

# Information on **DIRECTORS** and **NON-VOTING DIRECTORS** as at 31 December 2010

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

### MARTIN BOUYGUES



**32 avenue Hoche, 75008 Paris, France**

Date of birth: 03/05/1952 – French national

Date of first appointment: 21/01/1982

Expiry date of current term of office: 2012

Number of shares in the company: 374,040 (65,718,293 via SCDM)

#### Expertise/experience

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

#### Principal positions outside Bouygues SA

**Chairman of SCDM**

#### Other positions and functions in the Group

**In France:** Director of TF1\*

#### Other positions and functions outside the Group

**In France:** Member of the supervisory board of Paris-Orléans\*; standing representative of SCDM and Chairman of Actiby, SCDM Participations, SCDM Invest-3

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

**2010** – Standing representative of SCDM, Chairman of SCDM Invest-1 (June 2008 to April 2010); Director of Sodeci\* in Côte d'Ivoire (June 2002 to March 2010) and CIE\* in Côte d'Ivoire (June 2001 to March 2010)

**2009** – Standing representative of SCDM, Chairman of Investaq Énergie (June 2008 to July 2009)

**2007** – Director of HSBC France (July 2002 to October 2007)

(\* Listed company)

## DEPUTY CEO

### OLIVIER BOUYGUES



**32 avenue Hoche, 75008 Paris, France**

Date of birth: 14/09/1950 – French national

Date of first appointment: 05/06/1984

Expiry date of current term of office: 2013 (2012 as Deputy CEO)

Number of shares in the company: 163,997 (65,718,293 via SCDM)

**Standing representative of SCDM and director**

#### Expertise/experience

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

#### Principal positions outside Bouygues SA

**CEO of SCDM**

#### Other positions and functions in the Group

**In France:** Director of TF1\*, Colas\*, Bouygues Telecom, Bouygues Construction and Europort

#### Other positions and functions outside the Group

**In France:** Director of Alstom\* and Finagestion; Chairman of Sagri-E and Sagri-F; standing representative of SCDM, Chairman of SCDM Énergie; non-partner manager of Sir and Sib; member of the board of Cefina

**Outside France:** Chairman & CEO and Director of Seci (Côte d'Ivoire); Director of Sodeci\* (Côte d'Ivoire), CIE\* (Côte d'Ivoire) and Sénégalaise des Eaux (Senegal)

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

**2010** – Standing representative of SCDM, Chairman of SCDM Investur (July 2007 to September 2010) and SCDM Investcan (January 2008 to September 2010)

**2006** – Director of Novasaur (February 2005 to February 2006)

(\* Listed company)

## DIRECTORS

### PIERRE BARBERIS



**7 Pili Street, South Forbes Park  
Makati 1200 Metro Manila, Philippines**

Date of birth: 29/05/1942 – French national  
Date of first appointment: 24/06/1997  
Expiry date of current term of office: 2012  
Number of shares in the company: 500

**Chairman of the Remuneration Committee**

#### Expertise/experience

Pierre Barberis is a graduate of École Polytechnique and the Institute of French Actuaries. He began his career at Caisse des Dépôts et Consignations and joined Crédit Lyonnais in 1966, where he became director of information technology and organisation in 1974. From 1979, he held senior management positions successively at Trigano SA, Crédit du Nord and Axa group. He was CEO and Deputy Chairman and CEO of Axa from 1987 to 1991. He then became Chairman of VEV and ran several software companies. From May 2002 to November 2006, Pierre Barberis was Deputy CEO of Oberthur Card Systems.

#### Other positions and functions outside the Group

**In France:** Director of Oberthur Technologies and François Charles Oberthur Fiduciaire, manager of Amrom

**Outside France:** Chairman of the Board of Wyde Corp (United States)

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

**2008** – Advisor to the Chairman of Oberthur Technologies (until 2008); Chairman and director of Wilson Gestion (until 2008)

**2006** – Deputy CEO and director of Oberthur Card Systems (until 2006)

### PATRICIA BARBIZET



**12 rue François 1<sup>er</sup>, 75008 Paris, France**

Date of birth: 17/04/1955 – French national  
Date of first appointment: 22/12/1998  
(as standing representative of Artémis)  
Date of second appointment: 13/12/2005 (in her personal capacity)  
Expiry date of current term of office: 2011  
Number of shares in the company: 500

**Member of the Accounts Committee and the Remuneration Committee**

#### Expertise/experience

Patricia Barbizet graduated from École Supérieure de Commerce de Paris (ESCP) in 1976. She began her career with the Renault group as treasurer at Renault Véhicules Industriels, then finance director at Renault Crédit International before joining the Pinault group in 1989 as finance director. She was appointed CEO of Artémis in 1992 and became CEO of Financière Pinault in 2004. She was Chairman of the supervisory board of the PPR group until May 2005 when she was appointed Vice-Chairman of the Board of Directors of PPR. Patricia Barbizet is also director of Total, TF1, Air France-KLM, and Fonds Stratégique d'Investissement.

#### Principal positions outside Bouygues SA

**CEO and Director of Artémis**

**Vice-Chairman of the Board of Directors of PPR\***

#### Other positions and functions in the Group

**In France:** Director of TF1\*

#### Other positions and functions outside the Group

**In France:** CEO (non-proxy) and member of the supervisory board of Financière Pinault; Deputy CEO and director of Société Nouvelle du Théâtre de Marigny; director of Fnac SA, Fonds Stratégique d'Investissement, Total\* and Air France-KLM\*; member of the supervisory board Yves Saint-Laurent; member of the management board of SC du Vignoble de Château Latour; standing representative of Artémis on the boards of Agéfi and Sebdo Le Point  
**Outside France:** CEO and director of Palazzo Grassi (Italy); Chairman and board member of Christies International plc\* (United Kingdom); member of the supervisory board of Gucci Group NV\* (Netherlands); non-executive director of Tawa plc\* (United Kingdom)

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

**2009** – Director of Piasa (April 2007 to January 2009)

**2008** – Chairman of Piasa (April 2007 to May 2008)

**2007** – Chairman and CEO of Piasa (December 2001 to April 2007)

**2006** – Director of Afipa (Switzerland) (June 2005 to October 2006)

(\*) Listed company

## FRANÇOIS BERTIÈRE



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

Date of birth: 17/09/1950 – French national

Date of first appointment: 27/04/2006

Expiry date of current term of office: 2012

Number of shares in the company: 65,882

### Expertise/experience

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

### Principal positions outside Bouygues SA

**Chairman and CEO of Bouygues Immobilier**

### Other positions and functions in the Group

**In France:** Director of Colas\*

(\* Listed company)

## MRS FRANCIS BOUYGUES



**50 rue Fabert, 75007 Paris, France**

Date of birth: 21/06/1924 – French national

Date of first appointment: 19/10/1993

Expiry date of current term of office: 2012

Number of shares in the company: 110 (5,290,034 via FMB)

## GEORGES CHODRON DE COURCEL



**3 rue d'Antin, 75002 Paris, France**

Date of birth: 20/05/1950 – French national

Date of first appointment: 30/01/1996

Expiry date of current term of office: 2012

Number of shares in the company: 930

**Member of the Accounts Committee**

### Expertise/experience

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

### Principal positions outside Bouygues SA

**Deputy CEO of BNP Paribas\***

### Other positions and functions outside the Group

**In France:** Chairman of Compagnie d'Investissement de Paris and Financière BNP Paribas; director of Alstom\*, Nexans\*, Société Foncière, Financière et de Participations\* and Verner Investissements; member of the supervisory board of Lagardère SCA\*; non-voting director of Exane, Safran\* and Scor\*

**Outside France:** Chairman of BNP Paribas SA (Switzerland); Vice-Chairman of Fortis Bank SA/NV\* (Belgium), director of Erbé SA (Belgium), Groupe Bruxelles Lambert SA (Belgium), Scor Holding (Switzerland) AG\* (Switzerland), Scor Global Life Rückversicherung Schweiz AG (Switzerland) and Scor Switzerland AG (Switzerland)

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

**2009** – Director of BNP Paribas Zao (Russia) (January 2006 to July 2009)

**2008** – Director of Banca Nazionale del Lavoro (Italy) (April 2006 to September 2008)

**2007** – Chairman of BNP Paribas UK Holdings Ltd (United Kingdom) (May 2005 to September 2007)

**2006** – Chairman of BNP Paribas Emergis SAS (May 2002 to November 2006); non-voting director of Scor Global Life (formerly Scor Vie) (March 2004 to December 2006)

(\* Listed company)

## LUCIEN DOUROUX



**20 rue de la Baume, 75008 Paris, France**

Date of birth: 16/08/1933 – French national

Date of first appointment: 30/03/1999

Expiry date of current term of office: 2013

Number of shares in the company: 500

**Chairman of the Ethics and Sponsorship Committee**

### Expertise/experience

Lucien Douroux graduated from the Conservatoire National des Arts et Métiers (CNAM). He was appointed CEO of Caisse Régionale du Crédit Agricole de Paris et d'Île-de-France in 1976. He was CEO of Caisse Nationale du Crédit Agricole from 1993 to 1999 and Chairman of the supervisory board of Crédit Agricole Indosuez from 1999 to 2001.

### Principal positions outside Bouygues SA

**Director of Banque de Gestion Privée Indosuez**

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

**2006** – Director of Euris (June 2000 to June 2006); Chairman of Banque de Gestion Privée Indosuez (1991 to May 2006)

## YVES GABRIEL



**1 avenue Eugène Freyssinet, 78280 Guyancourt, France**

Date of birth: 19/03/1950 – French national

Date of first appointment: 10/09/2002

Expiry date of current term of office: 2013

Number of shares in the company: 116,788

### Expertise/experience

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

### Principal positions outside Bouygues SA

**Chairman and CEO of Bouygues Construction**

### Other positions and functions in the Group

**In France:** Director of ETDE; standing representative of Bouygues Construction on the boards of Bouygues Bâtiment International, Bouygues Bâtiment Ile-de-France and Bouygues Travaux Publics

## PATRICK KRON



**3 avenue Malraux, 92300 Levallois-Perret, France**

Date of birth: 26/09/1953 – French national

Date of first appointment: 06/12/2006

Expiry date of current term of office: 2013

Number of shares in the company: 500

### Expertise/experience

Patrick Kron is a graduate of École Polytechnique and an engineer of the Corps des Mines de Paris. He began his career at the French Industry Ministry in 1979 as an engineer in the Loire Valley regional department for industry, research and the environment (DRIRE), then in the Ministry's general directorate. In 1984, he joined the Pechiney group, where he held senior operational responsibilities in one of the group's factories in Greece before becoming manager of Pechiney's Greek subsidiary in 1988. Between 1988 and 1993, Patrick Kron held various operational and financial positions at Pechiney, notably President of the Electrometallurgy Division. In 1993, he became member of the executive committee of the Pechiney group and was Chairman and CEO of Carbone Lorraine from 1993 to 1997. From 1995 to 1997, he ran Pechiney's Food and Health Care Packaging Sector and held the position of COO of the American National Can Company in Chicago (United States). From 1998 to 2002, Patrick Kron was Chairman of the executive board of Imerys before joining Alstom where he has been CEO since 1 January 2003, and Chairman and CEO since 11 March 2003. He has also been a Director since 24 July 2001.

### Principal positions outside Bouygues SA

**Chairman and CEO of Alstom\***

### Other positions and functions outside the Group

**In France:** Chairman of Alstom Resources Management; director of Afep and "Les Arts Florissants" vocal group

**Outside France:** Director of Alstom UK Holdings Ltd (United Kingdom)

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

**2007** – Director of Alstom Ltd. (United Kingdom) (April 2004 to March 2007)

**2006** – Director of Imerys\* (May 2005 to May 2006); member of the supervisory board of Vivendi Universal\* (April 2005 to December 2006)

(\* Listed company)

## HERVÉ LE BOUC



**7 place René Clair, 92653 Boulogne-Billancourt cedex, France**

Date of birth: 07/01/1952 – French national

Date of first appointment: 24/04/2008

Expiry date of current term of office: 2011

Number of shares in the company: 2,010

### Expertise/experience

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

### Principal positions outside Bouygues SA

**Chairman and CEO of Colas\***

### Other positions and functions in the Group

**In France:** Chairman and CEO of Colasie; standing representative of Colas\* on the boards of Société Parisienne d'Études d'Informatique et de Gestion, Colas Midi Méditerranée, Aximum and Échangeur International; standing representative of Spare on the boards of Sacer Atlantique; standing representative of IPF on the boards of Screg Est and Spac

**Outside France:** Vice-Chairman of the supervisory board of La Route Marocaine (Morocco); director of Hindustan Colas Limited (India), ColasCanada (Canada), Tasco (Thailand), Isco Industry (Korean Republic), and Colas Inc. (United States); member of the supervisory board of La Société Maghrébienne d'Entreprises et de Travaux (Morocco); standing representative of Colas\* on the supervisory boards of Colas Émulsions (Morocco) and Grands Travaux Routiers (Morocco)

### Other positions and functions outside the Group

**In France:** Standing representative of Colas\* on the Board of Cofiroute

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

**2007** – Chairman of Novasaur (April 2005 to May 2007), Finasaur (April 2005 to April 2007) and Investisaur (March 2005 to April 2007); Director of Aguas de Valencia (Spain) (July 2003 to July 2007)

(\* Listed company)

## HELMAN LE PAS DE SÉCHEVAL



**2 avenue de Limoges, BP 8527, 79044 Niort cedex 9, France**

Date of birth: 21/01/1966 – French national

Date of first appointment: 24/04/2008

Expiry of current term of office: 2011

Number of shares in the company: 620

**Chairman of the Accounts Committee**

### Expertise/experience

Helman le Pas de Sécheval is a graduate of École Normale Supérieure with a PhD in Physical Sciences and an engineering degree from École des Mines. He began his career in 1991 as a project manager in the financial engineering department of Banexi. From 1993 to 1997, he was deputy inspector-general of the underground quarries of Paris. In July 1997, he was appointed deputy to the head of the Department of Financial Operations and Information of the COB (the French securities regulator), becoming head of this department in 1998. From November 2001 to December 2009, Helman le Pas de Sécheval was group Chief Financial Officer of Groupama, with responsibility for the group's financing, investing, reinsurance and accounting divisions and oversight of the group's financial subsidiaries: Groupama Banque, Banque Finama (which merged with Groupama Banque on 1 October 2009), Groupama Asset Management, Groupama Immobilier, Groupama Private Equity and GIE Groupama Systèmes d'Information. He was appointed Managing Director of Groupama Centre-Atlantique on 1 January 2010.

### Principal positions outside Bouygues SA

**Managing Director of Groupama Centre-Atlantique**

### Other positions and functions outside the Group

**In France:** Managing Director of Centaure Centre-Atlantique; Vice-Chairman and director of Groupama Banque; director of Sillic\*, Gan Assurances, Groupama Holding and Groupama Holding 2; standing representative of Groupama Centre-Atlantique on the board of GIE Groupama Systèmes d'Information; standing representative of Groupama SA and co-manager of SCI d'Agassac, standing representative of Groupama Centre-Atlantique, co-manager of SCA d'Agassac

**Outside France:** director of Groupama Assicurazioni Spa, former Nuova Tirrerera (Italy)

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

**2010** – Standing representative of Groupama SA, director of GIE Groupama Systèmes d'information (October 2007 to January 2010); non-voting director of Gimar Finance & Compagnie (December 2004 to January 2010)

**2009** – Chairman of Groupama Asset Management (May 2005 to December 2009), Groupama Private Equity (May 2005 to November 2009), Groupama Immobilier (May 2005 to December 2009) and Compagnie Foncière Parisienne (October 2003 to December 2009); standing representative of Groupama SA on the supervisory board of Lagardère SCA\* (September 2002 to December 2009); director of Groupama Vita S.p.A. (Italy) (March 2002 to November 2009) and Groupama Assicurazioni S.p.A.\*\* (Italy) (March 2002 to November 2009)

## HELMAN LE PAS DE SÉCHEVAL (continued)

**2008** – Director of Groupama International (September 2006 to December 2008)

**2007** – Standing representative of Gan Assurances Vie, on the board of Locindus\* (October 2001 to March 2007); director of Scor (November 2004 to August 2007) and Scor Vie (November 2004 to August 2007)

(\* Listed company (\*\* Groupama Assicurazioni was absorbed on 1 November 2009 by Nuova Tirrerera, which adopted the name Groupama Assicurazioni)

## COLETTE LEWINER



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

Date of birth: 19/09/1945 – French national

Date of first appointment: 29/04/2010

Expiry of current term of office: 2013

Number of shares in the company: 7,930

### Expertise/experience

Colette Lewiner is a graduate of École Normale Supérieure and holds the prestigious rank of "agrégée" teacher in physics, as well as a PhD in science. She spent a large part of her career with EDF, where she was the first woman to be appointed Senior Vice President within the group, with responsibility for development and marketing strategy. She went on to lead Cogema's engineering subsidiary SGN. In 1998, she joined Capgemini, where she now heads the Global Energy, Utilities and Chemicals sector. In September 2010, in addition to her functions at Capgemini, Colette Lewiner was appointed non-executive chairwoman of TDF. She is an Officer of the Legion of Honour and a Commander of the National Order of Merit. She is director of Lafarge, Nexans and La Poste, TGS-Nopec (a Norwegian company) and TDF.

### Principal positions outside Bouygues SA

**Vice-Chairwoman, Global Leader Energy, Utilities and Chemicals sector, Capgemini\***

### Other positions and functions outside the Group

**In France:** Chairwoman and member of the Board of Directors of TDF; director of Nexans, La Poste and Lafarge\*

**Outside France:** director of TGS Nopec Geophysical Company

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

**2008** – Director of Ocean Rig (January 2008 to June 2008)

(\* Listed company)

## SANDRA NOMBRET



**1 avenue Eugène Freyssinet, 78280 Guyancourt, France**

Date of birth: 24/05/1973 – French national

Date of first appointment: 29/04/2010

Expiry date of current term of office: 2013

**Director representing employee shareholders**

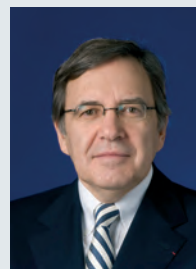
### Expertise/experience

Sandra Nombret has a DESS postgraduate diploma in foreign trade law. After joining the Bouygues group in 1997, she is currently a department head with Bouygues Bâtiment International, where she is Senior Legal Officer for the Near and Middle East, Africa, Canada and Cyprus.

### Principal positions outside Bouygues SA

**Department Head and Senior Legal officer, Bouygues Bâtiment International**

## NONCE PAOLINI



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

Date of birth: 01/04/1949 – French national

Date of first appointment: 24/04/2008

Expiry date of current term of office: 2011

Number of shares in the company: 500

### Expertise/experience

Nonce Paolini holds a Master of Arts degree and graduated from Institut d'Études Politiques de Paris (IEP) in 1972. He started his career at the French power and gas utility EDF-GDF, where he worked first in operational positions (customer service/sales and marketing), and then in senior management (organisation, training, human resources, corporate communications). He joined the Bouygues group in 1988 as human resources development director, then became the Group corporate communications director in 1990. He joined TF1 in 1993 as human resources director and became Deputy CEO of the TF1 group in 1999. In January 2002, he was appointed Senior Vice-President of Bouygues Telecom to head up sales and marketing, customer relations and human resources. Nonce Paolini became Deputy CEO in April 2004 and a director in April 2005. Nonce Paolini has been CEO of TF1 since 22 May 2007, and Chairman and CEO since 31 July 2008.

### Principal positions outside Bouygues SA

**Chairman and CEO of TF1\***

### Other positions and functions in the Group

**In France:** Chairman of TF1 Management, NT1, Holding Omega Participations (H.O.P.); Chairman and director of MCP, director of Bouygues Telecom; standing representative of TF1 Management, manager of La Chaîne Info and TF1 D.S.; standing representative of TF1\* on the boards of Extension TV, TF1 – Acquisitions de Droits and TF6 Gestion; standing representative of TF1\* and member of the Board of Directors of Groupe AB

**Outside France:** standing representative of TF1\* on the board of WB Television (Belgium)

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

**2010** – Standing representative of TF1\* on the board of Médiamétrie (July 2007 to September 2010)

(\*) Listed company

## JEAN PEYRELEVADE



**73 rue d'Anjou, 75008 Paris, France**

Date of birth: 24/10/1939 – French national

Date of first appointment: 25/01/1994

Expiry of current term of office: 2013

Number of shares in the company: 500

**Chairman of the Selection Committee**

### Expertise/experience

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

### Principal positions outside Bouygues SA

**Chairman of the Board of Leonardo & Co**

### Other positions and functions outside the Group

**In France:** Chairman of Leonardo Midcap Cf; director of DNCA Finance

**Outside France:** director of Bonnard et Gardel (Switzerland); member of the supervisory board of KLM (Netherlands)

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

**2010** – Vice-Chairman of Leonardo France (November 2006 to March 2010)

**2009** – Member of the supervisory board of CMA-CGM (June 2005 to September 2009); director of Société Monégasque d'Électricité et de Gaz (Monaco) (June 1991 to June 2009)

**2008** – Director of Suez\* (June 1983 to July 2008)

(\*) Listed company

## FRANÇOIS-HENRI PINAULT



**10 avenue Hoche, 75008 Paris, France**

Date of birth: 28/05/1962 – French national

Date of first appointment: 22/12/1998

(as standing representative of Financière Pinault)

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

Expiry of current term of office: 2013

Number of shares in the company: 500

**Member of the Selection Committee  
and the Ethics and Sponsorship Committee**

### Expertise/experience

François-Henri Pinault is a graduate of École des Hautes Études Commerciales (HEC). He has spent his whole career within the PPR group. He was CEO of France Bois Industries from 1989 to 1990 and was appointed Chairman and CEO of Pinault Distribution in 1991. In 1993, he became Chairman of CFAO. He was appointed Chairman and CEO of Fnac in 1997, then executive vice-president of the PPR group and subsequently head of Internet activities and Chairman of the supervisory board of PPR-Interactive from 2000 to 2001. Since 1998, François-Henri Pinault has been a director, and since 2003 Chairman of the Board of Directors of Artémis. In March 2005, he became Chairman of the Executive Board and then Chairman and CEO of PPR.

### Principal positions outside Bouygues SA

**Chairman, CEO and director of PPR\***

### Other positions and functions outside the Group

**In France:** Managing partner of Financière Pinault; Chairman and director of Artémis; Vice-Chairman and member of the supervisory board of Boucheron Holding; Vice-Chairman of the supervisory board of CFAO\*; director of Sapardis, Fnac SA and Soft Computing\*; member of the supervisory board of Yves Saint-Laurent SAS; member of the management board of SC du Vignoble Château Latour

**Outside France:** Chairman and member of the supervisory board of Gucci Group NV \* (Netherlands); Chairman of the supervisory board of Puma\* (Germany); board member of Christie's International Plc\* (United Kingdom); Vice-Chairman and director of Sowind group (Switzerland)

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

**2009** – Chairman, CEO and director of Redcats (December 2008 to April 2009); director of Tennessee (2001 to November 2009)

**2006** – Director of Simeira Obligations (May 2003 to December 2006)

(\*) Listed company



## MICHÈLE VILAIN



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

Date of birth: 14/09/1961 – French national

Date of first appointment: 29/04/2010

Expiry date of current term of office: 2013

**Director representing employee shareholders**

### Expertise/experience

Michèle Vilain joined Bouygues Immobilier in 1989, holding various positions in the IT and Office Automation department, including responsibility for customer services. She is currently department head at the Residential Property France division, where she is responsible for customer mediation.

### Principal positions outside Bouygues SA

**In charge of customer mediation for Bouygues Immobilier**

## NON-VOTING DIRECTOR

## ALAIN POUYAT



**32 avenue Hoche, 75008 Paris, France**

Date of birth: 28/02/1944 – French national

Date of first appointment: 26/04/2007

Expiry date of current term of office: 2013

Number of shares in the company: 29,368

### Expertise/experience

A graduate of École Nationale Supérieure des Arts et Métiers (Ensam) Alain Pouyat joined Bouygues in 1970 as an IT engineer. He was appointed IT Manager in 1981, then Group IT Director in 1986. He has been Executive Vice-President, Information Systems and New Technologies since 1988.

### Other positions and functions in the Group

**In France:** Director of Bouygues Telecom, TF1\*, ETDE, C2S, Société Parisienne d'Études d'Informatique et de Gestion

(\* ) Listed company

## SCDM

**32 avenue Hoche, 75008 Paris, France**

Date of first appointment: 22/10/1991

Expiry date of current term of office: 2013

Number of shares in the company: 65,718,293

### Other positions and functions in the Group

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

### Other positions and functions outside the Group

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

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

**2010** – Chair of SCDM Investcan (January 2008 to September 2010); SCDM Investur (July 2008 to September 2010) and SCDM Invest-1 (June 2008 to April 2010)

**2009** – Chair of Investaq Énergie (June 2008 to July 2009)

# Information on **AUDITORS**

## 1 • STATUTORY AUDITORS

- ▶ Mazars (formerly Mazars & Guérard), 61 rue Henri Regnault, 92400 Courbevoie (France), appointed as statutory auditors at the Annual General Meeting on 10 June 1998, and reappointed for a further six-year term at the Annual General Meeting on 22 April 2004 and then at the Annual General Meeting on 29 April 2010.

Mazars are represented by Gilles Rainaut.

- ▶ Ernst & Young Audit, Faubourg de l'Arche, 11 allée de l'Arche, 92037 Paris-La Défense Cedex (France), appointed as statutory auditors at the Annual General Meeting on 24 April 2003 and reappointed for a further six-year term at the Annual General Meeting on 23 April 2009.

Ernst & Young Audit are represented by Jean Bouquot.

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

## 2 • ALTERNATE AUDITORS

- ▶ Philippe Castagnac (Mazars group), appointed as alternate auditor at the Annual General Meeting on 29 April 2010, for a six-year term.
- ▶ Auditex (Ernst & Young group), appointed as alternate auditor at the Annual General Meeting on 23 April 2009, for a six-year term.

## 3 • FEES PAID BY THE GROUP TO THE AUDITORS AND MEMBERS OF THEIR NETWORKS

The fees paid to each of the auditors and to the members of their networks by Bouygues and all fully consolidated Group companies are shown in Note 22 to the consolidated financial statements.

# CHAIRMAN'S REPORT on corporate governance and internal control

## PROCEDURES FOLLOWED IN PREPARING THIS REPORT

This report has been prepared taking into consideration regulations in force, the reports and recommendation of the Autorité des marchés financiers (AMF) concerning corporate governance and internal control, the AMF guidelines for internal control and risk management, the Afep/Medef corporate governance code, practices adopted by other issuers and various internal documents (by-laws, rules of procedures and minutes of the Board of Directors and its committees, internal control principles and procedures, etc.). The writers have consulted several of the company's bodies and senior managers (Chairman of the Board of Directors, Chairman of the Accounts Committee, senior management and the management of the Legal, Finance and HR divisions), business line Corporate Secretaries and the statutory auditors. They have gathered information about the directors from the directors themselves.

The "Internal control and risk management procedures" section of the report has been prepared with input from the Group's businesses, drawing on information collected from key players in the internal control process.

The draft report was submitted to the Chairman of the Board of Directors before being sent to the directors for review. The Accounts Committee has reviewed the section on internal control and risk management procedures. This report was discussed and approved by the Board of Directors at

its meeting of 1 March 2011. The Chairman of the Board of Directors signed the report on that date.

## 1 • CORPORATE GOVERNANCE CODE

For many years, Bouygues has referred to the Afep and Medef recommendations on corporate governance. Pursuant to Article L. 225-37, paragraph 7 of the Commercial Code, at its meeting of 3 March 2009 the Board of Directors decided that in corporate governance matters it would voluntarily refer to the provisions of The Corporate Governance of Listed Corporations, a code published in December 2008 by the French Association of Private Companies (Afep) and the French employers' federation (Medef) (hereinafter referred to as "the Afep/Medef code"). On 1 June 2010, the Board of Directors adopted the April 2010 update of the Afep/Medef code, which contains recommendations to promote board gender diversity.

The Afep/Medef code may be downloaded from the Medef website (<http://www.medef.com>). It is also included as an appendix to the rules of procedure of the Board of Directors, which may be downloaded from the Bouygues website (<http://www.bouygues.com>).

In accordance with Article L. 225-37 paragraph 7 of the Commercial Code, this report will indicate hereafter, when necessary, the provisions of the aforementioned code that have been disre-

garded and the reasons for doing so (see opposite and pages 175 and 186 of this Registration Document).

## 2 • MEMBERSHIP OF THE BOARD OF DIRECTORS

The by-laws stipulate that the Board of Directors should include between three and 18 directors appointed by a shareholders' general meeting, and a maximum of two directors representing employee shareholders, elected by a shareholders' general meeting at the proposal of the Supervisory Boards of employee investment funds.

The by-laws set no age limit for directors. However, a maximum age of 70 is stipulated for the functions of chairman, chief executive officer and deputy chief executive officer. When a person serving in one of these functions reaches the age of 65, his term is submitted to the Board of Directors at its next meeting for confirmation for a period of one year. The Board of Directors may then renew the term annually for one-year periods up to the age of 70, at which time the person is required to retire.

The rules of procedure of the Board of Directors lay down certain rules on Board membership. They specify that the number of directors or standing representatives of legal entities coming from external companies in which a corporate officer or salaried director of Bouygues holds an executive position must be limited to two.

It also specifies that at least one third of directors must be independent within the meaning of the Afep/Medef code.

The Afep/Medef code states: "Given the great diversity of listed companies, it is not desirable to impose on all boards of directors formalised and identical ways of organising and operating. The organisation of the Board's work, like its membership, should be appropriate to the make-up of the shareholders, to the size and nature of each company's business (...). Each Board is the best judge of these things, and its first duty is to adopt ways of organising and operating that will best enable it to fulfil its responsibilities."

According to the Afep/Medef code, independent directors must represent at least half of all Board members in widely held companies with no controlling shareholder, and at least two thirds of all Board members in companies with a controlling shareholder, a concept not defined in the Afep/Medef code. As at 31 December 2010, seven of the 18 directors were independent, representing a proportion of 39%. This percentage is justified not only by the fact that, on the one hand, there is a main shareholder with 27.3% of voting rights and, on the other hand, there are two directors representing significant shareholders (employee shareholders), but also by the fact that, in line with Bouygues tradition, there are directors holding executive management positions within the Group or at Alstom, a company in which Bouygues has a 30.77% equity interest. Consequently, the Board's composition reflects the company's specific char-

acteristics and is considered as representing a good balance, notably because it enables the Board to obtain good information on the activities and strategies of the Group's various businesses.

Reappointments are staggered across three consecutive years.

The by-laws stipulate that a shareholders' general meeting may appoint one or more non-voting directors for a three-year term. Non-voting directors attend Board meetings on a consultative basis. They are tasked with ensuring that the by-laws are strictly observed. They review the inventories and annual financial statements and, where they consider appropriate, present their observations in this connection at shareholders' general meetings.

The Board currently comprises 18 directors and one non-voting director:

- ▶ sixteen directors appointed by a shareholders' general meeting: Pierre Barberis, Patricia Barbizet, François Bertière, Mrs Francis Bouygues, Martin Bouygues, Georges Chodron de Courcel, Lucien Douroux, Yves Gabriel, Patrick Kron, Hervé Le Bouc, Nonce Paolini, Helman le Pas de Sécheval, Colette Lewiner, Jean Peyrelevalde, François-Henri Pinault and SCDM (represented by Olivier Bouygues);
- ▶ two directors elected by the Annual General Meeting from among the members of the Supervisory Boards of the employee savings schemes (profit-sharing and the employee savings schemes), representing employee shareholders: Michèle Vilain and Sandra Nombret;
- ▶ one non-voting director: Alain Pouyat.

Name	Committee membership									
	Age <sup>a</sup>	Accounts	Remuneration	Selection	Ethics and Sponsorship	Start of first term	End of current term	Years on board <sup>a</sup>	Professional experience	
<b>Corporate officers</b>										
Martin Bouygues Chairman and CEO	58					1982	2012	28	Industry	
Olivier Bouygues Deputy CEO Standing representative of SCDM	60					1997 <sup>b</sup>	2013	26	Industry	
<b>Independent directors</b>										
Pierre Barberis	68		■			1997	2012	13	Banking, insurance, IT	
Patricia Barbizet	55	■	■			2005 <sup>c</sup>	2011	12	Industry, distribution	
Lucien Douroux	77				■	1999	2013	11	Banking, finance	
Helman le Pas de Sécheval	44	■				2008	2011	2	Finance, insurance	
Colette Lewiner	66					2010	2013	0	Industry	
Jean Peyrelevalde	71			■		1994	2013	16	Banking, finance	
François-Henri Pinault	48			■	■	2005 <sup>d</sup>	2013	12	Industry, distribution	
<b>Directors representing employee shareholders</b>										
Sandra Nombret	37					2010	2013	0	Industry, construction	
Michèle Vilain	50					2010	2013	0	Property	
<b>Salaried directors from Bouygues businesses or Alstom</b>										
François Bertière	60					2006	2012	4	Property	
Yves Gabriel	60					2002	2013	8	Industry, construction	
Patrick Kron	57					2006	2013	4	Industry	
Hervé Le Bouc	58					2008	2011	2	Industry, construction	
Nonce Paolini	61					2008	2011	2	Telecoms, media	
<b>Other directors</b>										
SCDM						1991	2013	19	-	
Mrs Francis Bouygues	86					1993	2012	17	-	
Georges Chodron de Courcel	60	■				1996	2012	14	Banking, finance	
<b>Non-voting director</b>										
Alain Pouyat	66					2007	2013	3	Industry, IT	

[a] As at 31 December 2010 [b] From 1984 to 1997, either in his personal capacity or as a standing representative [c] From 1998 to 2005, as a standing representative of Artémis [d] From 1998 to 2005, as a representative of Financière Pinault

Lucien Douroux, Yves Gabriel, Patrick Kron, Jean Peyrelevade, François-Henri Pinault and SCDM (represented by Olivier Bouygues) were reappointed as directors for a further three-year term at the Annual General Meeting on 29 April 2010.

Alain Pouyat was reappointed as a non-voting director for a further three-year term.

Martin Bouygues is Chairman of the Board of Directors and Chief Executive Officer. Olivier Bouygues is Deputy Chief Executive Officer, and has the same powers as the Chief Executive Officer. At the end of the Annual General Meeting held on 23 April 2009, the Board of Directors reappointed Martin Bouygues as Chairman and Chief Executive Officer for the period of his term of office as a director, ie until the end of the Annual General Meeting called to approve the 2011 financial statements. The Board also decided to reappoint Olivier Bouygues as Deputy Chief Executive Officer throughout Martin Bouygues' term of office as Chairman and Chief Executive Officer. Should Martin Bouygues cease to be Chief Executive Officer, Olivier Bouygues' duties would cease on the date on which a new Chief Executive Officer was appointed, unless the Board decided they should cease immediately or, conversely, that they should continue at the proposal of the new Chief Executive Officer.

The Board has formed four committees to assist it in its work: the Accounts Committee, the Remuneration Committee, the Selection Committee and the Ethics and Sponsorship Committee. The roles, membership and work of these committees are detailed below.

At the Annual General Meeting convened for 21 April 2011, it will be proposed that Patricia

Barbizet, Hervé Le Bouc, Helman le Pas de Sécheval and Nonce Paolini be reappointed as directors.

### 3 • DIRECTORS' TERMS OF OFFICE AND DUTIES

Information required under Article L. 225-102-1, paragraph 4 of the Commercial Code can be found above in the management report, pages 162-170 of this Registration Document.

### 4 • ASSESSING DIRECTOR INDEPENDENCE

In defining the concept of independent director, the rules of procedure refer to the criteria set out in the Afep/Medef code and the European Recommendation of 15 February 2005 on the role of directors of listed companies. They specify that, when identifying independent directors, the Board of Directors must attach greater weight to substance than to form. To this end, the Selection Committee gives an opinion on the circumstances of each of its members.

The classification of directors as independent is discussed by the Selection Committee and reviewed each year by the Board before publication of the annual report. At the proposal of the Selection Committee, the Board reviews the circumstances of each member in light of the criteria set out below before informing the shareholders of its findings in the annual report and when directors are appointed at the Annual General Meeting.

The Board of Directors may decide that, due to his or her specific circumstances, a director cannot

be classed as independent even though the criteria set out below are met. Conversely, the Board may decide that a director not meeting the criteria set out below is nonetheless independent.

Independence should be understood as referring to the absence of any material conflict of interest. Directors should only be considered independent where they are not bound by any business, family or other relationship – with the company, its controlling shareholder or the senior management of either of the former – which creates a conflict of interest liable to impair their judgement.

A director is considered independent when he/she has no relations whatsoever with the company, its Group or its management that may influence his or her judgement. To qualify as independent, Board members must therefore not only be non-executive directors – ie hold no executive position in the company or group – but must not be in any way related to the company or group as a major shareholder, employee or in any other capacity.

The independence criteria applied by the Afep/Medef code are as follows:

- ▶ The director has not been an employee or corporate officer of the company, or an employee or director of its parent or a company that it consolidates, during the past five years.
- ▶ The director is not a corporate officer of an entity in which the company directly or indirectly holds a directorship, or in which an employee appointed as such or a corporate officer of the company (currently in office or having held office in the past five years) is a director.
- ▶ The director is not a customer, supplier, investment banker or commercial banker that is material for the company or its Group, or for

which the company or its Group represents a material proportion of its business.

- ▶ The director does not have any close family ties with a corporate officer of the company.
- ▶ The director has not been an auditor of the company within the previous five years.
- ▶ The director has not been a director of the company for more than 12 years, on the understanding that independent status expires at the end of the term of office during which the 12-year threshold is exceeded.

According to the Afep/Medef code, the Board may find that a director who does not satisfy all the criteria for independent status set forth by the code is nevertheless independent in view of his/her or the company's situation in relation to its shareholders or for any other reason.

In accordance with this provision, the Bouygues Board of Directors considers that being a director for more than twelve years does not automatically result in the loss of independent director status. At the conclusion of the term in which this twelve-year period ends, it decides whether the director shall retain or lose this status by taking into consideration his/her particular situation.

Directors representing key shareholders of the company or its parent may be considered as independent when they do not take part in the oversight of the company. When such directors own more than 10% of the company's capital or voting rights, the Board should systematically review their independent status, based on the report of the Selection Committee and taking into account the composition of the company's capital and any conflicts of interest that may arise.

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

At its meeting on 1 March 2011, the Board thus considered seven directors (Pierre Barberis, Patricia Barbizet, Lucien Douroux, Helman le Pas de Sécheval, Colette Lewiner, Jean Peyrelevede and François-Henri Pinault) to be independent directors within the meaning of the Afep/Medef criteria.

It is noted that:

- ▶ Lucien Douroux has held management positions with financial institutions that have a business relationship with the company, but has not held such positions for a number of years; furthermore, the institutions concerned have undergone substantial changes since that time;
- ▶ François-Henri Pinault and Patricia Barbizet are respectively Chairman and Chief Executive Officer of Artémis, a Pinault group company that had entered into a shareholder agreement with SCDM. However, that agreement expired in 2006 and Artémis is no longer a shareholder in the company;
- ▶ Patricia Barbizet, Pierre Barberis, François-Henri Pinault and Jean Peyrelevede have been directors for more than twelve years, but after examining their situation in accordance with Article 8.3 of the Afep/Medef code, the Board took the view that these directors (as well as

Lucien Douroux, whose twelve-year period as a director ends on 30 March 2011) had kept their independent status. The Board noted in particular that these directors' contributions to the Board's work showed that their long period on the Board and their experience gave them additional expertise and authority as well as excellent knowledge of the company without in any way compromising their freedom of judgement or their opinions on matters in the Board's domain.

The Board takes the view that none of these persons is connected with the company, with the shareholders controlling it, or with its management by a relationship creating such a conflict of interest. These seven directors are therefore considered independent in the light of the Afep/Medef code.

## 5 • GENDER BALANCE OF THE BOARD

In accordance with Article L. 225-37, paragraph 6, of the Commercial Code, the Board reported on progress in applying the principle that boards of directors should be made up of equal numbers of men and women.

At the beginning of 2010, only two of the eighteen directors on the Bouygues board were women, or a proportion of 11.1%.

At the recommendation of the Board, the Annual General Meeting of 29 April 2010 appointed three women directors: Colette Lewiner, Sandra Nombret and Michèle Vilain. Since that date, five of the eighteen directors have been women, or a proportion of 27.8%.

In June 2010, the Board decided to amend its rules of procedure by adopting the recent recommendations of the Afep/Medef code concerning board gender diversity.

The Board will seek to increase the proportion of women among its directors over the next few years, in accordance with the recommendations of the Afep/Medef code and the Act of 27 January 2011.

## 6 • GOVERNANCE STRUCTURE

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

The Board of Directors opted to combine the positions of Chairman and Chief Executive Officer in April 2002, and renewed this option in April 2006. At the end of the Annual General Meeting held on 23 April 2009, the Board of Directors once again opted in favour of combining these positions, and it renewed the appointment of Martin Bouygues as Chairman and Chief Executive Officer for the duration of his term as a director, ie until the end of the Annual General Meeting called to approve the 2011 financial statements.

The Board believes that combining the positions of Chairman and Chief Executive Officer has proved a source of effective governance, particularly in view of the Bouygues group's organisational

structure: Martin Bouygues is Chairman and Chief Executive Officer of Bouygues, the Group's parent company. He does not have general management authority over the Group's five businesses; this is vested in the senior management of its major subsidiaries: Bouygues Construction, Bouygues Immobilier, Colas, TF1 and Bouygues Telecom. Martin Bouygues does not therefore combine operational responsibility over these subsidiaries with his other duties. While Bouygues and its Chairman sometimes play an important role in key Group operational projects, they do not replace the senior management of the Group's core businesses.

## 7 • RESTRICTIONS ON THE POWERS OF THE CHIEF EXECUTIVE OFFICER

According to the law and the by-laws, the Chief Executive Officer is vested with the broadest possible powers to act on the company's behalf under all circumstances. He exercises these powers within the confines of the corporate purpose and subject to powers expressly granted by law to shareholders' general meetings and the Board of Directors.

The rules of procedure of the Board of Directors set out certain decisions that must be made by the Board: defining strategic priorities, business plans and financing policy for the businesses and the Group; approving genuinely strategic activities; authorising activities considered to be of importance for the Group as a whole, including investments in organic growth, acquisitions, divestments and internal restructuring measures, and particularly those falling outside the company's

stated strategy; authorising major financing operations involving public tender offers; and authorising key guarantees and major commitments.

## 8 • PREPARATION AND ORGANISATION OF THE BOARD'S WORK

### 8.1 Rules in the by-laws

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

The rules of procedure stipulate that any director participating in a Board meeting by videoconferencing, or any other telecommunication method having technical characteristics that allow directors to be identified and participate fully in the meeting, is deemed to be in attendance for the purposes of quorum and majority. In accordance with law, this provision does not apply to decisions on the preparation of the parent company and consolidated financial statements within the management report.

### 8.2 Rules of procedure of the Board of Directors

At its meeting in September 2002 the Board adopted a set of procedural rules intended to clarify the conditions under which its work is prepared and organised. These rules of procedure have since been amended on several occasions to take account of changes in applicable laws and regulations and certain recommendations issued by the AMF, Afep and Medef on corporate governance and executive remuneration, and to reflect certain rules adopted within the scope of the Group's Internal Control project and the provisions of the Order of 8 December 2008 concerning the Audit Committee. In June 2010, the rules of procedure were updated by adopting the recommendations of the Afep and the Medef concerning the advancement of board gender diversity. In December 2010, the rules of procedure were further updated to take account of the AMF recommendation of 3 November 2010 on the prevention of insider trading and the modification of the calendar for periodic meetings of the Board. Additional amendments were made on 1 March 2011.

The rules contained in the rules of procedure are described in this report.

The full text of the rules of procedure may be downloaded from the company's website at [www.bouygues.com](http://www.bouygues.com) (Group, "Corporate governance").

### 8.3 Board meetings

The rules of procedure updated as at December 2010 state that in principle the Board of Directors

holds five ordinary meetings a year (February/March, May, August, November and December). In February/March, the Board signs off the financial statements for the previous financial year; at the May meeting, it signs off the financial statements as at 31 March and reviews first half performance; the strategic priorities for each business and for the Group as a whole are submitted for its approval; in August, it signs off the financial statements for the first half; and in November, it signs off the financial statements as at 30 September and reviews the estimated sales and earnings for the past year and for the following year. In December, the business plans for the following three years and the financing policy for the businesses and the Group are presented to it for approval. Other Board meetings are held as the Group's business requires.

The agenda for Board meetings is in three parts: business activities, financial statements and legal matters. A detailed review of each item is provided to each director.

Committee meetings are held in advance of Board meetings.

Since 2003, the auditors have been systematically called to all meetings at which the Board considers annual or interim financial statements.

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

### 8.4 Information provided to the Board of Directors

The rules of procedure stipulate that the Chairman or Chief Executive Officer must provide directors

with all documents and information required by them to fulfil their duties, including in particular the following:

- ▶ information used to monitor business performance, including sales and orders;
- ▶ the company's financial position, including in particular its cash position and commitments;
- ▶ the occurrence of any event that materially affects or may affect consolidated Group results;
- ▶ material events in relation to human resources, and in particular changes in employee headcount;
- ▶ the key risks faced by the company, any changes in them and arrangements put in place to manage them.

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

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

Directors may also meet with key company executives, including with no executive directors present, subject to the latter having been informed in advance.

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

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

Directors may, if they wish, receive additional training in matters pertaining to the company and its businesses and sectors. Michèle Vilain and Sandra Nombret, directors representing the employee shareholders, appointed by the Annual General Meeting of 29 April 2010, have thus taken several days of training in 2010 provided by an external organisation and specifically intended for new directors.

## 9 • DIRECTORS' CODE OF CONDUCT

At its meeting on 1 March 2011, the Board of Directors approved the directors' code of conduct, which is appended to the rules of procedure. This code contains all the provisions relating to ethical conduct that were previously found in various articles of the aforementioned rules of procedure. The text of this code is reproduced below.

### Directors' and non-voting directors' code of conduct

#### 1. Preface

Directors are required to comply with this code of conduct, which sets forth the rules of conduct listed in Article 17 of the Afep/Medef corporate governance code regarding the ethical conduct of directors.

Before accepting their position on the Board, directors must be familiar with the general and

specific obligations of this position. In particular, they must be familiar with relevant laws, regulations, by-laws, rules of conduct and the Board's rules of procedure.

When directors have a question concerning the interpretation or application of a rule in this charter, they should consult the chairman of the Ethics and Sponsorship Committee and/or the Group Ethics Officer, if they judge it would be useful.

#### 2. Representation of shareholders

Though directors are shareholders themselves, they are the representatives of all shareholders and must act as such in performing their duties; failure to do so can give rise to personal liability.

#### 3. Duty to be informed

Directors have a duty to be well informed. Accordingly, they must request from the Chairman in a timely manner the information they need to work effectively on the issues on the Board's agenda.

#### 4. Regular attendance – Multiple directorships

Directors must devote the necessary time and attention to their functions. They must attend and participate regularly in the meetings of the Board and of any committees of which they are a member.

All directors are required to comply with the instructions set out in the Commercial Code governing the holding of multiple positions as corporate officers in *Sociétés Anonymes* (public limited companies), as well as the Afep/Medef

recommendation according to which directors with executive powers must not, in principle, agree to hold more than four directorships in listed companies, including foreign companies, outside their group.

#### 5. Preventing conflicts of interest

Directors shall see that they do not exercise an activity that would place them in a conflict of interest with the company. In particular, directors shall not seek to hold an interest or invest in a company, whether a customer, supplier or competitor of the company, if this interest or investment could influence their actions in their role as a director.

Directors undertake to inform the Chairman of any conflict of interest, even of a potential nature, between their duties in relation to the company and their private interests and/or other duties, and not to take part in voting on any resolution directly or indirectly affecting them.

If the situation requires, directors may be obliged not to attend Board meetings during deliberations and not to take part in any voting on a resolution and not to have access to documents and information brought to the attention of the other directors concerning the subject in question.

The Chairman of the Board may ask directors at any time to confirm in writing that they are not subject to any conflict of interest.

#### 6. Information concerning directors

The Chairman of the Board may ask directors at any time to provide a certification, statement or details, notably on the following points: their family ties with other directors; service contracts

binding them to the company or to any of its subsidiaries and entitling them to benefits under such a contract; their *curriculum vitae*; their management expertise and experience; the activities and mandates they exercise or have exercised in other listed or unlisted companies in France or abroad; the number of the company's shares they own; their situation with regard to the Afep/Medef code's criteria for independent director's status; a detailed account of any restriction accepted by them concerning the sale, within a certain period of time, of their shareholding in the company.

The directors undertake to inform the Chairman of the Board of any convictions for fraud, of any incrimination, preventive measure or official sanctions issued in the last five years as well as of any insolvency, compulsory administration or liquidation proceedings with which they have been associated in the last five years. The Chairman of the Board may ask directors at any time to confirm in writing that they are not affected by any of these situations.

#### 7. Share ownership

The by-laws stipulate that each director must hold at least ten shares in the company. The rules of procedure recommend that each director and non-voting director own 500 shares in the company.

#### 8. Holding of company shares in registered form

In accordance with Article L. 225-105 of the Commercial Code, the Chairman, the Chief Executive Officer, the Deputy Chief Executive Officer, the directors, whether individuals or legal entities, as well as standing representatives of



legal entity directors (the “persons concerned”), are required to convert to registered form any Bouygues shares as well as listed shares issued by any subsidiary held by them (or owned by any minor-age children of theirs) when they take up their duties and any shares they subsequently acquire. The same obligation applies to the non-separated spouses of the persons concerned. It is recommended that non-voting directors follow the preceding rules.

## 9. Confidentiality

Directors and non-voting directors shall consider themselves bound to professional secrecy that exceeds the mere obligation of discretion stipulated by regulations, with regard to non-public information acquired in the performance of their duties.

Directors and non-voting directors as well as any person called to attend a meeting of the Board or of one of its committees are bound by a strict obligation of confidentiality with regard both to persons outside the company and to persons with no cause to be aware of information as a result of their duties in the company.

Only the Chairman, Chief Executive Officer and Deputy Chief Executive Officer are authorised to provide third parties and the public with information on company policy, strategy, business and performance.

## 10. Prevention of insider trading

Directors and non-voting directors are reminded that they are likely to hold inside information at all times and that they must ensure before carrying out any transaction that they are not engaging in insider trading. Directors and non-voting directors

must therefore manage their shares in the company in a rigorous and ethical manner.

Directors and non-voting directors must observe the following rules of conduct, which apply to all financial markets, whether French or foreign, in which they carry out transactions.

### 10.1 Ban on circulating or making use of inside information

Besides the general obligation of confidentiality described in paragraph 9 above, any person concerned holding inside information about the company, its subsidiaries or a transaction under consideration by the company or its subsidiaries is bound by an obligation of strict confidentiality and non-participation.

Accordingly, persons concerned are prohibited from directly or indirectly acquiring or selling, or attempting to acquire or sell, on their own account or on behalf of others, financial instruments to which such inside information relates, and any financial instruments to which those instruments are in turn connected.

More generally, they are prohibited from communicating any inside information to third parties, and from recommending to third parties that they buy or sell, or arrange for another person to buy or sell, the aforementioned financial instruments on the basis of inside information.

Inside information is understood to mean any specific information that has not been made public, that relates directly or indirectly to the company, its subsidiaries or one or more financial instruments issued by them, and which, if made public, would be likely to have a significant effect on the price of the financial instruments in question or the price of financial instruments connected to them.

The persons concerned are bound by this obligation of confidentiality and non-participation even where they hold inside information by chance and in no way as a result of their role as a director or non-voting director.

Directors and non-voting directors’ are reminded of the seriousness of the legal sanctions that may be imposed for failing to observe the aforementioned obligations:

- ▶ the AMF may impose a fine of up to 100 million euros or, if profits have been realised, ten times the amount of the profits;
- ▶ an executive or person who holds inside information while exercising his profession or duties and who carries out directly or allows an intermediary to carry out one or more transactions before the public is aware of this information is liable to two years’ imprisonment and a fine of 1,500,000 euros, with the possibility of the fine’s being increased by up to ten times the amount of any profits realised;
- ▶ any person possessing inside information concerning the prospects or situation of an issuer and who communicates this information to a third party outside of the normal scope of his profession or duties is liable to one year’s imprisonment and a fine of 150,000 euros.

### 10.2 Close periods

In any case, all concerned persons must refrain from trading in the company’s shares or those of its subsidiaries (and in particular, where they can exercise stock options, they are prohibited from selling any shares arising from the exercising of those options), during:

- ▶ the period of 30 calendar days preceding the

publication of Bouygues’ annual, first-half or quarterly financial statements, and the day of their publication;

- ▶ the period of 15 calendar days preceding the publication of Bouygues’ quarterly sales, and the day of their publication.

This obligation to refrain from trading should also be observed during any period in which a concerned person is aware of inside information and the day of its publication.

In addition, pursuant to Article L. 225-197-1 of the Commercial Code, bonus shares may not be sold:

- ▶ in the ten trading sessions following the date on which the consolidated financial statements are published;
- ▶ in the ten trading sessions following the date on which inside information is published.

### 10.3 Consultation of the Ethics Officer

Any person concerned who wishes to carry out a transaction (other than simply exercising stock options with no follow-up sale of the stock, a transaction that is always authorised) in the shares of Bouygues or one of its listed subsidiaries may consult the Group Ethics Officer to confirm that he/she would not be engaging in insider trading.

This consultation is obligatory for executive directors and salaried directors.

In any case, the Group Ethics Officer’s opinion is advisory only, and the decision to trade in the company’s shares or not is the sole responsibility of the concerned person.

#### 10.4 Ban on speculative transactions

Directors and non-voting directors undertake not to engage in speculative trading in the shares of Bouygues or those of its listed subsidiaries through such transactions as short selling or buying on margin, rolling orders over onto the deferred settlement market, round-tripping or transactions on derivatives.

#### 10.5 Ban on hedging

Directors and non-voting directors are formally forbidden to hedge bonus shares or stock options they receive.

#### 10.6 Share trading plans

It is noted that the AMF recommends the setting-up of share trading plans allowing executives to benefit, under certain conditions specified by the AMF, from a rebuttable presumption that they are not engaging in insider trading.

Directors and non-voting directors should determine, in light of their personal situation, the advisability of setting up such plans, which, where appropriate, may remain in place during the close periods described above.

#### 10.7 Declaring transactions in the company's shares

In accordance with Article L. 621-18-2 of the Monetary and Financial Code and Article 223-22 of the AMF General Regulation, the persons concerned must declare to the AMF all their transactions in Bouygues shares, whether made directly or through an intermediary, on their own account or on behalf of a third party under the terms of an agreement, unless that agreement is performed under a third-party management agreement.

The same applies to transactions in Bouygues shares carried out by persons closely related to a person concerned, ie:

- ▶ their non-separated spouse or civil-union partner;
- ▶ children over whom the persons concerned exercise parental authority or who usually or alternately reside with them and whom they effectively and permanently support;
- ▶ any other direct relative or relative by marriage having lived in the home of the person concerned for at least one year at the time of the transaction;
- ▶ any legal entity other than Bouygues and:
  - whose supervision, administration or management is performed by the person concerned or by a person closely related to him/her and acting for the benefit of one of these persons (for example, a transaction carried out for the benefit of the person concerned by a company that the person concerned manages); or
  - that is controlled, directly or indirectly, by the person concerned or by a person closely related to them (for example, a transaction carried out by a company in which the person concerned has more than a 50% shareholding); or
  - that is constituted for the benefit of the person concerned or a person closely related to them; or
  - for which the person concerned or a person closely related to them enjoys at least the majority of the economic benefits (for example, a transaction carried out by a company of which the person concerned is the principal supplier).

The transactions covered by this obligation are subscriptions, purchases, sales and exchanges involving:

- ▶ shares of Bouygues, including the subscription of shares through the exercise of stock options (even when not followed by a sale of shares obtained) and the sale of bonus shares;
- ▶ securities giving access to shares of Bouygues;
- ▶ or derivatives on Bouygues shares;
- ▶ as well as forward transactions on Bouygues shares;

if the said transactions carried out by the person concerned and/or persons closely related to them should exceed a total of 5,000 euros per civil year. Once the cumulative amount of transactions over the civil year goes over 5,000 euros, the person concerned is required to declare all transactions carried out including those that had not been declared because the 5,000-euro limit had not been reached.

Transactions carried out by legal entities in the group to which they belong are not taken into account.

The persons concerned must declare directly to the AMF any transaction mentioned above within a maximum of five trading days from the conclusion of the transaction, using the AMF's standard report form and sending it by email to the following address: [declarationdirigeants@amf-france.org](mailto:declarationdirigeants@amf-france.org). A copy of this declaration must be sent to the Chairman of the Board of Bouygues within the same time period.

The persons concerned may ask the manager of their share account to file the required declarations.

Persons who are closely related to the persons concerned are also required to declare within the same time period and in the same way the transactions they have carried out in Bouygues shares.

The members of the Board shall be informed within the same time period of any transaction carried out by one of the executive directors.



The following stipulations are made:

#### Directors' fees – Regular attendance

Since 2009, directors' fees have included a variable component linked to attendance at the four Board meetings at which the accounts are approved and, where applicable, to committee meetings. As from 2011, attendance of the meeting in December at which the business plans are reviewed will also be taken into account in calculating the variable component.

#### Multiple directorships

As far as Bouygues is aware, the rules in Article 4 of the Code of Conduct, whose aim is to ensure that directors devote the necessary time and attention to their duties, are respected.

#### Potential conflicts of interest

At this time, the company is aware of the following potential conflicts of interest:

- ▶ Major shareholders of the Group (SCDM and Mrs Francis Bouygues), as well as the Group's

employee shareholders, are directly or indirectly represented on the Board of Directors by Martin Bouygues, Olivier Bouygues, Mrs Francis Bouygues, Michèle Vilain and Sandra Nombret.

- ▶ Patrick Kron is a director and Chairman and Chief Executive Officer of Alstom, a company in which Bouygues held 30.77% of the share capital at 31 December 2010, and of which Olivier Bouygues, Bouygues represented by Philippe Marien, and Georges Chodron de Courcel are directors.
- ▶ Georges Chodron de Courcel is also Chief Operating Officer of BNP Paribas, a company that may offer banking services or support to the Group.

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

### Family relationships

The only family relationships of which the company is aware are those between Martin Bouygues, Olivier Bouygues and Mrs Francis Bouygues.

### Selection of directors

Patricia Barbizet and François-Henri Pinault were initially selected as members of the Board of Directors pursuant to the shareholder agreement entered into between SCDM and Artémis. This agreement terminated, however, on 24 May 2006.

No other member of the Board of Directors has been selected pursuant to any agreement entered

into with the company's principal shareholders, customers, suppliers or other persons.

### Service contracts

As far as the company is aware, with the exception of the employment contracts of salaried directors, and subject to the contract between SCDM and Bouygues, which was approved under the regulated agreements procedure, none of the members of the Bouygues Board of Directors is linked to any of the company's subsidiaries by a service contract that provides for the granting of benefits.

### Judicial convictions

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

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

Jean Peyrelevade was indicted in 2004 by a grand jury of the Central District of California on the petition of the federal prosecutor in connection with the Executive Life affair. This indictment was dropped following Mr Peyrelevade's signature at the beginning of 2006 of an Alford Guilty Plea by which he agreed to various sanctions while maintaining he was innocent. These sanctions have no

effect on his capacity to manage and administrate companies, other than banking institutions in the United States.

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

The by-laws stipulate that each director must hold at least ten shares in the company. The rules of procedure recommend that each director and non-voting director own 500 shares in the company.

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

## 10 • ROLE OF THE BOARD OF DIRECTORS

The Board of Directors has the powers and responsibilities laid down in law. In addition, the rules of procedure of the Board of Directors specify the following:

- ▶ The Board, assisted where applicable by an *ad hoc* committee, reviews and decides on genuinely strategic activities.
- ▶ The strategic priorities for each business and for the Group as a whole are submitted to the Board for approval.
- ▶ Any operations considered to be of importance for the Group as a whole, including investments

in organic growth, acquisitions, divestments, and internal restructuring measures, must also be approved by the Board, particularly those falling outside the company's business strategy.

- ▶ The Board authorises major financing operations by way of public offering of securities, as well as major guarantees and commitments.
- ▶ The Board monitors the quality of information provided to shareholders and the markets, particularly through the financial statements and in connection with major transactions.

The rules also recall the role of the Board in determining the compensation of executive directors with the help of the Remuneration Committee in accordance with the recommendations of the Afep/Medef code (included as an annex to the internal rules of procedure).

## 11 • BOARD COMMITTEES

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

Annexes to the rules of procedure, the content of which is indicated below, define the composition, remit and operating rules of the four committees. Corporate officers and salaried directors of the company cannot sit on the committees. The committees are chaired by independent directors within the meaning of the Afep/Medef code.

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

### 11.1 Accounts Committee

Article L. 823-19 of the Commercial Code, arising from the 8 December 2008 Order, requires French listed companies to form, within the Board, a "specialised" committee tasked with overseeing matters relating to the preparation and audit of accounting and financial information. Bouygues had long anticipated this reform, setting up its Accounts Committee in 1995.

The rules of procedure of the Accounts Committee were amended in March 2009 to incorporate clarifications provided by the aforementioned 8 December 2008 Order and the recommendations in the Afep/Medef Code.

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

- ▶ The process for preparing financial information. This involves:
  - reviewing the parent company and consolidated financial statements at least two days before they are presented to the Board;
  - ensuring that the accounting methods used

to draw up the financial statements are both relevant and consistent;

- reviewing the internal control procedures for the preparation of the financial statements, in conjunction with the relevant internal departments and advice;
  - examining any changes having a material impact on the financial statements;
  - reviewing the main accounting options, estimates and judgements made at year-end, as well as key changes in the scope of consolidation.
- ▶ Ensuring that internal control and risk management procedures are effective;
  - ▶ A legal audit of the parent company and consolidated financial statements by the statutory auditors;
  - ▶ The independence of the statutory auditors. This involves:
    - reviewing the breakdown of audit fees paid by the company and Group, and ensuring that they do not represent a material proportion of the auditors' revenues such that auditor independence may be impaired;
    - supervising the auditor selection and renewal procedure; making recommendations on statutory auditors proposed for appointment at Annual General Meetings.

The Accounts Committee issues all reports and recommendations in relation to the foregoing, both periodically when the accounts are signed off and as and when circumstances require.

The Accounts Committee reviews the Chairman's draft report on internal control and risk management, and, if necessary, transmits its observations on this draft.

The Accounts Committee has at least three members selected from among the members of the Board with the most financial and/or accounting experience. It does not include any Bouygues corporate officers or executive directors. At least two of its members, including the Chairman, are independent directors within the meaning of the Afep/Medef code and the European Recommendation of 15 February 2005.

A director may not be appointed to the Bouygues Accounts Committee if he or she also serves as a corporate officer within a company in which a corporate officer or salaried director of Bouygues is a member of an equivalent committee.

Members of the Committee receive information on accounting, financial and operational matters specific to the company when they are appointed.

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

To carry out its remit, the Committee has access to all accounting and financial documents that it deems useful. It may also meet with the employees of the company in charge of accounts, cash management and internal audit as well as the external auditors without the company's corporate officers being present. The Committee also has

the option of consulting external experts, as provided for in the Afep/Medef code.

The Committee may seek the views of the auditors without a company representative being present, to ensure that they were able to access all information and have all the resources they need to fulfil their duties. The auditors provide the Accounts Committee with a summary of their work and of the accounting options used in preparing the financial statements.

When the financial statements are reviewed, the auditors provide the Committee with a memorandum discussing the key issues regarding the consolidated Group, its earnings performance and accounting options used. The Chief Financial Officer provides the Committee with a memorandum describing the company's risk exposure and any material off balance sheet commitments.

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

The Committee reports on its work at the next meeting of the Board of Directors, and immediately informs the Board of any difficulties encountered. The Accounts Committee's deliberations and the information provided to it are of a particularly confidential nature, and must not be communicated outside the Board of Directors, it being nevertheless understood that this rule does not impinge upon the financial reporting obligations incumbent upon listed companies.

The current members of the Accounts Committee are Helman le Pas de Sécheval (Chairman), Patricia Barbizet and Georges Chodron de Courcel. Helman le Pas de Sécheval and

Patricia Barbizet, are independent directors within the meaning of the Afep/Medef code. Bouygues thus complies with the recommendation in the Afep/Medef according to which two thirds of the members of the accounts committee should be independent directors.

It is hereby noted that Helman le Pas de Sécheval, Patricia Barbizet and Georges Chodron de Courcel have extensive financial skills: in particular, Helman le Pas de Sécheval was head of the Transactions and Financial Reporting department of the Commission des Opérations de Bourse (which became the AMF) and, having been Groupama's group Finance Director from November 2001 to December 2009, is currently Managing Director of Groupama Centre-Atlantique; Patricia Barbizet held key financial positions within Renault, and then within the PPR group, where she has been Vice-Chairman and director since 2005; Georges Chodron de Courcel has held significant financial responsibilities within the BNP Paribas group, where he has been Chief Operating Officer since 2003.

Furthermore, until December 2009, Helman le Pas de Sécheval was Chairman of Groupama Private Equity's Audit Committee and a member of the Audit Committee of Banque Finama; he currently chairs the Internal Control Committee and vigilance body for Groupama Assicurazioni. Patricia Barbizet is chair of the Appointments Committee and of the Strategy and Development Committee and a member of the Audit Committee and the Remuneration Committee of PPR; she is also a member of the Audit Committee of TF1; and chair of the Audit Committee of Total. Georges Chodron de Courcel is a member of Alstom's Audit Committee and chair of Nexans' Accounts Committee.

## 11.2 Remuneration Committee

The Remuneration Committee was formed in 1996. In accordance with recommendations in the December 2008 Afep/Medef Code on remuneration for executive directors and corporate officers of listed companies, it is responsible for:

- ▶ making recommendations to the Board on the remuneration arrangements for corporate officers, including all benefits accruing to them;
- ▶ defining and overseeing the rules used to determine the variable portion of corporate officers' remuneration, and ensuring that the arrangements are consistent with their performance and with the company's medium-term strategy;
- ▶ proposing a standard stock option policy, stipulating in particular that no discount may be offered on options awarded to Group senior executives, and in particular corporate officers;
- ▶ reviewing any stock option plans available to corporate officers and employees and making recommendations to the Board on whether the option plans should concern new or existing shares;
- ▶ making suggestions regarding remuneration and incentive arrangements for the Group's senior management;
- ▶ where stock options or bonus shares are awarded to the Chairman, Chief Executive Officer or Deputy Chief Executive Officer, making recommendations on the number of shares resulting from the exercise of stock options or bonus share grants that the beneficiary is required to retain until the end of his or her term of office;
- ▶ proposing performance conditions to which the allocation and exercising of options awarded to the Chairman and Chief Executive Officer and/

or the Deputy Chief Executive Officer will be subject;

- ▶ providing the Board of Directors with the draft annual report required by the Commercial Code:
  - on executive remuneration and benefits granted by the company and/or by the companies it controls within the meaning of Article L. 233-16 of the Commercial Code;
  - on the stock options granted to and exercised by the corporate officers and the top ten grantees among the company's employees;
  - on the stock options granted to and exercised by employees of companies in which Bouygues has a controlling interest.

The Remuneration Committee comprises at least two members. It is chaired by an independent director within the meaning of the Afep/Medef Code and the European Recommendation of 15 February 2005. No corporate officers sit on the Committee, which is mainly composed of independent directors as defined in the above texts.

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

The rules of procedure stipulate that the Committee meets at the initiative of its Chairman or at the request of the Chairman of the Board of Directors. Committee meetings are only valid where two members are in attendance, including the Committee Chairman. The agenda is drawn up by the Committee Chairman.

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

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

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

The current members of the Committee are Pierre Barberis (Chairman) and Patricia Barbizet. They are both independent directors within the meaning of the Afep/Medef code, representing 100% of the Committee's members.

## 11.3 Selection Committee

The Selection Committee was formed in July 1997. According to its rules of procedure, it is responsible for:

- ▶ periodically reviewing issues related to the composition, organisation and operation of the Board of Directors and making recommendations to the Board in this respect;
- ▶ reviewing the following to that end:
  - applications for directorships and non-voting directorships, taking care to ensure that at least one third of Board members are independent directors within the meaning of the Afep/Medef Code and the European Recommendation of 15 February 2005;

- plans to form analysis committees within the Board, and proposed lists of their remits and members;

- ▶ giving an opinion on the appointment, renewal or dismissal of directors or executive directors recommended to the Board;
- ▶ considering solutions for replacing executive directors in the event that positions unexpectedly become available.

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

The Selection Committee comprises two or three directors. It does not include any executive directors and consists mainly of independent directors within the meaning of the Afep/Medef Code and the European Recommendation of 15 February 2005. It is chaired by an independent director within the meaning of that code.

Committee meetings are only valid where two members are in attendance, including the Committee Chairman. The Committee meets at the initiative of its Chairman or at the request of the Chairman of the Board of Directors. The agenda is drawn up by the Committee Chairman.

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

The opinions put forward by the Selection Committee are based on a simple majority. Where only two members are in attendance at a

Committee meeting, the Chairman has the casting vote.

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

The Selection Committee's current members are Jean Peyrelevade (Chairman) and François-Henri Pinault. They are both independent directors within the meaning of the Afep/Medef code, representing 100% of the Committee's members.

#### 11.4 Ethics and Sponsorship Committee

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

- ▶ In the field of ethics, the Committee:
  - helps define the code of conduct or principles underpinning corporate behaviour applicable to senior management and employees alike;
  - makes recommendations or gives an opinion on initiatives aimed at promoting best practices in this area;
  - ensures compliance with the values and rules of conduct thus defined.
- ▶ In the field of sponsorship, the Committee:
  - sets rules or makes recommendations for Bouygues' corporate sponsorship policy;
  - gives its opinion to the Chairman of the Board on corporate sponsorship projects identified by Bouygues when they represent a significant financial investment;
  - ensures that its recommendations and rules

of good conduct are applied across the Group.

The Committee also provides the Board with a report on the social and environmental consequences of the company's business, as required by Article L. 225-102-1 of the Commercial Code.

The Ethics and Sponsorship Committee comprises two or three directors. It is chaired by an independent director within the meaning of the Afep/Medef Code and the European Recommendation of 15 February 2005.

The Committee meets at the initiative of its Chairman or at the request of the Chairman of the Board of Directors. Committee meetings are only valid where two members are in attendance, including the Committee Chairman. In the course of its work, the Committee may meet with the Chairman of the Board of Directors or any other person designated by the Chairman. The Committee reports on its work at the next meeting of the Board of Directors.

The Committee's current members are Lucien Douroux (Chairman) and François-Henri Pinault. Lucien Douroux and François-Henri Pinault are independent directors within the meaning of the Afep/Medef code, representing 100% of the Committee's members.

## 12 • WORK OF THE BOARD AND ITS COMMITTEES IN 2010

### 12.1 Work of the Board

The Board of Directors met seven times in 2010. The attendance rate was 83%.

At its meeting on 2 March 2010 the Board reviewed business over the past year, as well as the parent company and consolidated financial statements and the outlook and objectives for the Group and its businesses. It familiarised itself with the Accounts Committee's report on the 2009 financial statements and the statutory auditors' opinion. It signed off the parent company financial statements, accounting and forecasting documents, the consolidated financial statements, the proposed appropriation of net profit, the management report and in particular, after hearing the Remuneration Committee's report, the section on remuneration of corporate officers and the special report on stock options. It signed off the description of the share buyback programme in the management report. It approved the Chairman's report on corporate governance and internal control.

After hearing the report of the Selection Committee, it decided to ask the Annual General Meeting to reappoint six directors, and to appoint or elect three new female directors to increase the proportion of women on the Board. It also decided to ask the Annual General Meeting to reappoint Alain Pouyat as a non-voting director.

After hearing the Accounts Committee's report, the Board decided to ask the Annual General Meeting to reappoint a statutory auditor and appoint an alternate auditor. It decided to convene an Annual General Meeting on 29 April 2010. It agreed the agenda and prepared the draft resolutions to be submitted to the Annual General Meeting, together with its report on those resolutions.

At this same meeting, the Board reviewed the status of the bond issue for an amount of 500 million euros carried out in Luxembourg on

12 February 2010; it renewed the authority granted to Martin Bouygues and Olivier Bouygues to make decisions on issuing bonds. It familiarised itself with a list of current agreements entered into by the company during the past year. It authorised one regulated agreement.

The Board familiarised itself with the Remuneration Committee's report concerning the variable portion of the remuneration of the two corporate officers and four senior executives of businesses, remunerations and stock options granted in 2009, the Group's remuneration policy in 2009. The Board also made recommendations with regard to policies for 2010, and it voted in favour of these recommendations. On the recommendation of the Remuneration Committee, it decided not to approve at the immediate time a stock option plan for Group executives and employees owing to the uncertain prospects for the year, while retaining the option of approving such a plan during 2010. It also decided on the Remuneration Committee's recommendation to cap the complementary retirement benefit received by the members of the Group Management Committee at eight times the annual upper limit of the social security system (ie, approximately 276,000 euros).

The Board amended the rules of procedure to clarify certain points relating to the Committees, and it approved putting the rules of procedure on line. It approved the scope of tax consolidation. It approved the text of the press release.

On 29 April, the Board met to sign off the responses to the questions submitted in writing by the Responsible Shareholders Initiative (Initiative pour un actionariat citoyen – Ipac). These responses were read at the Annual General Meeting held on the same day.

On 1 June, the Board reviewed the company's business and accounts to 31 March 2010 and approved the strategic priorities for the Group and its businesses. It reviewed the mapping of the Group's major risks. It heard the Accounts Committee's report and the statutory auditors' opinion. It was informed of the Alstom group's annual results and outlook. It decided to launch a new leveraged employee savings scheme, Bouygues Confiance 5. On the recommendation of the Remuneration Committee, it approved a stock option plan for Group executives and employees. It set the results to be attained in order for the executive directors to be able to exercise stock options, and it determined the number of shares obtained through the exercise of stock options that executive directors are required to retain. It heard the report of the Ethics and Sponsorship Committee. It amended its rules of procedure in accordance with the Afep/Medef recommendation that Boards of Directors have a larger proportion of women directors. It approved the text of the press release.

On 27 July, the Board signed off the final conditions for joining the Bouygues Confiance 5 scheme.

On 31 August, the Board reviewed the company's business and accounts to 30 June 2010, as well as the outlook and objectives for 2010. After hearing the opinion of the Accounts Committee and statutory auditors, it signed off the first-half financial statements and approved the half-year financial review. It renewed the authority granted to the Chairman and Chief Executive Officer to give guarantees, endorsements and security. It authorised a regulated agreement. It approved the text of the press release.

On 13 October, the Board authorised the Chairman and Chief Executive Officer to decide within six months whether to initiate a public exchange offer for two previous issues of bonds (one for 1,150 million euros at 4.50%, maturing 2013, and one for 1,000 million euros at 4.375%, maturing 2014) within a maximum limit of 1,000 million euros or the exchange value of this amount. More generally, it stipulated that under the authorisation granted in March 2010, the Chairman and Chief Executive Officer is authorised to issue bonds on behalf of Bouygues for an amount not to exceed 6 billion euros annually for the purpose of refunding the holders of bonds previously issued by Bouygues in the public exchange offer.

On 2 December, the Board reviewed the company's business and accounts to 30 September 2010, estimated sales and earnings for the year, and approved three-year business plans for the five businesses. It heard the Accounts Committee's report. It was informed of Alstom's sales and earnings for the first half of the 2010-2011 financial year, as well as its outlook for the second half. It was also informed of the results of the Bouygues Confiance 5 campaign as well as the bond exchange offer and the bond issue launched in October 2010. It carried out a detailed assessment of the Board's membership and operation; approved regulated agreements; updated its rules of procedure; and approved the text of the press release.

## 12.2 Work of the Accounts Committee

The Accounts Committee met four times in 2010 with an attendance rate of 93%.

At least two days before they were presented to the Board, the Accounts Committee reviewed the quarterly, first-half and annual parent company and consolidated financial statements, the draft half-year financial review and corresponding draft press releases and the section of the draft Chairman's report on internal control and risk management procedures. It also reviewed, among other things, the following subjects:

- ▶ mapping of the Group's major risks;
- ▶ accounting standards and rules applied by the Group;
- ▶ observance of the recommendations concerning the rotation of statutory auditors, the amount of statutory auditors' fees, oversight of the legal audit of the annual and consolidated financial statements by the statutory auditors, coordination of the reappointment of Mazars as statutory auditors;
- ▶ the Group's cash position;
- ▶ impairment tests on Bouygues' stakes in TF1, Alstom, Bouygues Telecom and Colas;
- ▶ impact on the balance sheet and income statement of the sale to Alstom of Bouygues' 50% stake in Alstom Hydro Holding in return for 4.4 million Alstom shares;
- ▶ balance sheet impact of the bond issue in February 2010;
- ▶ the sale of part of Bouygues' stake in Finagestion;
- ▶ the Bouygues Partage 2 employee savings scheme;
- ▶ the sale of Canal+ securities;
- ▶ Bouygues Construction: progress and results for major worksites (in particular the Gautrain site in South Africa, Flamanville nuclear power

plant and the Cairo metro;

- ▶ Bouygues Immobilier: tax audit, the situation in Spain, developments in the Farman affair at Issy-les-Moulineaux and a legal dispute involving Bouygues Immobilier at Saint-Malo; termination losses on some Bouygues Immobilier transactions;
- ▶ Colas: debts to be collected in Romania; the situation in Central Europe; request for damages from the Seine-Maritime department for anti-competitive practices; procedure before the Competition Authority;
- ▶ TF1: tax audit, acquisition of SPS, free advertising spaces, impact of new taxes, consequences of the consolidation of Groupe AB two channels;
- ▶ Bouygues Telecom: renewal of the 2G licence.

The Accounts Committee also reviewed the compliance of its responsibilities with current regulations: the eighth community directive, the order of 8 December 2008, and AMF recommendations, notably its internal control guidelines. The Committee noted that the Board's rules of procedure were brought into compliance on 3 March 2009, and it familiarised itself with the new version of the Group's internal control guidelines distributed in November 2010. The Committee concluded from this review that its organisation, responsibilities and internal control procedures comply with current regulations. The Accounts Committee heard a presentation on the new Group Internal Control and Audit Department.

In the course of its duties, the Accounts Committee interviewed the Group's CFO (regarding material risks and off balance sheet commitments of the company), the Accounts and Audit Director and the auditors, without senior executives present.

### 12.3 Work of the Remuneration Committee

The Remuneration Committee met twice in 2010 with an attendance rate of 100%. It analysed the remuneration and stock options awarded to corporate officers and suggested a number of criteria for calculating the variable portion of executive remuneration. It made recommendations concerning a requirement that corporate officers retain a portion of shares resulting from stock options. At the Board meeting in March 2010, the Committee recommended not setting up a new stock option plan. Then, at the June 2010 meeting, it recommended doing so, notably in light of the forecasts for 2010 and the need to motivate managers at a time when it is more difficult to achieve the performance objectives set by the Group. It made recommendations on the results to be achieved in order for the executive directors to exercise stock options and on the number of shares resulting from stock options to be retained by executive directors. Detailed information is provided below.

The committee also examined and put to the Board reports on the remuneration of corporate officers and the award and exercise of stock options during the year. The Committee took care to ensure that these reports complied with the Afep/Medef and AMF presentation guidelines. It reviewed information on executive remuneration included in the Chairman's report.

### 12.4 Work of the Selection Committee

The Selection Committee met once in 2010, with a 100% attendance rate. The Selection Committee

gave a positive opinion in March 2010 on the reappointment as directors of Lucien Douroux, Yves Gabriel, Patrick Kron, Jean Peyrelevade, François-Henri Pinault and SCDM. It reviewed the nominations as directors representing employee shareholders of Sandra Nombret and Michèle Vilain, who were designated by the supervisory boards of the investment funds representing employee shareholders.

The Committee confirmed that Pierre Barberis, Patricia Barbizet, Charles de Croisset, Lucien Douroux, Helman le Pas de Sécheval, Jean Peyrelevade and François-Henri Pinault were independent directors. It reviewed the "Corporate governance" section of the draft Chairman's report.

### 12.5 Work of the Ethics and Sponsorship Committee

The Ethics and Sponsorship Committee met three times in 2010, with an attendance rate of 100%.

In the sponsorship area, after reviewing numerous projects proposed to Bouygues, the Committee gave a favourable opinion on the commencement or continuation of 33 sponsorship initiatives of a humanitarian, medical, social and cultural nature. The main sponsorship activities are described in the chapter Sustainable Development, Research and Innovation, Human Resources (page 26 of this Registration Document). The Committee gave particular attention to the activities of the Francis Bouygues Foundation, which grants scholarships to students from disadvantaged backgrounds.

With regard to ethics, the Committee also monitored implementation of the Group code of ethics and the related training activities being

conducted. Each of the five businesses has now put in place an Ethics Committee and/or an Ethics Officer. Specific procedures and rules of conduct have been drawn up.

The Committee also kept informed of the most important legal proceedings, which relate to events dating from the early 1990s. The only important matters pending are two civil actions for damages for alleged anti-competitive behaviour. One concerns schools in the Paris region and the other an affair involving Colas subsidiaries in the *département* of Seine-Maritime.

A few cases of internal fraud or abuse were brought to the Committee's attention, and it was informed of the measures taken and sanctions imposed.

The Committee was consulted concerning ethics-related recommendations and rules in the Group's new internal control procedures. The Committee focused attention mainly on the measures to prevent abuses related to commercial agents or intermediaries and on others to avoid anti-competitive practices.

## 13 • ASSESSMENT OF THE BOARD OF DIRECTORS

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

Every year, the Board devotes an item on the agenda of one of its meetings to assessing its own operations.



This formal assessment is intended to:

- ▶ take stock of the Board's and its committees' operating methods;
- ▶ check that important matters are appropriately prepared and debated.

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

The rules of procedure stipulate that external directors (who are neither executive directors nor salaried directors) are completely free to meet periodically, in particular to assess the performance of executives and consider future senior management arrangements.

Pursuant to these provisions, on 2 December 2010, the Board of Directors devoted an item on its agenda to a discussion of its organisation and operations. As in previous years, this assessment was of a formal nature: a detailed questionnaire and a memo on the Board's operations had been sent in advance by the Chairman and Chief Executive Officer to directors and the non-voting director to enable them to prepare for this discussion. The questionnaire included both closed questions, intended to accurately categorise responses, and open questions, giving directors the opportunity to qualify and explain their opinions. In accordance with a suggestion put forward at the time of a previous assessment, it was proposed that those directors who so wished could hold a discussion with the Group's Corporate Secretary with a view to optimising preparations for the meeting.

Fourteen written responses to the questionnaire were received, ie a response rate of 78%. These

responses, most of which were anonymous, were reviewed by the Corporate Secretary and compared with those from previous years in order to measure progress.

In their responses and the discussion that took place on 2 December 2010, members expressed positive or very positive views on the composition, organisation and operation of the Board and its committees.

The Board considers its membership to be balanced given the presence of representatives of major shareholders, executives from each of the businesses, industry leaders, and individuals with skills in accounting and finance. All the directors believe that the proportion of independent directors (39%) is satisfactory, since the Group has a principal shareholder. The directors noted that the proportion of women on the Board has been increased, in accordance with wishes expressed in the previous assessment, and they recommended that this trend continue. Most of them do not consider it essential to increase the diversity of member profiles. Opinions are divided on the usefulness of appointing foreign directors to the Board.

The quality of information provided to directors on most subjects was judged to be highly satisfactory. In line with recommendations made at the time of the previous assessment, continued improvement is observed in the information provided in several areas, in particular strategy and long-term development, planned acquisitions or divestments, competition, labour policy, sustainable development, R&D, off balance sheet commitments, risk mapping, risk prevention and management, legal disputes, and monitoring of the implementation of the Board's decisions. Some directors believe that

better information could be provided in certain areas.

Unanimous appreciation was expressed for the quality of the discussions among the directors and with the management team as well as for the freedom of expression at meetings. The directors also praised the senior executives' availability and responsiveness with regard to requests for additional information.

The directors spoke highly of the work done by the Accounts Committee, the Selection Committee and the Remuneration Committee, and they noted that in accordance with wishes expressed in the previous assessment, the Ethics and Sponsorship Committee reports have improved.

Most of the directors still see little point in having the Board assessed by an external body.

The Bouygues Board has renewed its decision not to apply the Afep/Medef recommendation for assessing the work of the Board of Directors by measuring each director's effective contribution to the Board. Such an assessment appears neither possible nor desirable, considering that the Board is by nature a collegial decision-making body.

## 14 • PRINCIPLES AND RULES APPLICABLE TO THE REMUNERATION OF CORPORATE OFFICERS

The corresponding information is set out in the Board's reports on the remuneration of corporate officers and performance options and shares on pages 193-201 of this Registration Document.

## 15 • SHAREHOLDER PARTICIPATION IN ANNUAL GENERAL MEETINGS

Specific arrangements for shareholder participation in Annual General Meetings and, in particular, the conditions under which double voting rights are granted to shareholders holding shares in registered form for over two years, are set out on page 213 of this Registration Document.

## 16 • FACTORS LIKELY TO HAVE AN IMPACT ON ANY PUBLIC TENDER OFFER PRICE

Information covered by Article L. 225-100-3 of the Commercial Code is published in the management report on pages 214-215 of this Registration Document.

## 17 • INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

### 17.1 Introduction

Bouygues and its subsidiaries are acutely aware of the importance of internal control. The internal control process helps to give reasonable assurance as to the achievement of the Group's principal objectives.

Risk management has always been an essential part of the Group's corporate culture and is a key concern of the Group's managers. Risks are managed thanks to internal control procedures

inspired by principles that have been applied across the Group's businesses for many years.

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

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

While the general purpose of internal control is to help the Group achieve its operational objectives, the process is also intended to ensure that the way in which the Group is managed and conducts its business, and the behaviour of staff, comply with regulations and with the rules and guidelines to which Bouygues wishes Group companies to adhere.

Internal control plays its primary role in operations, and risk management is deeply embedded in key processes of the Group's businesses.

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

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

This report was prepared with the assistance of the Corporate Secretary and the Internal Control Department of Bouygues, in coordination with the staff involved in internal control in the businesses. It was presented to the Accounts Committee and the Bouygues Board of Directors for approval.

## 17.2 Bouygues group internal control and risk management

The Bouygues group's system of risk management and internal control is based on the AMF's reference framework.

This system was brought up to date in 2010 following the revision of the AMF reference framework to take into account changes in laws and regulations on risk management as well as the AMF recommendation concerning audit committees.

The Bouygues system covers the general principles of internal control and internal control principles relating to accounting and finance. The main objectives are to:

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

Each business further developed this Group approach by analysing the specific aspects of its own internal control procedures and supplemented the Group-wide procedures with principles specifically related to its own activities.

The procedures include a "Principles and method of risk management" component, which describes the approach to be used in the Group to:

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

This approach calls for several key stages of risk management: identification, classification,

assessment, prioritisation, handling, reporting and communication.

A series of key principles have been defined for each stage in the process, which, taken as a whole, represent the Group procedure for managing risks.

In 2010, each business presented its risk map based on the above principles to its Accounts Committee and its Board. For the first time, a risk map for the Group, put together from those of the businesses, was presented to the Accounts Committee and then to the Bouygues Board.

The procedure also includes a "Permanent oversight of internal control" component, which describes in particular the method for self-assessing internal control principles.

Using this method, the businesses continued to assess the extent to which these internal control principles were being applied in 2010.

At Colas, a new assessment was done in 2010 at each regional subsidiary in France and in each international subsidiary, or in a total of 59 subsidiaries. In this 2010 campaign, the assessment focused in particular on the operational units and covered about 100 principles.

At Bouygues Telecom, the second assessment campaign, carried out from June to September 2010, was extended for the first time to its RCBT subsidiary. The 2010 campaign assessed general principles and the new scope of accounting and finance principles.

At Bouygues Construction, the emphasis in 2010 was on the action plans put in place in conjunction with the 2009 assessment campaign.

This was particularly the case in the areas of ethics (creation of a training plan for the principal managers, creation of an ethics committee, etc.) and information systems (continued deployment of the IT security plan, etc.).

At Bouygues Immobilier, the 2010 assessment campaign covered the corporate departments, the Residential Property France division, and the Polish subsidiary.

At TF1, the 2010 assessment mainly covered TF1 SA, TF1 Publicité, Eurosport, Téléshopping and TF1 Vidéo.

In each business, a summary of the assessments made in the 2010 campaign was presented to the Accounts Committee the head company of the business.

Bouygues also continued work in 2010 on a common computerised system that all Group entities will use for internal control assessment. The service provider was chosen, and the specifications were defined. The implementation of this system, which is an important step in the Group's internal control programme, is scheduled for 2011.

## 17.3 General internal control environment

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

The creation of a Group Internal Control and Audit Department at Bouygues in December 2010 was a concrete step in keeping with this objective.

The aim of this department is to improve the overall quality of internal control in the Group. The Group Internal Control and Audit Department is charged in particular with:

- ▶ providing leadership for the Group's internal control and audit branches;
- ▶ coordinating the internal control and audit actions and programmes of the businesses;
- ▶ carrying out internal audit missions at the request of Group senior management.

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

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

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

legal problems encountered by the businesses.

The Board of Directors of Bouygues has created an Ethics and Sponsorship Committee whose tasks include:

- ▶ helping to define the code of conduct or principles underpinning corporate behaviour applicable to senior management and employees alike;
- ▶ proposing or advising on initiatives to promote exemplary professional conduct in this area;
- ▶ ensuring that the Group's values and rules of good conduct are observed;

The Bouygues Ethics and Sponsorship Committee comprises two directors. It is chaired by an independent director.

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

The Bouygues group also has a code of ethics. In this code, Bouygues lays down the essential values to which it intends the Group and its employees to adhere in the workplace. The introduction of this code will help to achieve the objective of better conduct and is intended to help staff make decisions in real situations by reference to clear and precise principles.

This momentum is continuing, with each business appointing an Ethics Officer and the Boards of Directors of certain businesses (Bouygues Immobilier, Bouygues Telecom, Bouygues Construction) creating Ethics Committees.

The Bouygues group has implemented a whistleblowing procedure so that employees can report ethical irregularities.

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

Maintaining a high level of competence among Bouygues group employees is also one of the parent company's aims, since it helps to create an environment favourable to internal control. Bouygues therefore takes a proactive approach to staff training, while seeking to secure the loyalty of its senior employees. This will preserve a level of experience and knowledge in the company that will enable the Group's culture and values to be passed on.

By running the Bouygues Management Institute, and through the seminars it organises, the parent company makes a significant contribution to training the Group's senior managers, while informing them of the company's requirements and expectations in terms of both competence and mindset.

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

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

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

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

The Group's Human Resources Charter, completely revised in 2008, also helps to spread the Group's culture by reminding everyone that the company's development is primarily dependent on employees.

## 17.4 Objectives/management cycle

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

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

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

This iterative process enables the Group's senior management to ensure at all times that objectives are consistent with strategies, monitor any discrepancies between results and objectives, and

anticipate remedial action to be taken at Group or business segment level (financing requirements, redefinition of priorities, etc.).

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

Key members of the parent company's senior management team sit on the Boards of the various companies that head up the Group's businesses, and it is those Boards that decide on strategic priorities and business plans.

#### **17.4.1 Strategic plan and business plan**

Each business defines its own medium-term strategic plan (over a three-year period) taking into account the Group's general strategy and its own particular characteristics. The strategic plan is presented to the Group's senior management by the senior management of each business in May/June and to the Bouygues Board of Directors in December.

The resulting action plans form the basis of the three-year business plans, and these are presented to the Group's senior management by the senior management of each business in November and to the Bouygues Board of Directors in December.

Business plans are adjusted in April to take account of the financial statements for the previous financial year and of any significant developments affecting the initial plan.

#### **17.4.2 Annual plan**

In the December business plan, the plan for the first year is the most detailed, representing a com-

mitment by each business to the Group's senior management. This is known as the annual plan.

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

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

### **17.5 Organisation – Key players**

#### **Senior management**

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

#### **Accounts committees**

The responsibilities of the Bouygues Accounts Committee are set out in more detail in the Corporate Governance section of this report. Each business segment's Board of Directors has formed an Accounts Committee with similar responsibilities to those of the Bouygues Accounts Committee. In particular, these include monitoring the effectiveness of internal control and risk management systems. The businesses' Accounts Committees review the programmes and findings of internal audits as well as the risk mappings.

#### **Internal control departments**

As previously noted, the parent company created a Group Internal Control and Audit Department in 2010. It will play a major role in the development of the Group's internal control policy.

The businesses are progressively putting in place a dedicated organisational structure in relation to internal control. Generally, the bodies thus set up are mainly in charge of assessment campaigns and risk mapping. They sometimes take on more overarching responsibilities in relation to internal control procedures.

The Bouygues Construction holding company coordinates internal control and receives support in rolling out the approach mainly from support sectors. Each entity has nominated an "internal control correspondent", who serves as the operational contact point. This role is generally performed by the subsidiary's Corporate Secretary.

Bouygues Telecom has put in place a business-wide risk management process that is embedded in the company's normal business cycle. A Risk Manager is responsible for the process, assisted by 22 risk correspondents who represent the organisation's main businesses and whose main task is to identify and assess risk. Risk correspondents and a "validation" group make sure that the system as a whole and any changes made are coherent. Quarterly risk reports are provided to senior management and a risk overview is presented each year to the Board of Directors.

At TF1, the internal control approach is coordinated by the Internal Control Manager, who reports to the Financial Control and Strategic Planning Division. Risk Committees have been set up within operating entities, and each entity has a risk correspondent. There is also a Support Risk Committee, which deals with issues falling within the scope of support divisions.

Bouygues Immobilier has created an Internal Control Department that is in charge of maintain-

ing and developing all processes and procedures, risk mapping with assistance from the relevant bodies and managers, organisation, and coordination of the self-assessment procedure, including the monitoring of action plans.

At Colas, a manager reporting to senior management and working with the correspondents in the subsidiaries organises and coordinates internal control at the parent company level.

#### **Corporate Secretary – Legal departments**

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

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

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

The Corporate Secretary is also the Group Ethics Officer.

Within the businesses, the legal divisions play a major role in the prevention and management of risks. They are sometimes directly involved in the internal control process (this is the case, for example, at Bouygues Construction).

#### **Group Risk and Insurance department**

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

Because it has a comprehensive overview of the policy of the various businesses as regards

insurance, the Group's Risk and Insurance department takes out Group insurance to complement the insurance taken out at business level.

It ensures that subsidiaries are insured with blue chip companies and that the terms of their policies (coverage, deductibles and premiums) are consistent with the risk to which they are exposed.

#### Management control

The overall organisation of the management control system is such that no Group company can escape the control process. All companies not controlled by the businesses are controlled by the parent company.

The rules governing relations between the parent company and the businesses have been summarised in a regularly updated document produced by the Group's Strategy and Development department. This document serves as a guideline for all businesses.

#### Group reporting

The parent company systematically controls subsidiaries' financial management through an annual plan (including updates) and monthly sets of indicators. The indicators are sent directly to the Group's senior management and centralised by the Group's Strategy and Development department, which plays a pivotal role in the Group's management control.

The sets of monthly indicators provided to the parent company are the same as those prepared by each business for its own senior management.

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

The management cycle and control and reporting procedures thus provide a regular flow of

information and ensure ongoing dialogue with the businesses. Plans can be adjusted and the parent company is always in a position to control the management of its subsidiaries and intervene in advance of strategic decisions.

#### Business segment projects

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

For example, Bouygues Construction's *Edifice* project is designed to modernise the financial management of construction projects, and to improve budget control and reporting by introducing new software.

At Bouygues Immobilier, work continued in 2010 on upgrading IT systems with a view to improving company performance (management of customer relations and financial management of transactions) and simplifying coordination (decision-based reporting and HR management), as part of an overall plan approved by senior management. This project also covers accounting and budgetary control.

At TF1, the Sigma project to update financial reporting and accounting systems by implementing an integrated system continued in 2010.

#### Cash management and finance

The Group's Cash Management and Finance department defines and monitors the application of sound financial management principles at Group level. Its role is both to organise and to coordinate.

The operating principles mainly concern the "*Bouygues Relais*" and "*Uniservice*" cash man-

agement centres, managed by the parent company, and the businesses' own cash management centres. They also apply to the financing of subsidiaries.

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

#### Internal audit

Audit is a means of analysis, control and information that plays a vital role in scrutinising and managing risk.

Each business has a structured internal audit department carrying out tasks in a broad range of areas. The Group thus has around 40 auditors.

These two functions are being brought together in the parent company in the new Group Internal Control and Audit department, which will coordinate internal audit at the Group level.

### 17.6 Internal control and risk management procedures

Specific risks may differ considerably depending on the business concerned. For example, they may relate to regulation (TF1 and Bouygues Telecom), public health (Bouygues Telecom), technology (TF1 and Bouygues Telecom), competition (Bouygues Telecom), the environment (Bouygues Immobilier and Colas) or country risk or risks involved in carrying out major projects (Bouygues Construction) (see the Risk Factors

section of this Registration Document in connection with all these points).

The businesses have thus set up formalised and appropriate procedures aligned with the nature of risks in order to ensure improved control of risks.

#### 17.6.1 Bouygues Construction

At Bouygues Construction, risk management is fully embedded in the company's processes. For example, strict procedures apply to the selection and submission of tenders, which are considered by formal Commitment Committees in light of the risks arising on each contract. Financial, legal and technical teams are involved before projects are launched. The financial risk curve is monitored on an ongoing basis for major contracts. The management control function has the resources and authority required to track the results of each construction project every month, and to flag any discrepancies with budgeted figures.

Depending on the level of financial commitments, the cost of work or the technical challenges involved, the various entities of Bouygues Construction are required to make an application to request the agreement of Bouygues Construction's senior management.

#### 17.6.2 Bouygues Immobilier

Bouygues Immobilier has internal procedures that are updated on a regular basis.

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

A meeting of the Commitments Committee must be held before any deed is signed with a view

to acquiring land (or buildings). All decisions to acquire land are strictly controlled.

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

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

### 17.6.3 Colas

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

Despite a very strong culture of decentralisation, arrangements exist for the control of commitments both in terms of commercial commitments (projects are submitted to "Contract Committees") and in terms of acquisitions, which must be presented for prior agreement to the senior management of Colas and, in some cases, to its Board of Directors.

### 17.6.4 TF1

A procedure for identifying major risks has been launched by TF1, with a view to establishing a decision-making procedure in crisis situations.

This resulted in the "Réagir" committee, whose objective, linked to business continuity, is to build and update a model of mission-critical processes. The "Réagir" committee monitors and forestalls the major risks associated with the TF1 group's mission-critical processes as well as updating and adding to the various procedures. In 2010, a business continuity audit identified improvement measures that were immediately implemented.

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

At TF1, the important role of the following must be underlined:

- ▶ the Information Technologies and Systems department, which works to formally document an information security policy and establish security standards across the TF1 group;
- ▶ the TF1 Programme Department, which ensures that programmes are up to standard and that the channel's operating terms of reference are observed;
- ▶ the Technologies and Internal Resources department, which controls broadcasting operations and protects them via an external back-up site covering three key processes: programme broadcasting, the production of news programmes and the design of advertising slots.

### 17.6.5 Bouygues Telecom

Product/service offerings are vitally important and are therefore examined by a special committee in which Bouygues Telecom's senior management is involved. For the same reasons, a "review" committee has been set up to follow up product/service offerings and monitor results in light of initial forecasts. Special procedures are also in place regarding the purchasing process, given the significant investments made and associated risks.

Investments continued in 2010 to ensure that key technical components of the network were fully redundant with the aim of increasing security. The company has established contingency plans to guarantee service continuity in the event of a disruption.

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

## 17.7 Information and communication

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

Existing information systems provide a means of managing and controlling the business, and communication helps both to make staff more aware of the importance of control and to provide those outside the Group with reliable and relevant information in compliance with legal requirements.

### 17.7.1 Internal communications

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

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

The department also supervises e.by and e.bysa, the Bouygues group and parent company intranet portals, which provide online access to a wealth of information. Group and company employees use these sites as working tools.

The Corporate Communications department also publishes Bouygues' In Brief, a brochure summarising financial information that is circulated externally as well as to the Group's staff.

Group Management Meetings, which are attended four times a year by the Bouygues group's top managers and directors, also play an essential role in internal communications, and help transmit the Group's culture and values. For senior management at Group level, they provide an important channel for transmitting key information and messages to the Group's senior executives.

### 17.7.2 External communications

The Corporate Communications department works in close cooperation with the businesses for their mutual benefit. Its main tasks are to:

- ▶ manage the Group's image (press relations, public relations, sponsorship, etc.);
- ▶ pass on information from external sources to the Group's senior management and executives.

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

### 17.8.1 Group Consolidation and Accounting department

A Group Consolidation and Accounting department exists within the parent company. Its principal tasks are to define and establish consistent rules and methods of consolidation for the Group and to assist the businesses in their consolidated management. It also prepares the parent company financial statements.

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

Special software is used to consolidate the financial statements at the various levels. A large number of listed companies rely on this software. Each of the businesses uses it as part of their step-by-step approach to consolidation. It ensures rigorous control over preparation of the financial statements, which are thus subject to standard procedures.

In addition to the computerised accounting system, the Group Consolidation and Accounting

department has produced a Group consolidation handbook containing the rules and procedures applicable to consolidation throughout the Group. The handbook is an important reference tool for preparing the consolidated financial statements. It can be consulted by all accounting staff on a dedicated intranet site describing the various principles and options that apply within the Group.

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

The company uses accounting software to manage its commitments and control its expenditure. To monitor expenses, it also uses an application that allows formalised and secure procedures to be followed whenever expenses are incurred.

### 17.8.2 Accounts Committee

The Board of Directors of Bouygues set up the Accounts Committee many years ago. Its task is, in particular, to ensure that the accounting methods adopted for the preparation of the financial statements are both relevant and consistent, and to verify the internal procedures for reporting and monitoring the information on which the financial statements are based. Detailed information about this committee is set out in the section on corporate governance. The same systems are in place within the Boards of the Group's five businesses,

all of which have created Accounts Committees with similar responsibilities.

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

Chaired by an independent director, the Bouygues Accounts Committee meets at least quarterly. The Committee interviews the auditors without any company representatives present, and can issue any reports and opinions for the Board of Directors. The auditors provide the Accounts Committee with a report summarising their work, and comment on this report to the committee.

The parent company of each business has an Accounts Committee with responsibilities similar to those of the Bouygues Committee.

### 17.8.3 Investor relations

The Group's Cash Management and Finance department is responsible for relations with investors and financial analysts. It is constantly in contact with shareholders and analysts while providing the market with the information it needs.

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

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

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

## 17.9 Steering

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

The Audit Managers of each of the Group's businesses have always assessed the effectiveness of internal control in the course of their work, and are actively involved in this improvement process.

The creation at Bouygues of an Internal Control and Audit department and the implementation in 2011 of a software programme for use throughout the Group will enhance capabilities and contribute to the improvement of internal control and risk management. The essential concern remains the definition and implementation of action plans with the primary objective of better controlling the Group's operations.

## The Chairman of the Board of Directors