financial Code                                           | 18/06/2015        | 17/08/2017               | 5% of capital at 18/06/2015 (nominal amount of shares) <sup>(1)(2)</sup> and €150,000,000 (nominal amount of debt securities) <sup>(2)</sup> | None                                                      | None                                                                                              | 5% of capital at 18/06/2015 (nominal amount of shares) <sup>(1)(2)</sup> and €150,000,000 (nominal amount of debt securities) <sup>(2)</sup> |
| Delegation for purposes of increasing the share capital by the issuance of ordinary shares and/or securities conferring a right in the share capital, within the limit of 5% of the share capital, with a view to remunerating contributions in kind of shares or securities conferring a right in the share capital           | 18/06/2015        | 17/08/2017               | 5% of capital at 18/06/2015 <sup>(1)</sup>                                                                                                   | None                                                      | None                                                                                              | 5% of capital at 18/06/2015 <sup>(1)</sup>                                                                                                   |
| Delegation for purposes of increasing the capital by the issuance of ordinary shares and/or securities conferring a right in the share capital, without pre-emptive subscription rights, to the benefit of those belonging to a company savings plan, in accordance with Articles L. 3332-18 et seq. of the French Labour Code | 24/05/2016        | 23/07/2018               | 2% of capital at the date of the Board's decision to carry out this capital increase                                                         | None                                                      | None                                                                                              | 2% of capital at the date of the Board's decision to carry out this capital increase                                                         |
| Authorisation to award ordinary shares free of charge to salaried employees                                                                                                                                                                                                                                                    | 24/05/2016        | 23/07/2019               | 250,000 ordinary shares <sup>(3)</sup>                                                                                                       | None                                                      | 199,680                                                                                           | 50,320 ordinary shares <sup>(3)</sup>                                                                                                        |
| Authorisation to award preferred shares free of charge, known as "Preferred A shares" to employees and to some Corporate Officers                                                                                                                                                                                              | 24/05/2016        | 31/12/2016               | 275,000 ordinary shares <sup>(3)</sup>                                                                                                       | None                                                      | 2,750 preferred A shares which could result in a maximum of 275,000 ordinary shares being awarded | 0.82% of share capital at 24/05/2016, i.e. 275,000 ordinary shares <sup>(3)</sup>                                                            |
| Authorisation to award preferred shares free of charge, known as "Preferred B shares" to employees and to some Corporate Officers                                                                                                                                                                                              | 24/05/2016        | 23/07/2019               | 400,000 ordinary shares <sup>(3)</sup>                                                                                                       | None                                                      | 2,373 preferred B shares which could result in a maximum of 237,300 ordinary shares being awarded | 1.19% of share capital at 24/05/2016, i.e. 400,000 ordinary shares <sup>(3)</sup>                                                            |

(1) Charged against the maximum amount of capital increases set at 10% of share capital by the General Meeting of 24 May 2016.

(2) Common ceiling.

(3) The General Meeting of 24 May 2016 set a limit of 252,000 ordinary shares for Executive Corporate Officers; taking into account the bonus awards of 1,680 preferred A shares to two Executive Corporate Officers on 27 July 2016 (see section 15.2), which could result in a maximum of 168,000 ordinary shares being awarded, only 840 Class A or B preferred shares may be awarded to Executive Corporate Officers on the basis of the authorisation listed in the table above.

## 21.1.2 SHARES NOT REPRESENTING CAPITAL

The Articles of Association set out the issuance of preferred shares. To date, no shares have yet been issued (See sections 15.1 and 21.2.3.5 of this Registration Document).

## 21.1.3 SHARE BUYBACKS AND TREASURY SHARES

### 21.1.3.1 Report on share buyback programme

The Combined Ordinary and Extraordinary General Meeting of 24 May 2016 authorised the Board of Directors, for a period of 18 months from that General Meeting, in accordance with Articles L. 225-209 et seq. of the French Commercial Code, to proceed with the purchase, in one or more tranches, at the times of its choice, of the Company's shares subject to a maximum of 5% of the number of shares comprising the share capital, adjusted where necessary for any capital increase or decrease that might take place during the term of the programme. This authorisation replaces that granted by the General Meeting of 18 June 2015.

ALTEN has entrusted the management of a liquidity contract, in accordance with the AMAFI Code of Ethics, to KEPLER CAPITAL MARKET (Paris).

In 2016, ALTEN carried out the following share purchases and sales under its liquidity contract:

- number of shares purchased: 165,732 shares;
- average price of purchases: €55.8870;
- number of shares sold: 170,173 shares;
- average sale price: €56.4605.

At the end of the financial year, ALTEN directly or indirectly held 462,956 treasury shares, representing 1,38% of the Company's share capital, for the following purposes:

- support of the share price by way of an AMAFI (French Financial Markets Association) liquidity contract: 2,934;
- acquisitions: 0;
- covering stock options or other employee share-holding system: 460,022;
- covering securities: 0;
- cancellation: 0.

### 21.1.3.2 Overview of share buyback programme

In accordance with the provisions of Article 241-2 of the AMF's General Regulation, the aim of this document is to describe the purposes and terms of the Company's share buyback programme. This programme will be submitted for the approval of the General Meeting on 22 June 2017.

#### 1. Overview by objectives of equity securities held as at 31 March 2017

Number of shares held directly and indirectly: 462,222 shares representing 1.372% of ALTEN's share capital.

Number of shares held by objective:

- to support the share price by way of an AMAFI (French Financial Markets Association) liquidity contract: 2,200;
- acquisitions: 0;
- to cover stock options or other employee shareholding schemes: 460,022;
- to cover securities: 0;
- cancellation: 0.

### 2. New share buyback programme

**Programme authorisation:** Combined Ordinary and Extraordinary General Meeting of 22 June 2017.

**Securities concerned:** ordinary shares.

**Maximum share of capital whose buyback is authorised:** 5% of the capital (1,684,583 shares as of the current date); this limit is assessed on the date of the buyback so that any capital increases or decreases during the term of the programme may be taken into consideration. The number of shares taken into consideration in calculating this limit corresponds to the number of shares bought, after deduction of the number of shares resold for liquidity purposes during the term of the programme.

**Maximum purchase price:** €80.

**Maximum programme amount:** €134,766,640.

**Buyback terms:** purchases, sales and transfers may be carried out by all available means on the market or through a private sale, including transactions on blocks of shares; the resolution put to shareholders does not limit the proportion of the programme which may be fulfilled by the purchase of blocks of shares. This programme may not be used during the period of a public offer on the Company's shares initiated by a third party, until the offer period has expired.

**Purpose:**

- to proceed with any cancellation of the shares acquired, subject to the authorisation granted by this General Meeting of Shareholders in its tenth extraordinary resolution;
- to ensure a secondary market or the liquidity of ALTEN shares through a securities service provider via a liquidity agreement in compliance with the AMAFI Code of Ethics approved by regulations, it being specified that in this respect, the number of shares taken into account for the calculation of the above limit corresponds to the number of shares bought, less the number of shares sold;
- to hold the purchased shares and later offer them in exchange or payment in potential acquisitions;
- to cover share option plans and/or free share allocation plans (or similar schemes) to Group employees and/or Corporate Officers as well as any shares allocated under company or Group savings plans (or similar schemes) with respect to company profit-sharing and/or any other form of allocating shares to the Group's employees and/or Corporate Officers;
- to cover securities which give a right to shares in the Company within the scope of regulations currently in effect.

**Programme term:** 18 months from the General Meeting of 22 June 2017, or until 21 December 2018 inclusive.

## 21.1.4 SECURITIES CONFERRING A RIGHT IN THE SHARE CAPITAL

### Potential dilution (on a fully-diluted basis)

On the basis of 33,687,725 shares outstanding at 31 December 2016, the share capital may potentially increase by a maximum of 675,340 new shares, equivalent to 2.03% of the fully diluted capital.

This dilution would occur on the exercise of share options as well as on the issue of free shares and preferred shares.

| (Number)                                                                                                                                      | 31/12/2016        | % Dilution | 31/12/2015        | Change         |
|-----------------------------------------------------------------------------------------------------------------------------------------------|-------------------|------------|-------------------|----------------|
| Number of shares                                                                                                                              | 33,687,725        |            | 33,662,625        | 25,100         |
| Share options                                                                                                                                 | 22,472            | 0.07%      | 57,472            | (35,000)       |
| Free of charge awards of shares and of preferred A or B shares (awarded but not yet issued as at 31/12/16, excluding lapsed or voided shares) | 675,240           | 1.96%      | -                 | 675,240        |
| Potential dilution (on a fully-diluted basis)                                                                                                 | 697,712           | 2.03%      | 57,472            | 640,320        |
| <b>TOTAL POTENTIAL CAPITAL</b>                                                                                                                | <b>34,385,437</b> |            | <b>33,720,097</b> | <b>665,340</b> |

## 21.1.5 TERMS OF ANY ACQUISITION RIGHTS AND/OR OBLIGATIONS OVER AUTHORISED BUT UNISSUED CAPITAL OR AN UNDERTAKING TO INCREASE THE CAPITAL

None.

## 21.1.6 OPTIONS OR AGREEMENTS

None.

## 21.1.7 HISTORY OF SHARE CAPITAL

### INFORMATION RELATING TO THE PERIOD COVERED IN THE HISTORICAL FINANCIAL INFORMATION

| Date       | Transaction                          | Capital        | Cumulative premiums | Number of shares |
|------------|--------------------------------------|----------------|---------------------|------------------|
| 31/01/2014 | Share options and warrants exercised | €33,617,706.56 | €36,371,208.54      | 33,075,301       |
| 25/02/2014 | Stock options exercised              | €33,647,025.68 | €36,835,542.28      | 33,104,147       |
| 02/04/2014 | Share options and warrants exercised | €33,727,469.79 | €38,101,983.47      | 33,183,293       |
| 18/06/2014 | Share options and warrants exercised | €34,026,504.30 | €42,482,300.21      | 33,477,502       |
| 28/07/2014 | Stock options exercised              | €34,026,707.58 | €42,485,138.93      | 33,477,702       |
| 23/09/2014 | Stock options exercised              | €34,032,704.35 | €42,591,617.16      | 33,483,602       |
| 29/10/2014 | Stock options exercised              | €34,036,729.30 | €42,678,086.21      | 33,487,562       |
| 28/01/2015 | Share options and warrants exercised | €34,140,451.05 | €44,400,980.64      | 33,589,610       |
| 24/02/2015 | Stock options exercised              | €34,141,314.99 | €44,416,377.20      | 33,590,460       |
| 09/04/2015 | Stock options exercised              | €34,170,892.28 | €44,991,130.92      | 33,619,560       |
| 18/06/2015 | Stock options exercised              | €34,179,089.55 | €45,117,558.30      | 33,627,625       |
| 28/07/2015 | Stock options exercised              | €34,180,258.41 | €45,133,880.94      | 33,628,775       |
| 21/09/2015 | Stock options exercised              | €34,181,274.81 | €45,149,250.54      | 33,629,775       |
| 27/10/2015 | Stock options exercised              | €34,182,697.77 | €45,173,825.58      | 33,631,175       |
| 28/01/2016 | Stock options exercised              | €34,214,663.60 | €45,692,156.25      | 33,662,625       |
| 23/02/2016 | Stock options exercised              | €34,217,865.26 | €45,745,490.09      | 33,665,775       |
| 11/04/2016 | Stock options exercised              | €34,231,180.12 | €46,007,876.23      | 33,678,875       |
| 25/05/2016 | Stock options exercised              | €34,236,262.13 | €46,114,619.22      | 33,683,875       |
| 27/07/2016 | Stock options exercised              | €34,238,752.31 | €46,149,393.54      | 33,686,325       |
| 20/09/2016 | Stock options exercised              | €34,239,362.15 | €46,157,909.70      | 33,686,925       |
| 27/10/2016 | Stock options exercised              | €34,239,870.35 | €46,165,006.50      | 33,687,425       |
| 23/12/2016 | Stock options exercised              | €34,240,175.27 | €46,169,264.58      | 33,687,725       |

## 21.2 STATUTORY INFORMATION

### 21.2.1 CORPORATE PURPOSE

The Company's corporate purpose is defined in Article 2 of the Articles of Association as follows: "all services provided in France and abroad in the technology, IT and electronics sectors, particularly as regards: consultancy, studies and engineering, training, support, maintenance, systems and network operations, facility management, development and distribution of products, hardware or software, as well as the Company's participation by any direct or indirect means in all transactions related to its purpose, by creating new companies, by contributing to, subscribing or purchasing securities or corporate rights, through mergers or otherwise, the creation, acquisition, taking on a lease or management lease of any business assets or establishments; the management, acquisition, operation or disposal

of any procedures or patents relating to the aforementioned activities, and more generally any industrial, commercial, financial, civil, movable property or real estate-related transaction that is directly or indirectly related to the corporate purpose, or to any similar or connected purpose."

#### Financial year (Article 25 of the Articles of Association)

The Company's financial year is twelve (12) months. It starts on 1 January and ends on 31 December of each year.

### 21.2.2 GOVERNANCE

#### 21.2.2.1 Board of Directors – Composition – Term of office (Article 16 of the Articles of Association)

The Company is administered by a Board of Directors with no fewer than 3 and no more than 18 members; in the event of a merger, however, the Board may exceed a maximum of 18 members according to the conditions and limits defined in the French Commercial Code.

Directors are appointed by the Ordinary General Meeting, which may dismiss a Director from office at any time. In the event of a merger or a demerger, they are appointed by the Extraordinary General Meeting. A legal entity which is appointed as Director must designate a permanent representative who is subject to the same conditions and obligations as if he had been appointed Director in his own name.

A Company employee may only be appointed Director if his or her employment contract is current. The number of Directors employed by the Company may not exceed one-third of the total number of Directors in office.

Directors are appointed for a term of four years which expires following the Ordinary General Meeting held to approve the financial statements for the year in which such Director's term expires. All Directors whose term of office is ending are eligible to be re-elected.

The acceptance and the exercise of the duties of Director also entails the commitment, for each interested party, to attest in writing at any time that he or she personally fulfils the conditions and obligations required under the laws in force, especially with regard to concurrent appointments.

By virtue of Article L. 225-27-1 of the French Commercial Code, the Board of Directors includes a Director appointed by the Company's Works Council who represents the Group's employees. The term of office of the Director representing employees is four years.

#### 21.2.2.2 Chairmanship of the Board of Directors (Article 17 of the Articles of Association)

The Board elects a Chairman, who must be a natural person, from among its members for a period that does not exceed the Chairman's term as Director. The Board determines the Chairman's remuneration. The Board of Directors may dismiss the Chairman at any time.

The Chairman of the Board of Directors organises and oversees the work of the Board. The Chairman prepares a report on the conditions in which the work of the Board is prepared and organised as well as the internal control procedures implemented by the Company. The Chairman ensures that the Company's bodies duly fulfil their obligations and, in particular, that the Directors are in a position to perform the tasks assigned to them.

If it deems this necessary, the Board of Directors may appoint one or more Deputy Chairmen from among its members, whose sole duty is to preside over Board meetings and General Meetings in the absence of the Chairman. The Board of Directors sets the term of his/her appointment, which cannot exceed that of their term as Director. Where the Chairman and Vice-Chairman are absent, the Board of Directors will appoint one of its members to preside over the meeting.

#### 21.2.2.3 Discussions of the Board of Directors – Minutes (Article 18 of the Articles of Association)

The Board of Directors meets as often as required by the Company's interests. The Board is convened by the Chairman at his discretion and, where the Chairman is not responsible for the General Management, as requested by the Chief Executive Officer. If the Board has not met in over two months, the meeting may be convened at the request of at least one-third of the Directors. Unless the meeting is convened by another party, the Chairman sets the agenda for the meeting. Meetings must be held at the registered office.

However, they may be held at another location as set forth in the convocation, provided this location has been approved by at least half of the Directors in office.

Deliberations of the Board are only valid if at least half of the Directors are present. The Company Internal Rules stipulate that individuals taking part in the meeting via videoconference, in accordance with the legal and regulatory provisions in effect are deemed present when calculating the quorum and the majority.

All decisions require a majority vote of those members present or represented. Each Director who is present or represented holds one voting right and each Director present may only hold one delegation of authority. In the event of a tied vote, the Chairman of the meeting has the deciding vote. If the Board is composed of fewer than five Directors and only two are present at the meeting, all decisions require a unanimous vote.

Deliberations of the Board are recorded in minutes which are then signed and kept in a special register or on single sheets in accordance with the corresponding provisions in effect.

At each meeting, the Board of Directors may appoint a secretary who is not required to be a Director.

#### **21.2.2.4 Powers of the Board of Directors (Article 19 of the Articles of Association)**

The Board of Directors determines policy for the Company's business and supervises its implementation. Subject to the powers expressly allotted to Shareholders' Meetings and within the limits of the Company's object, it will address any question concerning the

satisfactory running of the Company and rule by its deliberations any matters which relate to it.

Concerning relations with third parties, the Company is bound by any actions taken by the Board of Directors, including actions which are not related to the Company's purpose unless the Company is able to prove that the third party was aware that the action in question did not fall within the scope of the Company's purpose or at least could not have been unaware of this fact given the circumstances.

The Board of Directors carries out inspections and verifications which it considers appropriate. The Company's Chairman or Chief Executive Officer shall provide each Director with all documents and information necessary for the performance of his duties.

#### **21.2.2.5 General Management (Article 20 of the Articles of Association)**

General Management of the Company is entrusted to either the Chairman of the Board of Directors or another natural person who may or may not be a member of the Board, who is appointed as Chief Executive Officer.

The Board of Directors chooses between the two available modes of General Management in accordance with Article 18 of the Articles of Association. It may modify this choice at any time. In each case, the Board of Directors informs the shareholders and third parties in accordance with the regulations in effect.

Where the Chairman is also Chief Executive Officer, he must comply with the provisions of the Articles of Association concerning the functions of general management.

### **21.2.3 RIGHTS ATTACHING TO SHARES**

#### **21.2.3.1 Statutory distribution of profits (Article 27 of the Articles of Association)**

Distributable profit is profit for the year after deducting prior year losses, if any, and the sums to be allocated to reserves, as required by law or the Articles of Association, and adding retained earnings.

The General Meeting may appropriate any sums it deems necessary to any non-mandatory reserves, whether ordinary or non-recurring, or allocate such sums to retained earnings.

The General Meeting may also decide to distribute any sums drawn from the available reserves, specifying the reserve account from which the deduction is made. However, dividends must initially be drawn from the profits for the financial year. Following approval of the accounts by the General Meeting, any losses must be carried forward as accumulated losses and offset against future profits until eliminated.

#### **21.2.3.2 Dividend payment terms (Article 28 of the Articles of Association)**

The Ordinary General Meeting held to approve the year-end financial statements may grant each shareholder, for all or a portion of the dividends paid, or an advance on the dividends, the option of receiving some or all of the interim or final dividends in cash or in shares.

#### **21.2.3.3 Indivisibility of shares – Bare ownership – Usufruct (Article 13 of the Articles of Association)**

Shares are indivisible with regard to the Company. The co-owners of undivided shares are represented at General Meetings by one of the owners or by a common agent. If there is disagreement, the agent shall be appointed by the courts at the request of the first co-owner to act.

Voting rights attaching to shares belong to the beneficial owner at Ordinary General Meetings and to the bare owner at Extraordinary General Meetings.

#### **21.2.3.4 Double voting rights (Article 14 of the Articles of Association)**

Since the Combined Ordinary and Extraordinary General Meeting of 7 January 1999, a double voting right exists which is subject to the following provisions:

Once shares are registered in the bearer's name, the shareholder is authorised to benefit from a double voting right based on the time frame in effect at the time of registration. Any subsequent change to this time frame is not enforceable against such shareholder.

Notwithstanding the above, all fully paid-up shares which have been registered in the same name for a continuous period of at least four years are assigned double voting rights.

A merger or demerger of the Company shall have no effect on the double voting rights, which may be exercised by the beneficiary company(ies) if the Articles of Association of such company(ies) so provide.

Any share converted to bearer status or whose ownership is transferred loses its double voting rights.

### **21.2.3.5 Share capital – preferred A or B shares (Article 6 of the Articles of Association amended from the effective issue date of the preferred shares)**

The Combined Ordinary and Extraordinary General Meeting of 24 May 2016 decided to create two new purchase types – preferred A or B shares – which are described below.

Note that the General Meeting of 22 June 2017 will be asked to correct a material error that slipped into its resolutions, and consequently into the statutory provisions setting up preferred A or B shares.

Thus, subject to the approval of the General Meeting of 22 June 2017, each occurrence of the term “issuance” in the provisions relating to preferred A or B shares below shall read “initial award”, and each occurrence of the phrase “Within 30 days of certification by the Statutory Auditors of the accounts for the 2018 financial year, the Company shall inform each holder of preferred A shares of the number of ordinary shares to which each preferred A share is entitled by way of conversion”, shall read “Within 30 days of the third anniversary of the initial award, the Company shall inform each holder of preferred A shares of the number of ordinary shares to which each preferred A share is entitled by way of conversion”. Moreover, in the table of definitions used for the application of the conversion rule, on the third row, under the definition of “Multiplying Coefficient” or “M”, each occurrence of the word “issuance” shall read “initial award”. In addition, each occurrence of the phrase “Within 30 days of the certification by the Statutory Auditors of the Target Year accounts, the Company shall inform each holder of preferred B shares of the number of ordinary shares to which each preferred B share is entitled by way of conversion” shall read “Within 30 days of the fourth anniversary of the initial award, the Company shall inform each holder of preferred B shares of the number of ordinary shares to which each preferred B share is entitled by way of conversion”, and in the table of definitions used for the application of the conversion rule, on the sixth row, under the definition of “Multiplying Coefficient” or “M”, each occurrence of the word “issuance” shall read “initial award”.

### **Rights attached to preferred A shares:**

Preferred A shares and the rights of their holders are governed by the relevant provisions of the French Commercial Code, and specifically Articles L. 228-11 et seq.

Preferred A shares are subject to all provisions of the Articles of Association, and to decisions taken at General Meetings by holders of ordinary shares.

From the date of their final award as defined by Article L. 225-197-1 of the French Commercial Code, preferred A shares entitle their holders to dividends for all dividend distributions decided on for each ordinary share, at half of the amount to be distributed for each ordinary share. The dividend may not be paid in shares as set out under Article 28. Preferred A shares do not carry any pre-emptive subscription rights for any capital increase or transactions with rights to ordinary shares. However, the conversion ratio will be adjusted in order to uphold the rights of preferred A shareholders, under the relevant legal and regulatory conditions. As regards the ownership of corporate assets, in the event of a liquidation surplus, each preferred A share provides access to a proportion of the share capital that it represents.

Preferred A shares shall not have any voting rights attached for Ordinary and Extraordinary General Meetings of ordinary shareholders, but shall grant the right to vote at special meetings of preferred A shareholders. Holders of preferred A shares must convene at a special meeting in order to make any changes to the rights attached to preferred A shares. In addition, any planned merger or demerger of the Company under which preferred A shares cannot be exchanged for shares carrying specific equivalent rights must be approved by a special meeting, in accordance with the provisions of Article L. 228-17 of the French Commercial Code.

Deliberations of special meetings shall only be valid if the shareholders present or represented hold a minimum of one-third of the preferred A shares with voting rights attached upon first being called to a meeting, and one-fifth upon the second notice of meeting. In the event of a change to or depreciation of the capital, the rights of preferred A shareholders shall be adjusted in order to uphold their rights, pursuant to Article L. 228-99 of the French Commercial Code.

### **Conversion of preferred A shares into ordinary shares:**

Preferred A shares may only be converted into ordinary shares three years after they have been issued by the Board of Directors.

The conversion of each preferred A share is based on the achievement of performance criteria calculated by comparison between the financial year ended on 31 December 2015 and the financial year which will end on 31 December 2018.

The following definitions shall be applied to this conversion rule:

|                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "Revenue" or "Rev":                      | refers to ALTEN SA's consolidated revenue at constant scope and in accordance with IFRS standards, as calculated by the audited accounts for the year in question.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| "Rev Coefficient" or "RevCoef"           | refers to the coefficient which is based on Revenue growth between 2015 and 2018.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| "Multiplying Coefficient" or "M"         | refers to the multiplying coefficient linked to the presence of preferred A shareholders in the ALTEN Group headcount (not including those to whom a notice period applies) as follows: <ul style="list-style-type: none"> <li>• <b>M = 0.01</b> is the default coefficient;</li> <li>• <b>M = 0.02</b> if the preferred A shareholder is included in the headcount on the second anniversary of the preferred A share issue date;</li> <li>• <b>M = 1:</b> (i) if the holder of preferred A shares is included in the headcount on the third anniversary of the preferred A share issue date, or (ii) in the event of (y) the death or (z) incapacity of a beneficiary as classified under categories two or three of Article L. 341-4 of the French Social Security Code.</li> </ul> |
| "OPA Coefficient" or "OPACoef"           | refers to the coefficient based on the growth of the Operating Profit on Activity between 2015 and 2018.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| "Δ1"                                     | refers to the growth (as a percentage) of revenue between 2015 (base 100) and 2018.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| "Δ2"                                     | refers to the growth (as a percentage) of the Operating Profit on Activity between 2015 (base 100) and 2018.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| "Conversion Ratio" or "CR"               | refers to 100 ordinary shares for 1 preferred share.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| "CR1":                                   | refers to the number of ordinary shares resulting from the Conversion Ratio, calculated based on the Δ1 revenue target.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| "CR2":                                   | refers to the number of ordinary shares resulting from the Conversion Ratio, calculated based on the Δ2 Operating Profit on Activity target.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| "Operating Profit on Activity" or "OPA": | refers to ALTEN SA's consolidated Operating Profit on Activity, at constant scope and in accordance with IFRS standards, as calculated by the audited financial statements for the year in question.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

The number of ordinary shares resulting from the conversion of each preferred share shall be equal to the sum of **CR1** and **CR2** (**CR1** + **CR2**).

#### Performance criterion based on Revenue growth between 2015 and 2018 (20% weighting)

**CR1** will be calculated by multiplying the Conversion Ratio by: (i) 20%, (ii) the Multiplying Coefficient, then (iii) the Rev Coefficient.

**CR1** is equal to:  $CR \times 20\% \times M \times RevCoef$ .

The Rev Coefficient will be determined as follows:

- if **Δ1** is **higher than or equal to 120%**, the **Rev Coefficient** is **equal to 100%**;
- if **Δ1** is **equal to 117.5%**, then the **Rev Coefficient** is **equal to 80%** and is calculated on a straight-line basis if **Δ1** is higher than 117.5%;
- if **Δ1** is **equal to 115%**, then the **Rev Coefficient** is **equal to 60%** and is calculated on a straight-line basis if **Δ1** is higher than 115% and lower than 117.5%;
- if **Δ1** is **equal to 112.5%**, then the **Rev Coefficient** is **equal to 40%** and is calculated on a straight-line basis if **Δ1** is higher than 112.5% and lower than 115%;
- if **Δ1** is **equal to 110%**, then the **Rev Coefficient** is **equal to 20%** and is calculated on a straight-line basis if **Δ1** is higher than 110% and lower than 112.5%;
- if **Δ1** is **lower than 110%**, then the **Rev Coefficient** is **equal to 0%**.

#### Performance Criterion based on the growth of Operating Profit on Activity between 2015 and 2018 (80% weighting)

**CR2** will be calculated by multiplying the Conversion Ratio by: (i) 80%, (ii) the Multiplying Coefficient, then (iii) the OPA Coefficient.

**CR2** is equal to:  $CR \times 80\% \times M \times OPACoef$ .

The OPA Coefficient will be determined as follows:

- if **Δ2** is **higher than or equal to 120%**, then the **OPA Coefficient** is **equal to 100%**;
- if **Δ2** is **equal to 117.4%**, then the **OPA Coefficient** is **equal to 80%** and is calculated on a straight-line basis if **Δ2** is higher than 117.4%;
- if **Δ2** is **equal to 115%**, then the **OPA Coefficient** is **equal to 60%** and is calculated on a straight-line basis if **Δ2** is higher than 115% and lower than 117.4%;
- if **Δ2** is **equal to 112.1%**, then the **OPA Coefficient** is **equal to 40%** and is calculated on a straight-line basis if **Δ2** is higher than 112.1% and lower than 115%;
- if **Δ2** is **equal to 110%**, then the **OPA Coefficient** is **equal to 20%** and is calculated on a straight-line basis if **Δ2** is higher than 110% and lower than 112.1%;
- if **Δ2** is **lower than 110%**, the **OPA Coefficient** is **equal to 0%**.

Within 30 days of the accounts being certified for the year ended 31 December 2018, the Company shall inform each preferred A shareholder of how many ordinary shares would be granted through the conversion of each preferred A share. Preferred A shareholders will have a time period of 18 months from the third anniversary of the shares having been issued by the Board of Directors. Should this right not be exercised within this 18-month period, the preferred A shares will be automatically converted into ordinary shares.

When the total number of ordinary shares which a shareholder should receive by applying the conversion ratio to the number of preferred A shares that he/she holds is not a whole number, the number of ordinary shares received by this shareholder will be rounded down to the next whole number.

The Board of Directors will record the conversion of preferred A shares into ordinary shares, provided that such conversion complies with the terms set out above.

At the intervals at which it sees fit, the Board of Directors shall record, as required, the number of ordinary shares resulting from the conversion of preferred A shares during the financial year, and will make the necessary changes to the Articles of Association, particularly as regards the breakdown of shares by class. This task may be delegated to the Chief Executive Officer.

The ordinary shares created following the conversion of preferred A shares shall be fungible with ordinary shares.

#### **Buyback of preferred A shares:**

Should the conversion criteria not be fulfilled, the Company will buy back the non-convertible preferred A shares at its own discretion, and at their nominal value. The preferred A shares bought back in this way shall be cancelled, and the share capital reduced accordingly.

The Company shall inform holders of preferred A shares of the buyback by any means prior to the date of the buyback.

The Board of Directors shall note the number of shares bought back and cancelled, and shall make the necessary changes to the Articles of Association.

#### **Rights attached to preferred B shares:**

Preferred B shares and the rights of their holders are governed by the relevant provisions of the French Commercial Code, and specifically Articles L. 228-11 et seq.

Preferred B shares are subject to all provisions of the Articles of Association, and to decisions taken at General Meetings by holders of ordinary shares.

From the date of their final award as defined by Article L. 225-197-1 of the French Commercial Code, preferred B shares entitle their holders to dividends for all dividend distributions decided on for each ordinary share, at half of the amount to be distributed for each

ordinary share. The dividend may not be paid in shares as set out under Article 28. Preferred B shares do not carry any pre-emptive subscription rights for any capital increase or transactions with rights to ordinary shares. However, the conversion ratio will be adjusted in order to uphold the rights of preferred B shareholders, under the relevant legal and regulatory conditions. As regards the ownership of corporate assets, in the event of a liquidation surplus, each preferred B share provides access to a proportion of the share capital that it represents.

Preferred B shares shall not have any voting rights attached for Ordinary and Extraordinary General Meetings of ordinary shareholders, but shall grant the right to vote at special meetings of preferred B shareholders. Holders of preferred B shares must convene at a special meeting in order to make any changes to the rights attached to preferred B shares. In addition, any planned merger or demerger of the Company under which preferred B shares cannot be exchanged for shares carrying specific equivalent rights must be approved by a special meeting, in accordance with the provisions of Article L. 228-17 of the French Commercial Code.

Deliberations of special meetings shall only be valid if the shareholders present or represented hold a minimum of one-third of the preferred B shares with voting rights attached upon first being called to a meeting, and one-fifth upon the second notice of meeting. In the event of a change to or depreciation of the capital, the rights of preferred B shareholders shall be adjusted in order to uphold their rights, pursuant to Article L. 228-99 of the French Commercial Code.

#### **Conversion of preferred B shares into ordinary shares:**

Preferred B shares may only be converted into ordinary shares four years after they have been issued by the Board of Directors.

The conversion of each preferred B share is based on the achievement of performance criteria calculated over four consecutive financial years by comparison between the Target Year and the Reference Year.

The following definitions shall be applied to this conversion rule:

|                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "Target Year" or "N"                    | refers to the most recent of the four consecutive ALTEN SA financial years ended from day one of the Award Year;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| "Award Year"                            | refers to the ALTEN SA financial year in which the Award takes place.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| "Reference Year"                        | refers to the ALTEN SA financial year preceding the Award Year;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| "Revenue" or "Rev"                      | refers to ALTEN SA's consolidated revenue at constant scope and in accordance with IFRS standards, as calculated by the audited accounts for the year in question.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| "Rev Coefficient" or "RevCoef"          | refers to the coefficient based on Revenue growth between the Reference Year and the Target Year.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| "Multiplying Coefficient" or "M"        | refers to the multiplying coefficient linked to the presence of preferred B shareholders in the ALTEN Group headcount (not including those to whom a notice period applies) as follows: <ul style="list-style-type: none"> <li>• <b>M = 0.01</b> is the default coefficient;</li> <li>• <b>M = 0.1</b> if the preferred B shareholder is included in the headcount on the third anniversary of the preferred B share issue date;</li> <li>• <b>M = 1</b> (i) if the preferred B shareholder is included in the headcount on the fourth anniversary of the preferred B share issue date or (ii) in the event of (y) the death or (z) incapacity of a beneficiary as classified under categories two or three as set out by Article L. 341-4 of the French Social Security Code.</li> </ul> |
| "OPA Coefficient" or "OPACoef"          | refers to the coefficient based on the growth of the Operating Profit on Activity between the Reference Year and the Target Year.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| "Award"                                 | refers to the Board of Directors' award of preferred shares pursuant to the authorisation of the General Meeting of Shareholders.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| "Δ1"                                    | refers to the growth (as a percentage) of Revenue between the Reference Year (base 100) and the Target Year.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| "Δ2"                                    | refers to the growth (as a percentage) of Operating Profit on Activity between the Reference Year (base 100) and the Target Year.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| "Conversion Ratio" or "CR"              | refers to 100 ordinary shares for 1 preferred B share.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| "CR1":                                  | refers to the number of ordinary shares resulting from the Conversion Ratio, calculated based on the Δ1 Revenue target.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| "CR2":                                  | refers to the number of ordinary shares resulting from the Conversion Ratio, calculated based on the Δ2 Operating Profit on Activity target.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| "Operating Profit on Activity" or "OPA" | refers to ALTEN SA's consolidated Operating Profit on Activity, at constant scope and in accordance with IFRS standards, as calculated by the audited financial statements for the year in question.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

The Number of ordinary shares resulting from the conversion of each preferred B share shall be equal to the sum of **CR1** and **CR2** (**CR1** + **CR2**).

#### Performance criterion based on Revenue growth between the Reference Year and the Target Year (20% weighting)

**CR1** will be calculated by multiplying the Conversion Ratio by: (i) 20%, (ii) the Multiplying Coefficient, then (iii) the Rev Coefficient.

**CR1** is equal to:  $CR \times 20\% \times M \times \text{RevCoef}$ .

The Rev Coefficient will be determined as follows:

- if **Δ1** is **higher than or equal to 126%**, then the **Rev Coefficient** is equal to **100%**;
- if **Δ1** is **equal to 122%**, then the **Rev Coefficient** is equal to **80%** and is calculated on a straight-line basis if **Δ1** is higher than 122%;
- if **Δ1** is **equal to 118%**, then the **Rev Coefficient** is equal to **60%** and is calculated on a straight-line basis if **Δ1** is higher than 118% and lower than 122%;
- if **Δ1** is **equal to 114%**, then the **Rev Coefficient** is equal to **40%** and is calculated on a straight-line basis if **Δ1** is higher than 114% and lower than 118%;
- if **Δ1** is **equal to 110%**, then the **Rev Coefficient** is equal to **20%** and is calculated on a straight-line basis if **Δ1** is higher than 110% and lower than 114%;

- if **Δ1** is **lower than 110%**, then the **Rev Coefficient** is equal to **0%**.

#### Performance criterion based on Operating Profit on Activity between the Reference Year and the Target Year (80% weighting)

**CR2** will be calculated by multiplying the Conversion Ratio by (i) 80%, (ii) the Multiplying Coefficient, then (iii) the OPA Coefficient.

**CR2** is equal to:  $CR \times 80\% \times M \times \text{OPACoef}$ .

The OPA Coefficient will be determined as follows:

- if **Δ2** is **higher than or equal to 126%**, the **OPA Coefficient** is equal to **100%**;
- if **Δ2** is **equal to 122%**, then the **OPA Coefficient** is equal to **80%** and is calculated on a straight-line basis if **Δ2** is higher than 122%;
- if **Δ2** is **equal to 118%**, then the **OPA Coefficient** is equal to **60%** and is calculated on a straight-line basis if **Δ2** is higher than 118% and lower than 122%;
- if **Δ2** is **equal to 114%**, then the **OPA Coefficient** is equal to **40%** and is calculated on a straight-line basis if **Δ2** is higher than 114% and lower than 118%;
- if **Δ2** is **equal to 110%**, then the **OPA Coefficient** is equal to **20%** and is calculated on a straight-line basis if **Δ2** is higher than 110% and lower than 114%;
- if **Δ2** is **lower than 110%**, the **OPA Coefficient** is equal to **0%**.

Within 30 days of the accounts being certified for the Target Year, the Company shall inform each preferred B shareholder of how many ordinary shares would be granted through the conversion of each preferred B share. Preferred B shareholders will have a time period of 18 months from the fourth anniversary of the shares having been issued by the Board of Directors to apply for conversion. Should this right not be exercised within this 18-month period, the preferred B shares will be automatically converted into ordinary shares.

When the total number of ordinary shares which a shareholder should receive by applying the Conversion Ratio to the number of preferred B shares that he/she holds is not a whole number, the number of ordinary shares received by this shareholder will be rounded down to the next whole number.

The Board of Directors will record the conversion of preferred B shares into ordinary shares, provided that such conversion complies with the terms set out above.

At the intervals at which it sees fit, the Board of Directors shall record, as required, the number of ordinary shares resulting from the conversion of preferred B shares during the financial year, and will make the necessary changes to the Articles of Association, particularly as regards the breakdown of shares by class. This task may be delegated to the Chief Executive Officer.

The ordinary shares created following the conversion of preferred B shares shall be fungible with ordinary shares.

#### Buyback of preferred B shares:

Should the conversion criteria not be fulfilled, the Company will buy back the non-convertible preferred B shares at its own discretion, and at their nominal value. The preferred B shares bought back in this way shall be cancelled, and the share capital reduced accordingly.

The Company shall inform holders of preferred B shares of the buyback by any means prior to the date of the buyback.

The Board of Directors shall note the number of shares bought back and cancelled, and shall make the necessary changes to the Articles of Association.

#### 21.2.3.6 Identifiable bearer shares (Article 10 of the Articles of Association)

The Company may at any time request that the main custodian of its marketable securities provide the information required by law pertaining to the identity of the owners of shares that confer immediate or future voting rights at General Meetings.

### 21.2.4 CHANGES TO SHAREHOLDERS' RIGHTS

None.

### 21.2.5 GENERAL MEETINGS (ARTICLE 23 OF THE ARTICLES OF ASSOCIATION)

General Meetings are convened and deliberate according to the terms stipulated by law. General Meetings take place at the registered office or at any other place designated in the convocation.

Article 23 of the Articles of Association stipulates that *"The right to take part in General Meetings is granted by registration of shares in the books under the shareholder's or agent's name (in application of*

*paragraph 7 of Article L. 228-1 of the French Commercial Code) by no later than midnight, Paris time, on the second banking day preceding the General Meeting, either in registered accounts managed by the company or in bearer accounts managed by an authorised agent"*.

### 21.2.6 PROVISIONS IN THE ARTICLES OF ASSOCIATION RELATING TO A CHANGE IN CONTROL

None.

### **21.2.7 PROVISIONS GOVERNING OWNERSHIP THRESHOLDS (ARTICLE 9 OF THE ARTICLES OF ASSOCIATION)**

The Articles of Association require shareholders to notify the Company when their holdings exceed thresholds set forth in Article 233-7 of the French Commercial Code.

Shareholders who, acting alone or in concert, come to hold greater than or less than 3% of the share capital or voting rights, must inform the Company, by registered letter with acknowledgement of receipt, within 15 days of crossing such a threshold.

Failure to comply with the above notice requirement means that shares in excess of the undeclared fraction lose voting rights under the conditions set forth by law. This sanction applies when, at a General Meeting, one or more shareholders owning more than 3% of the capital indicate that no notice was submitted to the company and such failure to notify is duly recorded in the minutes of the General Meeting.

### **21.2.8 CHANGES IN THE CAPITAL (ARTICLE 29 OF THE ARTICLES OF ASSOCIATION)**

All modifications to the capital and the rights attached to the shares making up such capital are governed by the applicable regulations.

There are no provisions in the Company's Articles of Association that impose conditions on such changes that are more restrictive than the legal obligations in effect.

## SIGNIFICANT AGREEMENTS

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On 20 March 2015, ALTEN signed a Club Deal contract of up to €160,000,000 for a maximum term of seven years. This Club Deal is designed to fund ALTEN's operating needs as well as its investments and any acquisitions.

ALTEN also made several acquisition agreements in the last two financial years providing for targeted acquisitions of limited size in respect of the Group's overall size.

To date, the Company has made no other significant agreements, other than in the normal course of its business, that bind the Group as a whole to any significant obligation or commitment.

No member of the Group has made any agreements outside the normal course of their business that bind any Group member to a significant obligation or commitment for the Group as a whole at the publication date of this Registration Document.



# INFORMATION FROM THIRD PARTIES, EXPERT DECLARATIONS AND DECLARATIONS OF INTEREST

23

None.



## PUBLICLY AVAILABLE DOCUMENTS

# 24

The Company's Articles of Association, financial statements, reports of the Statutory Auditors and the minutes of the General Meetings are available at the Company's registered office under the terms set forth by law and in the Articles of Association.

The Company's press releases, annual Registration Documents filed with the AMF along with updates, if any, are available on the Company's website at: **[www.alten.com](http://www.alten.com)**.



## DISCLOSURE OF INTERESTS

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Reference is expressly made to sections 20.3.1, Note 2.4 “Scope of consolidation” and to Sections 20.3.2, Note 3.8.



# APPENDICES

# A

## CROSS-REFERENCE TABLE FOR THE ANNUAL FINANCIAL REPORT

*Pursuant to Article L. 451-1-2 of the French Monetary and Financial Code.*

|                                                                                                         | Page             | Chapter           |
|---------------------------------------------------------------------------------------------------------|------------------|-------------------|
| <b>1. Management report</b>                                                                             |                  |                   |
| Analysis of changes in revenue                                                                          | 134 to 135       | 9.1.1 and 9.1.2   |
| Analysis of earnings                                                                                    | 135 to 136       | 9.1.3             |
| Analysis of financial position                                                                          | 134 to 137       | 9.1 and 9.2       |
| Use of financial instruments including financial risks and price, credit, liquidity and cash flow risks | 116 to 117       | 4.1, 4.2 and 4.3  |
| Major risks and uncertainties                                                                           | 116 to 120 - 128 | 4 and 6.3         |
| Capital structure and elements likely to influence a public offer                                       | 196 to 200       | 18.1 and 18.2     |
| Buybacks of treasury shares by the Company                                                              | 266              | 21.1.3            |
| Table of current delegations to increase share capital                                                  | 264 to 265       | 21.1.1            |
| <b>2. Consolidated financial statements</b>                                                             | 209              | 20.3.1            |
| <b>3. Separate financial statements</b>                                                                 | 244              | 20.3.2            |
| <b>4. Statutory Auditors' reports on the separate and consolidated financial statements</b>             | 260 - 261        | 20.4.1 and 20.4.2 |
| <b>5. Chairman's report</b>                                                                             | 109              | 1.1               |
| <b>6. Statutory Auditors' report on the Chairman's report</b>                                           | <b>178</b>       | <b>16.4.1</b>     |
| <b>7. Certification by the person responsible for the annual financial report</b>                       | <b>188</b>       | <b>16.4.2</b>     |
| <b>Corporate social responsibility report</b>                                                           | <b>43</b>        | <b>-</b>          |

## NOTES

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