REGISTRATION DOCUMENT 2016

INCLUDING THE ANNUAL FINANCIAL REPORT

contents

REGISTRATION DOCUMENT 2016

INCLUDING THE ANNUAL FINANCIAL REPORT

An international engineering and innovation consultancy group operating in **20 countries** with nearly **12,500 employees.**

For **50 years** Assystem has been an industry-reference partner for the largest global industrial groups.

This Registration Document was filed with the AMF, the French Financial Market Authority, on March 31, 2017 in compliance with Article 212-13 of its General Regulations.

It may be used in support of a financial operation if accompanied by a prospectus validated by the AMF.

This document was prepared by the issuer and under the responsibility of its signatories.

The English-language version of this document is a free translation from the original, which was prepared in French. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions expressed therein, the original language version of the document in French takes precedence over this translation.

A NEW PATH TO GROWTH

MESSAGE FROM THE CHAIRMAN AND CEO

DOMINIQUE LOUIS

2016, A VERY GOOD YEAR

We began 2017 with the excellent news that Assystem's performance in 2016 was the best it has delivered in the last four years.

Business volumes and margins were robust in each of our three main strategic operating sectors – nuclear, automotive and aerospace – and 2017 looks set to be another very good year, with strong momentum for growth and profitability.

Nuclear power is an essential component of the transition to low-carbon energy and is therefore a sustainable growth driver for Assystem.

2016 was the Group's fiftieth year of providing specialist engineering services for the nuclear sector and we were able to create new impetus in this business despite the difficulties experienced by the French nuclear industry, which is our main client. During the year, our Energy & Infrastructure division extended its nuclear-sector services offering in the international market thanks to the promising beginnings of its partnership with the market leader, Rosatom (the Russian State Atomic Energy Corporation), as well as its acquisition of a controlling interest in Envy, which has given the Group an operating presence in Turkey where two nuclear power plants are currently under construction. Alongside renewable energy, nuclear power is an essential component of the transition to low-carbon electricity production and is therefore a sustainable growth driver for Assystem.

We were able to reap the benefits of the extremely strong growth in the automotive industry.

2016 saw a continuation of the automotive industry's remarkable growth trajectory. Our Global Product Solutions (GPS) division was able to reap the benefits of this, recording over 20% organic growth for the second year in a row. This performance was achieved thanks to the combination of GPS's technical expertise and the cost efficiency of its engineering centre in Romania, which now employs more than 1,000 people.

In the aerospace sector, following a fruitful period of over a decade for designing aircraft bodies and engines, GPS continued down the growth path in 2016 by helping its major clients optimise their supply chains and manufacturing processes. This optimisation has become a critical issue for all aircraft manufacturers as they aim to step up the pace of production of the planes already in their order books. At the same time, we are paying close attention to how we can capitalise on the strong development of the In-Service market, which is being driven by the rapid increase in the overall number of aircraft in service. To this end, during the year the Group acquired Aerotec Concept, a company based in Toulouse, France, which specialises in bespoke cabin fittings and avionics modifications.

In outsourced R&D, the race to achieve critical mass has begun.

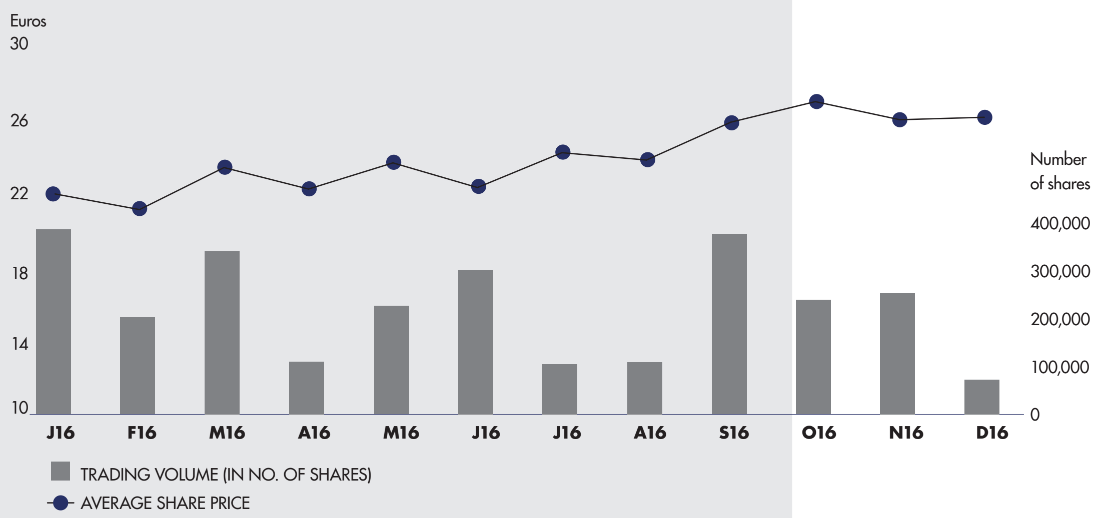
Outsourced R&D is growing at a robust pace and market consolidation is accelerating, as illustrated by Randstad's acquisition of Ausy in 2016. As part of their lean procurement policies, a number of manufacturers are seeking to reduce the number of their suppliers and work with larger, global providers – a trend that is likely to intensify in the coming years.

The strategic challenge currently facing the outsourced R&D business is therefore to be able to put in place a standardised external growth process, as the race to achieve critical mass has well and truly begun. GPS will need to rise to this challenge if it wants to remain at the top of its clients' approved supplier lists. While its skills and expertise have enabled it to achieve best-in-class organic growth, it now needs to step up the pace of its external expansion.

Going forward, Assystem will be fighting two battles in two different markets. On the one hand it will seek to continue to leverage the strong operating context in the nuclear market, led by the transition to low-carbon energy – an area in which the Group is already perceived as one of the leading independent players. And on the other hand, it intends to meet the challenge of remaining one of the race leaders in outsourced R&D.

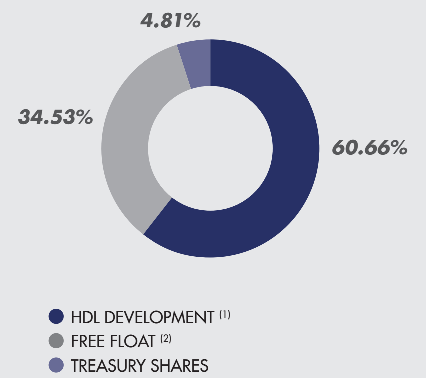
2016
KEY FIGURES

AVERAGE PRICE AND MONTHLY TRADING VOLUMES OF THE ASSYSTEM SHARE IN 2016



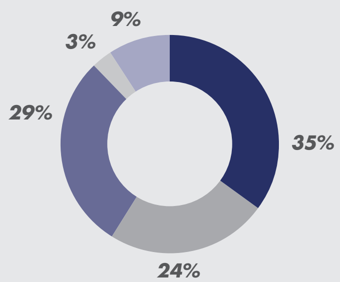
NYSE Euronext Compartiment B
ISIN: FR0000074148
Share included in the CAC All-Tradable index

OWNERSHIP STRUCTURE AT 31 DECEMBER 2016



(1) HDL Development is a holding company controlled by Dominique Louis (Assystem's Chairman and Chief Executive Officer), notably through HDL, which itself holds 0.23% of Assystem's capital.
(2) Including 0.23% held by HDL.

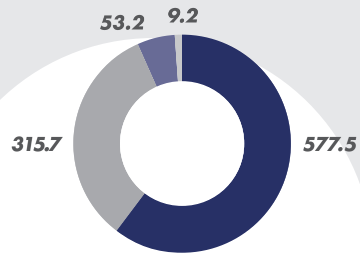
BREAKDOWN OF REVENUE BY BUSINESS SECTOR



- AEROSPACE
- TRANSPORT (INCLUDING AUTOMOTIVE: 20%)
- ENERGY (INCLUDING NUCLEAR: 19%)
- LIFE SCIENCES
- OTHER (INCLUDING BUILDING: 3%)

BREAKDOWN OF REVENUE BY DIVISION

(IN MILLIONS OF EUROS)



- GLOBAL PRODUCT SOLUTIONS
- ENERGY & INFRASTRUCTURE
- STAFFING
- OTHER

EBITA*

(IN MILLIONS OF EUROS)

* *Operating profit before non-recurring items (EBITA) including share of profit of equity-accounted investees.*

PROFIT FOR THE PERIOD

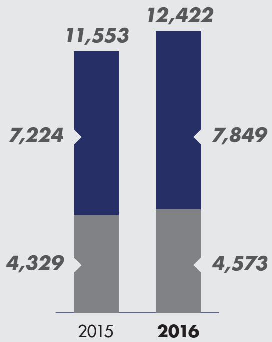
(IN MILLIONS OF EUROS)

FREE CASH FLOW*

(IN MILLIONS OF EUROS)

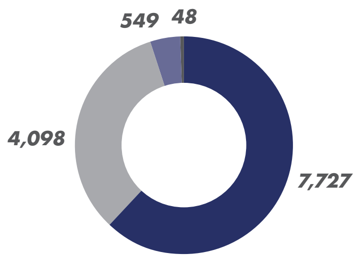
* *Free cash flow = Net cash generated from operating activities less capital expenditure, net of disposals.*

EMPLOYEE NUMBERS BY GEOGRAPHIC REGION



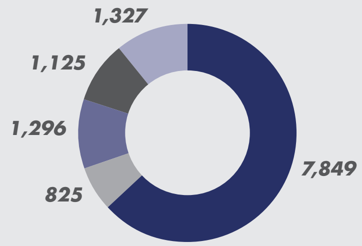
- FRANCE
- OUTSIDE FRANCE

EMPLOYEE NUMBERS BY DIVISION



- GLOBAL PRODUCT SOLUTIONS
- ENERGY & INFRASTRUCTURE
- STAFFING
- AUTRES

EMPLOYEE NUMBERS BY COUNTRY



- FRANCE
- CANADA/UNITED STATES/UNITED KINGDOM
- ROMANIA/SPAIN/PORTUGAL
- GERMANY/BELGIUM/SWITZERLAND
- AFRICA/MIDDLE EAST/ASIA

1

PRESENTATION OF THE GROUP

1.1 HISTORY

1966 TO 1995: THE NUCLEAR INDUSTRY YEARS

The Assystem Group's history began in 1966, when a team of nuclear engineers and technicians in France created Atem, a company specialised in the commissioning of industrial units. The Group's business development was subsequently driven by the major nuclear equipment programme put in place by the French State after the first oil crisis in 1973.

In the 1980s, Atem began to diversify into project management, mainly in industrial automation and IT, and working with clients in sectors such as automotive, steel, space and defence.

In 1989, Atem teamed up with Cogema to form Alphatem, a company that was dedicated to testing and commissioning equipment and facilities purchased under Cogema's capital expenditure programmes (an irradiated fuel reprocessing plant in the Hague and the Melox plant in the Gard region of France which produces MOX fuel assemblies).

In 1994, Atem and Alphatem merged to create Assystem, which was floated on the Paris stock exchange *(Second Marché)* in 1995.

1996 TO 2003: BUSINESS DIVERSIFICATION

From 1996, the end of the investment cycle in the construction of new industrial facilities (nuclear power stations and reprocessing plants) in the nuclear industry in France and the rest of the world marked the start of a new era for Assystem, which diversified into product design and development for the aeronautics and automotive sectors (with the acquisition of Studia in France), whilst retaining its specific skills and expertise in the nuclear sector.

2003 TO 2016: INTERNATIONAL DEVELOPMENT

In 2003, the merger with Brime Technologies allowed Assystem to penetrate the new technologies sector and opened the way for the Group to go global.

The Group then carried out several significant acquisitions in 2004 and 2005, which changed its structure and enabled it to expand its client portfolio: Inbis Ltd in the United Kingdom (an industrial engineering group working in the aeronautics, automotive and nuclear industries) and SKI and Atena in Germany.

In 2008, Assystem consolidated its presence in India by creating Silver Atena which brought together Silver Software (a company based in India specialised in embedded safety-critical systems) and the Germany company, Atena.

In 2010, Assystem joined forces with the UK engineering company, Atkins, to create N.triple.a, an engineering company specialising in the nuclear sector and dedicated to international projects.

In 2011 and 2012, Assystem acquired Berner & Mattner (embedded systems for the automotive industry in Germany) and the MPH Group (nuclear engineering in France and staffing of consultants specialising in Oil & Gas and Industry in the Middle East and Africa).

Since then, Assystem has strengthened its operating presence in the Middle East through the following:

- in September 2013 it based the Executive Management Department for the Energy & Infrastructure division in Dubai;
- in January 2015 it acquired Radicon – an engineering company with 400 employees based in Al Khobar and Riyad in Saudi Arabia – which enabled Assystem to double its size in the Arabian Gulf region and win market share in the infrastructure, energy and transport sectors;
- in June 2016 it acquired a 51% interest in the Turkish engineering company Envy – a well-established player in Turkey's engineering services market, operating primarily in the energy and transport sectors. Envy is involved in two nuclear power station construction projects: Akkuyu (a Rosatom project) and Sinop (an Atmea project). Rosatom – which is a leading operator and seller of nuclear power stations – is a major client for Envy. The acquisition of Envy was strategically important for Assystem in view of the expansion opportunities it offers in numerous geographic regions.

In 2016, several strategic partnerships and acquisitions were finalised:

- Momentum – a joint venture equally-owned by Amec Foster Wheeler, Assystem Energy & Infrastructure (E&I) and KEPCO E&C) – which was named construction management-as-agent contractor for an international project involving the assembly of over a million components for the world's largest fusion reactor. Momentum will play a key role in the international effort to make fusion a viable source of almost limitless carbon-free energy;
- the acquisition of the entire capital of Onyx Promavi, a France-based company specialised in project planning, cost control, deadline management and risk management for major French and international infrastructure projects, which has a high-quality portfolio of clients in the energy, environment, transport and defence sectors. Through this acquisition, Assystem's Energy & Infrastructure division (E&I) has enhanced the business processes and client portfolio of its Project Management Consultancy (PMC) business, which is dedicated to supporting complex projects subject to significant regulatory constraints;

- the acquisition of a controlling interest in Aerotec Concept, a well-established player in the airplane/helicopter refurbishment and customisation market which has carved out a strong presence in the fast-growing markets for bespoke cabin fittings, avionics modifications and connectivity. This acquisition has strengthened the Aerospace services offering of Assystem's Global Product Services division (GPS). The capital of Aerotec Concept that was not acquired by Assystem – which is still held by the company's two original shareholders – is subject to put and call options exercisable in the medium term;
- the acquisition of the entire capital of BATIR Group, a French engineering company specialised in nuclear civil engineering and technical and architectural synthesis using BIM (Building Information Modelling). This acquisition has broadened the construction engineering offering of Assystem E&I for complex, industrial and nuclear buildings, and is helping promote the use of BIM;
- the acquisition of all of the shares of Edison Technical Recruitment Limited ("Edison"), a company based in Birmingham, in the UK. Edison is a leading specialist engineering recruitment agency with a particular focus on electronics, electrical systems and software engineering and is a preferred partner for the UK's main automotive industry players. Edison offers expert recruitment services to blue chip OEMs and Tier One suppliers in the UK, in areas such as R&D, product development, electrical/electronics engineering, chassis and powertrain engineering.

ASSYSTEM TODAY: 50 YEARS OF SERVING INNOVATION

Our business: industrial engineering

Assystem is the engineering partner of choice for leading global industrial groups. Having worked at the core of the industry for the past fifty years, our teams of engineers design and develop the products and services of the future, build and ensure the optimal use of our clients' equipment and facilities throughout their life cycle, and coordinate and see through the completion of their projects and infrastructure.

Our 12,500 highly-committed employees contribute their specific talents, know-how and values to help our clients meet the range of challenges they face on a daily basis, such as producing cleaner energy, designing lighter aircraft and making electric transport widely available.

Our teams are trained to master and build skills whilst being able to adapt to the challenges inherent in innovation, risk management and complex projects. With subsidiaries in 20 countries, they work hard every day across the globe to share their expertise, optimise know-how and bring our clients' and partners' projects to fruition.

50 YEARS OF EXPERTISE

CIRCA 12,500 EMPLOYEES

A GLOBAL PRESENCE WITH SUBSIDARIES IN 20 COUNTRIES

(Belgium, Canada, France and French overseas territories, Germany, India, Malaysia, Morocco, Nigeria, Portugal, Qatar, Romania, Russia, Saudi Arabia, Singapore, Spain, Switzerland, Turkey, United Arab Emirates, United Kingdom, USA)

€956 MILLION IN REVENUE

REGISTERED OFFICE: PARIS (FRANCE)

LISTED ON EURONEXT PARIS

1.2 BUSINESS OVERVIEW AND GROUP STRATEGY

Assystem operates in the engineering market through three divisions:

- **Global Product Solutions** (60% of the Group's revenue in 2016);
- **Energy & Infrastructure** (33% of revenue);
- **Staffing** (6% of revenue).

1.2.1 GLOBAL PRODUCT SOLUTIONS

The **Global Product Solutions (GPS)** division specialises in outsourced research and development for industrial clients operating in the Aerospace, Automotive, Transport (rail) and Industry sectors. It has strong technical capabilities and proven expertise in complex and critical systems.

GPS works alongside its clients throughout the product life cycle in each of its four business sectors:

In Aerospace, by contributing to:

- the development and customisation of systems, aerostructures, spacecraft and engines thanks to its high-level skills in design, stress analysis and electronic systems;
- the optimisation of manufacturing processes by designing tools and machines, creating production ranges, monitoring and certifying suppliers, and carrying out tests and quality audits;
- operational support by designing solutions aimed at reducing the total cost of ownership of aircraft and their equipment and by drawing on its retrofit skills.

In Automotive, by supplying:

- during the development phase, services ranging from the design of sub-systems to the global design of derivative versions (for example the estate model) as well as creating prototypes of electronic components, with a strong positioning in highly strategic areas (such as self-driving and fully-connected cars). In addition, the division has developed a test offering that covers the full range of test solutions from creating testbeds to taking complete responsibility for performing all of the tests for a particular vehicle;
- during the production phase, services related to developing production ranges and monitoring suppliers;
- during the support phase, research related to in-service incident analyses and on-road validation of system specifications.

In Transportation, by contributing:

- during the development phase, to research on navigation and signalling systems, security and safety analyses, and assistance with the certification process for new components;
- during the production phase, to processes for monitoring suppliers;
- during the support phase, to analyses aimed at reducing maintenance costs and to revamping rail equipment and platforms.

In Industry, by supplying:

- during the development phase, product design services, man-machine interface solutions (*e.g.* visualisation systems) and connectivity expertise;
- during the production phase, services for automating processes and monitoring suppliers;
- during the support phase, cybersecurity solutions.

In order to more effectively serve its clients and develop new markets, GPS has a matrix organisational structure, with:

- business units responsible for developing a portfolio of strategic clients (generally, multinational) and for determining strategy; and
- regions responsible for implementing the strategy put in place by the business units and for developing business with local clients.

The business units and regions closely coordinate with one another, with a view to optimising costs, ensuring the quality of deliverables, guaranteeing consistency and fluidity of internal processes, and effectively tracking project risks. Thanks to this approach, GPS has been awarded EN 9001 certification.

Additionally, GPS draws on its innovation capacity, which is backed by investments in:

- skills related to data science and the digitisation of industrial equipment;
- targeted projects such as MiTu – a technology demonstrator for individual vehicles;
- in-house developments (*e.g.* a proprietary software for automating tests), which can be shared through intellectual property partnerships.

1.2.2 ENERGY & INFRASTRUCTURE

The **Energy & Infrastructure (E&I)** division works with nuclear utilities companies and contractors, players in the conventional and renewable energy sectors, designers and operators of transport infrastructure and other complex infrastructure, and life sciences companies, providing them with the expertise it has built up through its long experience in the nuclear industry and infrastructure engineering in environments with complex operating conditions and/or stringent safety requirements.

E&I operates in France and internationally in the Nuclear, Energy, and Infrastructure (collective and industrial) markets and its clients are generally large prime contractors. It specialises in research instruments, electricity production plants and the fuel cycle, urban and regional transport systems, site decommissioning and waste processing.

E&I is a well-established player in both infrastructure transformation (new methods of producing and storing electrical energy) and digital transformation (project development and providing secure solutions for users).

Its engineering operations are structured around technical and project departments and its business areas include project management consultancy, engineering procurement and construction management, design engineering, and systems integration.

Project Management Consultancy (PMC)

E&I's PMC teams use project management methods put in place by Assystem based on an international PMC model that is suitable for complex installations. PMC services generally include assistance with the construction and start-up phases as well as with commissioning tests, with the design and performance of safety tests a particularly important aspect.

Assystem's main PMC projects are currently being carried out for (i) EDF (assistance for power plant activities such as on-line maintenance and outages, as well as for the construction of the European Pressurised Reactor (EPR) at Flamanville, France), (ii) Société du Grand Paris (concerning the creation of the new Grand Paris Express transport network), (iii) CEA (in the areas of defence, decommissioning and waste processing), and (iv) the ITER project based in Cadarache, France.

Engineering Procurement and Construction management (EPCm)

Assystem provides EPCm services across all project phases, from design through to decommissioning. Assystem's expertise in this area covers new projects as well as decommissioning and waste recovery and processing programmes.

The main EPCm projects it is currently working on concern (i) buildings and electrical easements for ITER, (ii) the automation of lines and the renewal of trains for the underground rail network in Marseille, (iii) ancillary buildings for EPRs in the UK, and (iv) the nuclear portion of the CIGEO radioactive waste storage project.

Design engineering

This business area covers design, assistance with configuration management, logistical support, customisation and research into the related risks. In the nuclear sector, the focus of our design engineering work is on demonstrating how operators can meet their safety objectives, which we do by analysing risks and verifying the resistance of systems based on scenarios of attacks and internal failures.

For its operations and design support services, Assystem has in-depth multi-sector expertise and its wealth of experience includes signalling designs for SNCF Réseau, mechanical and fluids systems designs, Balance of Plant analyses for the energy sector, detailed designs for the conventional turbine islands of EDF s nuclear power plants, designs of elementary and command/control systems, and materials classification analyses.

Systems integration

Systems integration services are used for complex projects, for which Assystem draws on its expertise in automation and the construction of buildings intended for complex processes. These services not only cover the installation phase but continue right through to the commissioning tests for the processes themselves. They are provided in a wide range of fields and Assystem's experience in this area includes projects related to the cybersecurity of an energy transmission network, the energy efficiency of the Paris High Court and the command and control systems for nuclear power plants.

1.2.3 STAFFING

The **Staffing** division – which operates through the MPH Group – provides specialist consultants to companies in the Oil & Gas and other industrial sectors, primarily in the Middle East, Africa and Asia.

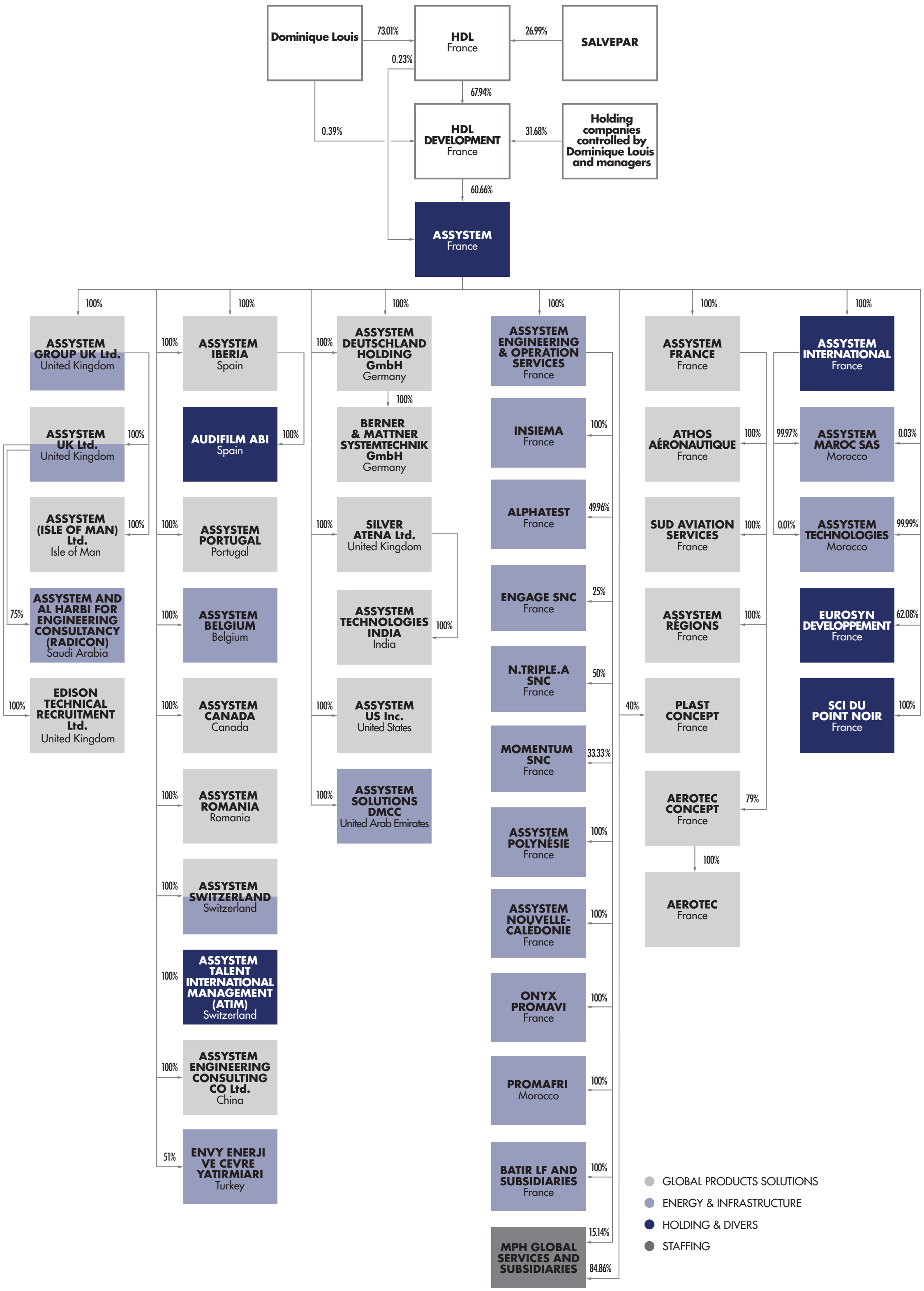
MPH is a well-established player in the field of technical and engineering recruitment services for the Oil & Gas, energy, aerospace, defence, telecommunications, railway, mining, metallurgy, environmental and nuclear industries.

1.2.4 The Group's Strategy

The Group expansion drive is focused on the GPS and E&I divisions, for which the strategy is to:

- combine organic and external growth in a balanced way;
- consolidate the globalisation of their activities;
- develop new services for existing clients and enlarge the client portfolio, in particular by gaining additional skills through hiring employees and/or acquiring companies that possess those skills;
- ensure that client offerings remain competitive by using an appropriate mix of resources based in Western Europe and elsewhere in the world.

1.3 SIMPLIFIED ORGANISATION CHART OF THE ASSYSTEM GROUP AT 31 DECEMBER 2016



2

CORPORATE GOVERNANCE

For corporate governance matters, the Company refers to the AFEP-MEDEF Code of Corporate Governance (the "AFEP-MEDEF Code" or the "Code" which can be viewed on the MEDEF website at www.medef.com (see also Chapter 8 of this Registration Document for cross references to this Code).

Under the "Comply or Explain", rule set out in Article L. 225-37 of the French Commercial Code and Article 27.1 of the AFEP-MEDEF Code, in general the Company considers that its practices comply with the recommendations contained in the Code, although it does not apply all of the Code's recommendations. The recommendations it has elected not to follow are set out at the beginning of each sub-chapter in question, together with the reasons why.

On 22 May 2014, Assystem was converted into a *société anonyme* (public limited company) with a Board of Directors chaired by Dominique Louis, Chairman & CEO.

The Board is guided in its work by its Rules of Procedure which define its *modus operandi* and include the Securities Trading Code of Conduct. The Board regularly reviews its Rules of Procedure in order to ensure that they are continually in compliance with the applicable laws and regulations. The latest update was carried out by the Board on 1 February 2017 in order to align the Rules with European Union Regulation no. 596/2014 dated 16 April 2014 on market abuse and its implementing legislation, which entered into force on 3 July 2016.

The Group's new governance structure – adopted based on the industry benchmark – is in line with the recommendations of the AFEP-MEDEF Code and with SBF 250 best practices. It offers a form of governance that is tightly structured around Management, acting under the oversight of three independent directors who ensure a balance of power. This balance is enhanced by the fact that the powers of the Chairman & CEO and the CFO & Deputy CEO are delineated by the Rules of Procedure and the nominating decisions that fall within the remit of the Board.

Assystem's governance structure is also intended to simplify the decision-making process, accelerate the implementation of the Group's strategy, strengthen the Board's accountability, and create closer ties between the Board and Management.

In addition, the Board has two specialised committees – the Audit Committee and a Nominations and Remuneration Committee, each with its own rules of procedure. These two Committees, whose meetings are not attended by the Chairman & CEO, further strengthen the balance of power.

At 31 December 2016, the Group's Management team was headed by Dominique Louis (Chairman & CEO) and comprised Philippe Chevallier (CFO & Deputy CEO), Stéphane Aubarbier (Executive Vice-President, Energy & Infrastructure), David Bradley (Executive Vice-President, Global Product Solutions) and Gérard Brescon (Executive Vice-President, Human Resources).

In the two main Sections that make up this Chapter one covers the Board itself (Section **2.1**) and the other the remuneration of Company officers (Section **2.2**).

2.1 THE BOARD OF DIRECTORS

2.1.1 MEMBERS OF THE BOARD OF DIRECTORS

2.1.1.1 General information

NUMBER OF DIRECTORS

In accordance with paragraph 1 of Article L. 225-17 of the French Commercial Code, the Board comprises a minimum of three and a maximum of eighteen members elected for a renewable three-year term.

At 31 December 2016, the Board comprised five members:

- Dominique Louis, Chairman & CEO;
- Gilbert Lehmann, independent director[1], Chairman of the Audit Committee and member of the Nominations and Remuneration Committee;
- Miriam Maes, independent director[1], member of the Audit Committee and Chair of the Nominations and Remunerations Committee;
- Salvepar, a company whose permanent representative is Vincent Favier, a director of Assystem and member of the Audit Committee and the Nominations and Remuneration Committee;
- Virginie Calmels[1], independent director.

The Company does not currently have any directors representing employees. However, following the introduction of the French Act dated 17 August 2015 (the Rebsamen Act), public limited companies in France are now required to have employee representatives on their management bodies. Consequently, after obtaining the opinion of the Group Works Council at the Council's meeting of 10 March 2017, the Board of Directors has decided that at the Annual General Meeting to be held on 16 May 2017 it will put forward an extraordinary resolution asking shareholders to amend the Company's Articles of Association in order to (i) provide for the Board to include one or more employee representatives, depending on the size of the Board, *i.e.* one employee representative director if the Board has fewer than 12 members (which is currently the case for Assystem) or two employee representative directors if the Board has more than 12 members, and (ii) set the terms and conditions for appointing the employee representative director(s) (appointment by the Group Works Council).

The director representing employees will take up office within six months of the 16 May 2017 Annual General Meeting.

GENDER BALANCE ON THE BOARD OF DIRECTORS

At 31 December 2016, the Board's membership structure complied with the provisions applicable on that date of French Act 2011-103 of 27 January 2011 relating to gender equality in the workplace and in particular to gender balance on Boards of Directors.

In 2016, the Board decided to comply in advance with the requirement of the aforementioned Act that by 2017 at least 40% of its members should be women. Consequently, at its 9 March 2016 meeting the Board appointed Virginie Calmels as a director. Her appointment by the Board was ratified by shareholders at the 24 May 2016 Annual General Meeting. Accordingly, of the Board's five current members, two are women and three are men.

INDEPENDENT DIRECTORS

The AFEP-MEDEF Code states that in order for a director to be deemed independent they must not:

- be – or have been in the past five years – an employee or executive officer of the Company, or an employee, executive officer or director of its parent or an entity that is consolidated by its parent;
- be an executive officer of an entity in which the Company is a corporate director, either directly or indirectly, or in which an employee or executive officer of the Company (currently in office or having held such office in the past five years), holds a directorship;
- be a customer, supplier, investment banker or commercial banker:
  - that is significant for the Company or the Group, or
  - for which the Company or the Group represents a significant proportion of the entity's business.

The Board discusses and assesses whether or not directors have a significant relationship with the Company or the Group. It sets out in the Registration Document the criteria leading to its final assessment, namely that an independent director must not:

- have any close family ties with a Company officer;
- have been a Statutory Auditor of the Company in the past five years;
- have been a director of the Company for more than 12 years, with the director concerned no longer deemed to be independent once this twelve-year ceiling is reached[1].

The AFEP-MEDEF Code further specifies that directors who represent major shareholders of the Company may be deemed independent if they do not have a controlling interest in the Company. If a shareholder owns 10% or more of the Company's capital or voting rights, the Board should systematically review whether the director representing them may be deemed independent in view of the Company's capital structure and any potential conflicts of interest.

At its meeting on 7 March 2017, based on the recommendation of the Nominations and Remuneration Committee issued following the

(1) As defined in Article 8.5 of the November 2016 version of the AFEP-MEDEF Code.

Committee meeting held on that same day, the Board assessed the independence status of its members based on each of the above criteria. The Board's conclusions are set out in the table below:

	Dominique Louis	**Miriam Maes**	**Gilbert Lehmann**	**Salvepar (V. Favier)**	**Virginie Calmels**
Is not – and has not been within the past five years – an employee or executive officer of the Company, or an employee, executive officer or director of its parent or an entity that is consolidated by its parent.		x	X		X
Is not an executive officer of an entity in which the Company is a corporate director, either directly or indirectly, or in which an employee or executive officer of the Company (currently in office or having held such office in the past five years), holds a directorship.	x	x	x	x	x
Is not a customer, supplier, investment banker or commercial banker: • that is significant for the Company or the Group, or • for which the Company or the Group represents a significant proportion of the entity's business.	x	x	x		x
Has no close family ties with a Company officer	x	x	x	x	x
Has not been a Statutory Auditor of the Company in the past five years	x	x	x	x	x
Has not been a director of the Company for more than 12 years		x	*	x	x
Does not represent a shareholder with a controlling interest in the Company or in its parent		x	x		X
Director's independence status	Not independent	Independent	Independent	Not independent	Independent

* *As Gilbert Lehmann has been a director of the Company since 3 May 2004, he no longer met this criterion at 31 December 2016. In accordance with the AFEP-MEDEF Code, his independence status, along with that of all of the directors, was reviewed by the Board on 7 March 2017, particularly in view of the fact that the Board will recommend to shareholders at the 16 May 2017 Annual General Meeting that he be re-elected as a director for a further three-year term. The Board considered that the fact Mr. Lehmann has been a director for more than twelve consecutive years does not mean that he should lose his classification as an independent director. The aim of this criterion is to ensure that as a result of their time spent on the Board, the director concerned does not lose their financial and professional independence or their capacity to be critical with respect to the Company's Management. In reaching its decision the Board took into account not only Gilbert Lehmann's expertise in key accounting and financial matters related to the nuclear sector – which is one of Assystem's core business areas – and his extensive experience in general, but also the fact that he has always taken a completely objective stance in Board discussions and decisions and has demonstrated his ability to express his opinions and form a balanced judgement about the Company's Management in all circumstances. The Board also considers that Mr. Lehmann is financially independent from the Group as the directors' fees that he receives from the Company only represent a low proportion of his overall income.*

The membership structure of the Board of Directors, the Audit Committee and the Nominations and Remuneration Committee therefore complies with the AFEP-MEDEF Code which specifies that:

- independent directors must represent at least one third of the Board members of companies that have a controlling shareholder and at least one half for other companies. At 31 December 2016, three of the Company's five directors were independent, *i.e.* at least one third of the Board;
- at least two thirds of the Audit Committee's members must be independent directors. At 31 December 2016, two of this Committee's three members (Gilbert Lehmann and Miriam Maes) were independent (Salvepar is not independent), *i.e.* at least two thirds of the Committee;
- the majority of the Nominations and Remuneration Committee members must be independent. At 31 December 2016, two of this Committee's three members (Gilbert Lehmann and Miriam Maes) were independent (Salvepar is not independent), *i.e.* the majority of the Committee.

RESPONSIBLE DIRECTORS

Conflicts of interest

The Company is not aware of any potential conflict of interests between the directors' and executive managers' duties to Assystem and their own personal interests and/or other obligations.

Furthermore, to the best of the Company's knowledge, none of its officers:

- has been convicted of fraud in the past five years;
- has been associated with a bankruptcy, receivership or liquidation in the past five years;
- has been publicly and officially incriminated and/or sanctioned by statutory or regulatory authorities (including professional bodies);
- has been disqualified by a court from acting as a member of an administrative, management or supervisory body of an issuer or from taking part in the management or conduct of the business of any issuer in the past five years.

Lastly, there are no family ties between the members of the Board.

Securities Trading Code of Conduct and prevention of insider trading

In compliance with the recommendations of the AMF General Regulations, members of the Board are required to disclose any trades they carry out in the Company's securities and to refrain from trading in any Assystem securities they hold personally during the closed periods specified in the applicable laws and set out in the AMF's General Regulation.

The procedures for applying these trading rules are described in the Company's Securities Trading Code, which was revised by the Board on 1 February 2017 in order to align it with European Union

Regulation no. 596/2014 dated 16 April 2014 on market abuse and its implementing legislation, which came into force on 3 July 2016. Each Company officer is required to declare in writing that they have read this Code. In addition, each year the Company informs its officers of the dates on which it intends to publish quarterly and half-yearly financial information and the associated closed periods.

This process has been extended to all of the Group's key personnel who have access to inside information.

CHANGES ON THE BOARD

Apart from the changes described in Section 2.1.1.1 above, no changes on the Board occurred in 2016 and none are expected to occur in 2017.

2.1.1.2 Information about Company officers

Recommendation of the AFEP-MEDEF Code not applied by Assystem	Explanation
The AFEP-MEDEF Code recommends staggering directors' terms of office in order to avoid re-electing all directors at the same time and to ensure a smooth re-election process.	Members of the Board of Directors of Assystem are elected for a three-year term but these terms are not staggered. Consequently, all of the Board's members were re-elected in May 2014 and at the Annual General Meeting to be held on 16 May 2017, shareholders will be invited to re-elect them for a further three-year term. The Company's decision in this respect was based on the underlying principles of the Articles of Association and the Rules of Procedure governing the Board's membership structure. As Assystem has a majority shareholder, these principles guarantee fair and collective representation of all shareholders and the best interests of the Company, particularly in view of the presence of independent directors. It was therefore not considered useful to stagger directors' terms of office.

DOMINIQUE LOUIS
Chairman & CEO, Chairman of the Board of Directors and a director of Assystem

Born in 1951

A French national

Business address:

Assystem SA – 70, boulevard de Courcelles – 75017 Paris, France

Date appointed as Chairman & CEO and elected a director:
22 May 2014

End of current term of office:

Annual General Meeting to be held in 2017 to approve the 2016 financial statements. At the 16 May 2017 Annual General Meeting shareholders will be asked to re-elect Mr. Louis as a director for a further three-year term.

At 31 December 2016, Dominique Louis held an indirect interest in the Company's share capital as described in Chapter 1, Section 1.3 and in Chapter 7, Section 7.2.2 of this Registration Document.

Biography

- A qualified engineer (ENSEM), Dominique Louis began his career as a test engineer with Atem, a company specialised in industrial and nuclear engineering. Several years later he created the company R'Data and subsequently, Alphatem, a subsidiary formed jointly with Cogema. Assystem came into being following the amalgamation of Atem, R'Data and Alphatem.
- In 1995, Dominique Louis oversaw the IPO of Assystem which at that time had 3,000 engineers and technicians and generated revenue of €250 million.
- The contraction in the nuclear sector in the late 1990s was a prelude to a transformation of Assystem's business as it diversified into the aeronautics and automotive industries and expanded internationally. Since then, Dominique Louis has sought to grow Assystem into a European engineering firm operating on a global scale in the infrastructure and outsourced R&D industries.
- Dominique Louis is also Vice-President of the think tank Entreprise et Progrès and is a Knight of the French Legion of Honour.

LIST OF OFFICES AND POSTS HELD BY DOMINIQUE LOUIS AT 31 DECEMBER 2016

Offices and posts	Group companies
Offices and posts held in France	
Chairman & CEO and a director	Assystem*
Offices and posts held outside France	
Director	Assystem Solutions DMCC
Offices and posts	**Non-Group companies**
Offices and posts held in France	
Permanent representative of HDL as Chair	HDL Development
Chairman	HDL SAS
Chairman	Entreprises en Croissance SAS (EEC)
Chairman	CEFID SAS
Joint Legal Manager – Chairman of the Management Board	H2DA Sarl
Legal Manager	SCI Les Grives Comtadines
Offices and posts held outside France	
None	

* *Listed company.*

LIST OF OFFICES AND POSTS HELD BY DOMINIQUE LOUIS IN THE PAST FIVE YEARS WHICH HAVE EXPIRED

Offices and posts	Group company
Offices and posts held in France	
Chairman of the Management Board	Assystem *
Offices and posts held outside France	
None	
Offices and posts	**Non-Group company**
Offices and posts held in France	
None	
Offices and posts held outside France	
Director	Samuel Créations (Switzerland)

* *Listed company.*

PHILIPPE CHEVALLIER
CFO & Deputy CEO

Born in 1958

A French national

Business address:

Assystem SA – 70, boulevard de Courcelles – 75017 Paris, France

Date appointed as CFO & Deputy CEO: 5 June 2015

End of current term of office:

Annual General Meeting to be held in 2020 to approve the 2019 financial statements.

At 31 December 2016, Philippe Chevallier did not hold any Company shares.

Biography

- A graduate of ESSEC Business School and Sciences Po, Philippe Chevallier began his career at Usinor (later ArcelorMittal) where he was director of financing and director of mergers & acquisitions.
- Mr. Chevallier subsequently held the post of Chief Financial Officer at Elior for 12 years, managing refinancing and equity transactions as well as acquisitions and divestments. After working as a senior advisor at the financial consulting firm June Partners, he was appointed CFO and General Counsel at Assystem on 5 January 2015.
- Since 5 June 2015, Philippe Chevallier has been CFO & Deputy CEO of Assystem.

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LIST OF OFFICES AND POSTS HELD BY PHILIPPE CHEVALLIER AT 31 DECEMBER 2016

Offices and posts	Group companies
Offices and posts held in France	
CFO & Deputy CEO	Assystem*
Chairman	Assystem International
Chairman	ASG Assistance Sécurité et Gardiennage
Offices and posts held outside France	
Chairman and a director	Assystem Canada Inc
Director	Assystem Talent International Management
Director	Assystem Group UK
Director	Assystem Solutions DMCC
Director	Assystem Engineering Consulting (Shanghai)
Director	Assystem GmbH
Offices and posts	**Non-Group companies**
Offices and posts held in France	
None	
Offices and posts held outside France	
None	

* *Listed company.*

LIST OF OFFICES AND POSTS HELD BY PHILIPPE CHEVALLIER IN THE PAST FIVE YEARS WHICH HAVE EXPIRED

Offices and posts	Group companies
Offices and posts held in France	
None	
Offices and posts held outside France	
None	
Offices and posts	**Non-Group companies**
Offices and posts held in France	
Member of the Supervisory Board	Elior Participations
Legal Manager	Elior Concessions Services
Chairman	Elior FA3C
Chairman	Elior Trésorerie
Chairman	Elior Gestion
Chairman	Elior Concessions Marketing
Chairman	Elior Data Concessions
Chairman	Elior Data
Chairman	Bercy Services I
Chairman	Bercy Services II
Chairman	Bercy Services XX
Chairman	Elior Services à la Personne ESP
Chairman	Société de Conception et de Réalisation de Restaurants
Chairman	Ansamble Investissements
Offices and posts held outside France	
Director	Elior Ristorazione
Director	Elior Investimenti
Director	Gemeaz Elior
Director	Grande Vitesse Catering
Director	MyChef Ristorazione Commerciale
Director	Areas
Director	Serunion

GILBERT LEHMANN

A director of Assystem, Chairman of the Audit Committee and member of the Nominations and Remuneration Committee

Born in 1945

A French national

Business address:

Assystem SA – 70, boulevard de Courcelles – 75017 Paris, France

Date elected as a director: 22 May 2014

End of current term of office:

Annual General Meeting to be held in 2017 to approve the 2016 financial statements. At the 16 May 2017 Annual General Meeting shareholders will be asked to re-elect Mr. Lehmann as a director for a further three-year term.

At 31 December 2016, Gilbert Lehmann held two Assystem shares.

Biography

- After obtaining a degree in economics and graduating from Sciences Po, Gilbert Lehmann worked in a number of positions in the public banking sector before joining the Framatome Group in 1983, where he served as director of financing and corporate treasury, and then CFO (from 1990 to 1996) and Deputy CEO (from 1996 to 2001). He was subsequently appointed Deputy CEO of Areva when the company was incorporated in 2001, a post he held until 2008.
- Gilbert Lehmann has held several directorships in listed companies in France and the United States.
- Mr. Lehmann serves on the Board of Directors of Cadogan Plc and also chairs Cadogan Plc's Audit Committee. He was a member of Assystem's Supervisory Board from 2003 to 2014.

LIST OF OFFICES AND POSTS HELD BY GILBERT LEHMANN AT 31 DECEMBER 2016

Offices and posts	Group company
Offices and posts held in France	
Director, Chairman of the Audit Committee and member of the Nominations and Remuneration Committee	Assystem*
Offices and posts held outside France	
None	
Offices and posts	**Non-Group companies**
Offices and posts held in France	
Managing Partner	Gilbert Lehmann Conseil
Offices and posts held outside France	
Chairman of the Audit Committee and a director	Cadogan Plc (London)*

* *Listed company.*

LIST OF OFFICES AND POSTS HELD BY GILBERT LEHMANN IN THE PAST FIVE YEARS WHICH HAVE EXPIRED

Offices and posts	Group company
Offices and posts held in France	
Member of the Supervisory Board	Assystem*
Offices and posts held outside France	
None	
Offices and posts	**Non-Group companies**
Offices and posts held in France	
Vice-Chairman of the Board of Directors and member of the Audit Committee	Eramet*
Director	Framapar*
Director	CNS
Chairman of the Supervisory Board	Lina's Developpement
Offices and posts held outside France	
Director	St Microelectronics Holding BV
Chairman and a director	Sepi – Switzerland

* *Listed company.*

MIRIAM MAES

A director of Assystem, member of the Audit Committee and Chair of the Nominations and Remuneration Committee

Born in 1956

A Dutch national

Business address: Assystem – 70, boulevard de Courcelles – 75017 Paris, France

Date elected as a director: 22 May 2014

End of current term of office: Annual General Meeting to be held in 2017 to approve the 2016 financial statements. At the 16 May 2017 Annual General Meeting shareholders will be asked to re-elect Ms. Maes as a director for a further three-year term.

At 31 December 2016, Miriam Maes did not hold any Assystem shares.

Biography

- Miriam Maes holds a Business Administration degree from Nyenrode Business Universiteit in the Netherlands. She has worked for multinationals for 30 years, more than 20 of which have been spent managing national and international profit centres.
- Miriam Maes began working in the energy sector in 2002, initially at Texas Utilities (TXU) as a member of the European Executive team and later at EDF where she worked as Chief Operating Officer in charge of non-regulated networks and decentralised energy business.
- In 2007 she became Chair of Foresee, a consulting firm specialising in sustainable development and energy management for businesses.
- In 2010 she was appointed as an adviser to the UK Secretary of State for Energy & Climate Change with the specific task of supporting the UK government's public sector energy and carbon emissions reduction *programmes*.
- Miriam Maes is currently Chair of Elia Group and is a director of Naturex, Vilmorin & Cie and Eramet.

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LIST OF OFFICES AND POSTS HELD BY MIRIAM MAES AT 31 DECEMBER 2016

Offices and posts	Group company
Offices and posts held in France	
Director, member of the Audit Committee and Chair of the Nominations and Remuneration Committee	Assystem*
Offices and posts held outside France	
None	
Offices and posts	**Non-Group companies**
Offices and posts held in France	
Director	Eramet
Director and member of the Remuneration Committee	Naturex*
Director and Chair of the Audit Committee	Vilmorin & Cie*
Offices and posts held outside France	
Chair	Elia Asset BV – Brussels (Belgium)*
Chair	Foresee – London (UK)
Chair	Elia System Operator Bv
Non-executive director and member of the Audit Committee	Urenco and Ucn

* *Listed company.*

LIST OF OFFICES AND POSTS HELD BY MIRIAM MAES IN THE PAST FIVE YEARS WHICH HAVE EXPIRED

Offices and posts	Group company
Offices and posts held in France	
Member of the Supervisory Board	Assystem*
Offices and posts held outside France	
None	
Offices and posts	**Non-Group companies**
Offices and posts held in France	
None	
Offices and posts held outside France	
Chair	Sabien Technology Group Ltd (UK)
Non-executive director	Elia System Operator – NV
Non-executive director	Elia Asset – NV
Non-executive director	Kiwi Power Ltd

* *Listed company.*

SALVEPAR, REPRESENTED BY VINCENT FAVIER

Public limited company with a share capital of €57,332,896 – Registered office located at 32, rue de Monceau, 75008 Paris – Registered with the Paris Trade and Companies Registry under no. 552 004 327
A director of Assystem, member of the Audit Committee and of the Nominations and Remuneration Committee; represented on Assystem's Board and Committees by Vincent Favier

Business address: Assystem – 70, boulevard de Courcelles – 75017 Paris, France

Date elected as a director: 22 May 2014

End of current term of office:

Annual General Meeting to be held in 2017 to approve the 2016 financial statements. At the 16 May 2017 Annual General Meeting shareholders will be asked to re-elect Salvepar as a director for a further three-year term.

As 31 December 2016, Salvepar held an indirect interest in the Company's share capital as described in Chapter 1, Section 1.3 of this Registration Document.

Biography

- Salvepar – which forms part of the Tikehau Group – is a private equity firm listed on the Euronext Paris stock exchange (code SY). It supports mid-cap companies with the aim of reinforcing the stability of their shareholder structure and accelerating their growth. Salvepar seeks to acquire minority interests in both listed and unlisted companies, favouring companies with international projects or international growth prospects.

LIST OF OFFICES AND POSTS HELD BY SALVEPAR AT 31 DECEMBER 2016

Offices and posts	Group company
Offices and posts held in France	
Director, member of the Audit Committee and member of the Nominations and Remuneration Committee	Assystem*
Offices and posts held outside France	
None	
Offices and posts	**Non-Group companies**
Offices and posts held in France	
Director	HDL Development SAS
Director	Afica – Affinage Champagne Ardennes
Director	Eren Renewable Energy SA
Member of the Supervisory Board	Financière Spie Batignolles
Director	Favi – Le Laiton Injecté
Member of the Supervisory Board and the Audit Committee	Spie Batignolles
Director	Lippi Management
Member of the Supervisory Board	Asten Santé
Director	Derives Resiniques et Terpéniques
Chair	Zéphyr Investissement
Chair	Salvepar Sequoia Investissement
Offices and posts held outside France	
Director	Just Group Holdings Pte Ltd

* *Listed company.*

LIST OF OFFICES AND POSTS HELD SALVEPAR IN THE PAST FIVE YEARS WHICH HAVE EXPIRED

Offices and posts	Group company
Offices and posts held in France	
Member of the Supervisory Board	Assystem*
Offices and posts held outside France	
None	
Offices and posts	**Non-Group companies**
Offices and posts held in France	
Member of the Supervisory Board	Aviation Latécoère*
Member of the Supervisory Board	Touax*
Non-voting Board member	Le Noble Age*
Member of the Supervisory Board	Lohr SA
Offices and posts held outside France	
None	

* *Listed company.*

VINCENT FAVIER

Permanent representative of Salvepar on the Board of Directors, the Audit Committee and the Nominations and Remuneration Committee of Assystem

Born in 1968

A French national

Business address:

Assystem – 70, boulevard de Courcelles – 75017 Paris, France

At 31 December 2016, Vincent Favier did not hold any Company shares.

Biography

- A graduate of École Centrale de Lyon and HEC Paris, Vincent Favier began his career as a strategy consultant with Olivier Wyman, where he worked until 1999.
- Mr. Favier subsequently became director of business development and equity interests and a member of the Management Committee at Worms & Cie until 2005 before joining Amber Capital as managing director with responsibility for investment in listed companies and private equity in France.
- From January 2013 to March 2015 Vincent Favier was director of investments and equity interests at Tikehau Capital Advisors. Since April 2015 he has been CEO of Ecoslops, a firm that transforms marine oil residues into fuel.

LIST OF OFFICES AND POSTS HELD BY VINCENT FAVIER AT 31 DECEMBER 2016

Offices and posts	Group company
Offices and posts held in France	
Permanent representative of Salvepar	Assystem*
Offices and posts held outside France	
None	
Offices and posts	**Non-Group companies**
Offices and posts held in France	
Permanent representative of Tikehau Capital Partners	HDL Development SAS
Director	Salvepar*
CEO and a director	Ecoslops
Legal Manager	Croissance et Finances
Offices and posts held outside France	
None	

* *Listed company.*

LIST OF OFFICES AND POSTS HELD BY VINCENT FAVIER IN THE PAST FIVE YEARS WHICH HAVE EXPIRED

Offices and posts	Group company
Offices and posts held in France	
Permanent representative of Salvepar	Assystem*
Offices and posts held outside France	
None	
Offices and posts	**Non-Group companies**
Offices and posts held in France	
Director	Groupe Flo SA*
Permanent representative of Salvepar as a member of the Supervisory Board and member of the Audit Committee	Spie Batignolles
Permanent representative of Salvepar as a member of the Supervisory Board	Financière Spie Batignolles
Director	Financière Flo Sas
Offices and posts held outside France	
None	

* *Listed company.*

VIRGINIE CALMELS
A director of Assystem

Born in 1971

A French national

Business address:

Assystem – 70, boulevard de Courcelles – 75017 Paris, France

Date elected as a director: 9 March 2016

End of current term of office:

Annual General Meeting to be held in 2017 to approve the 2016 financial statements. At the 16 May 2017 Annual General Meeting shareholders will be asked to re-elect Ms. Calmels as a director for a further three-year term.

At 31 December 2016, Virginie Calmels did not hold any Company shares.

Biography

- Virginie Calmels began her career as an auditor with Salustro Reydel before becoming Chief Financial Officer of the Dutch start-up Sky Gate BV in 1999. She then joined the Canal+ Group where she successively held the positions of Chief Financial Officer, Deputy CEO and joint Chief Operating Officer between 2000 and 2002.
- In 2003, Ms. Calmels was appointed CEO of Endemol France and was subsequently named Chair and CEO in 2007. She then became Chief Operating Officer of the Endemol Group in 2012. She left the Endemol Group in 2013.
- Virginie Calmels is Deputy Mayor of Bordeaux in charge of the Economy, Employment and Sustainable Growth and Vice-President of the Bordeaux Metropolitan Area. She is also a regional councillor and heads a parliamentary group for the Aquitaine-Limousin-Poitou-Charentes region.
- As well as holding these elected offices, Ms. Calmels is Chair of the Supervisory Board of Euro Disney, a director and Chair of the Nominations and Compensation Committee of Iliad (Free), and a member of the Board of Directors and the Audit Committee of Technicolor.
- Virginie Calmels is also the founder and Chair of SHOWer Company and Vice-President of the Centre for Strategic and Prospective Studies (CEPS).

LIST OF OFFICES AND POSTS HELD BY VIRGINIE CALMELS AT 31 DECEMBER 2016

Offices and posts	Group company
Offices and posts held in France	
Director	Assystem*
Offices and posts held outside France	
None	
Offices and posts	**Non-Group companies**
Offices and posts held in France	
Chair	SHOWer Company SASU
Non-voting Board member	Technicolor SA
Director	Iliad
Director	Aéroport de Bordeaux Mérignac
Director	BGI Bordeaux Gironde Investissement
Director	Aerospace Valley
Director	Bordeaux Aéroparc SPL
Deputy Mayor of Bordeaux	
Vice-President of the Bordeaux Metropolitan Area	
Regional councillor for the Aquitaine-Limousin-Poitou-Charentes region	
Offices and posts held outside France	
None	

* *Listed company.*

LIST OF OFFICES AND POSTS HELD BY VIRGINIE CALMELS IN THE PAST FIVE YEARS WHICH HAVE EXPIRED

Offices and posts	Group companies
Offices and posts held in France	
None	
Offices and posts held outside France	
None	
Offices and posts	**Non-Group companies**
Offices and posts held in France	
Director	MEDEF Paris
Chair	Endemol France
Chair	Endemol Fiction
Chair	Endemol Productions
Chair	Mark Burnett Productions France
Chair	NAO
Chair	DV Prod
Chair	Endemol Jeux
Chair	Tête de Prod
Chair	Orevi
Member of the Executive Committee	Formidooble
Vice-President	Syndicat des producteurs et créateurs d'émissions de télévision
Vice-President	Centre for Strategic and Prospective Studies (CEPS)
Chair of the Board of Directors	Technicolor SA
Director	SAEML Régaz
Offices and posts held outside France	
Chief Operating Officer	Endemol Group
Director	Endemol Holding BV
Director	Endemol Denmark A/S
Director	Endemol Italia SpA
Director	Endemol Espana SL
Substitute member of the Board of Directors	Endemol Finland OY
Chair and a director	Endemol Nordic AB
Chair and a director	Endemol Norway AS
Chair and a director	Endemol Sweden AB
Member of the Supervisory Board	Nijenhuis & de Levita Holding BV

2.1.2 CONDITIONS FOR THE PREPARATION AND ORGANISATION OF THE WORK OF THE BOARD OF DIRECTORS

2.1.2.1 General information on the duties and work of the Board of Directors

In accordance with the Company's Articles of Association and the Board of Directors' Rules of Procedure, the Board meets as often as required in the interests of the Company and at least four times a year.

The Board determines the strategic, economic and financial agendas for Assystem's business activities and oversees their implementation. On the initiative of its Chairman, it examines all matters relating to the proper running of Assystem and makes all decisions – notably of a strategic nature – regarding the Company, within the limits of the corporate purpose and subject to the powers expressly vested in Shareholders' Meetings. In particular, this covers all Assystem's strategic decisions.

The Board has sole discretion for deciding how Assystem's executive management should be carried out and who should head the executive management team. This person, who is accountable to the Board, may be the Chairman of the Board or another individual appointed by the Board as Chief Executive Officer.

As stated at the beginning of this Chapter, the Board has set up two specialised Committees with consultative powers tasked with studying and preparing issues to be discussed and decided on by the Board. These Committees are:

- an **Audit Committee**, responsible for assisting the Board in carrying out its financial and audit-related duties and responsibilities. In particular, this Committee's duties include:
  - examining the interim and annual parent company and consolidated financial statements, management reports and trading and earnings statements,
  - verifying compliance with the accounting standards used in the parent company and consolidated financial statements,
  - ensuring that the internal procedures for compiling and verifying data are properly applied,
  - inspecting the quality and relevance of the information disclosed to shareholders,
  - examining and issuing recommendations on the Company's procedures for selecting its Statutory Auditors, and particularly on how the auditors are chosen and the conditions applicable to their fees,
  - analysing the annual audit plans drawn up by the Statutory Auditors,
  - reviewing the Board's annual report on the Group's risk exposure, particularly concerning financial and litigation risks, and significant off-balance sheet commitments;
- a **Nominations and Remuneration Committee**, responsible for submitting proposals to the Board on the election and re-election of Board members and the appointment or re-appointment of any future CEO and members of the Audit Committee. It is kept informed by the Chairman of the Board of the appointment of other Group executives.

  Furthermore, the Committee makes recommendations to the Board on the amount of directors' fees to be submitted for approval at the Annual General Meeting and how these fees should be allocated among Board members. It may also submit proposals to the Board on the remuneration of certain Company officers and, at the request of the Chairman of the Board, may issue an opinion on which methods to use for calculating remuneration for Company executives.

In order for the Board to properly perform its duties, prior to its meetings it is regularly and fully advised of matters submitted to it covering all agenda items, and particularly the running of the Company. In this respect, the Board's Rules of Procedure specify that:

- it is the responsibility of the Chairman of the Board to decide on the agenda for each Board meeting and to send this agenda to all Board members in a timely fashion and by any appropriate means;
- information about the agenda items must be sent on a timely basis to members prior to Board and Committee meetings;
- in exceptional cases the Board is authorised to hold its meetings by videoconference or any other means of telecommunication.

In compliance with the AFEP-MEDEF Code, the Board conducts an annual review of its operating procedures, its organisational structure and its membership structure. A formal review must also be carried out at least once every three years.

Accordingly, on 1 February 2017, a self-assessment questionnaire about the Board was submitted to its members. The questionnaire covered the Board's organisational structure and operating procedures, the relationship between the Board and Management, an appraisal of the Company's governance structure, and an evaluation of individual contributions to the work of the Board and its Committees. In general, all of the directors thought that the Board's organisational structure was appropriate and in line with market practices. They felt that the presentations given and the discussions held demonstrated the Board's spirit of cooperation and its collegiate nature. All of the directors considered relations between Management and the Board to be good, and most of the directors deemed that they had a good understanding of the Company's business activities, goals and challenges. They felt that there were good-quality, regular discussions and contacts outside of Board meetings between the directors themselves and between the Board and Management.

A number of areas for improvement were identified, however, such as holding more frequent discussions with operations staff to more effectively monitor strategy and the running of the Company.

2.1.2.2 Work of the Board of Directors and the Board Committees in 2016

THE BOARD OF DIRECTORS

The Board met seven times in 2016 with an average attendance rate of 97.14%. During these meetings the main topics addressed by the Board were as follows:

- recurring matters, including the parent company and consolidated financial statements, the interim financial statements, quarterly revenue, earnings and trading forecasts, the election/re-election of Board members (see below for more details), the remuneration of executives, the CFO & Deputy CEO's remuneration, the self-assessment of Board members, the allocation of directors' fees, and sureties, deposits and guarantees;

- changes in the Group's strategy and planned external growth transactions.

During its meetings the Board specifically carried out the following:

- on 9 March 2016, it decided to put forward Virginie Calmels for election as a new director;
- on 18 April 2016 it decided to launch a buyback procedure for its bonds redeemable in cash and/or in new and/or existing shares which were due to mature in 2017 ("2017 Ornane bonds"). The price offered for the bonds was set at the highest price paid by the Company for one of the block purchases carried out during the twelve months preceding its latest block purchase, *i.e.* €26.15 per bond (including accrued coupons). The offer period was set as the five consecutive trading days between 25 April 2016 and 29 April 2016 (inclusive);
- on 4 July 2016, it decided to grant an aggregate 300,300 free Company shares to key managers of the Assystem Group;
- on 7 September 2016, it decided to authorize the buyback of its perpetual bonds redeemable in cash and/or in new and/or existing shares ("Odirnane bonds") under a reverse bookbuilding process carried out exclusively with bondholders not located in the United States;
- on 7 November 2016, it decided to authorise the refinancing of Assystem's credit facilities agreement.

THE AUDIT COMMITTEE

The Audit Committee met seven times in 2016 with a 100% attendance rate. During these meetings the main topics addressed by the Audit Committee were as follows:

- recurring matters including the forecast budget for the year, the parent company and consolidated financial statements, an analysis of risks and the corresponding provisions and the interim financial report for 2016;
- the review of all draft financial press releases and analyst presentations.

During its meetings the Audit Committee specifically carried out the following:

- on 28 January 2016 it examined the 2016 budget;
- on 10 February 2016 it reviewed the draft financial press release on 2015 revenue;
- on 9 March 2016 it examined (i) the presentation of the parent company and consolidated financial statements for 2015 and the related accounting options selected, (ii) the Board of Directors' draft management report for 2015 and significant events after the reporting date, (iii) the draft report of the Chairman of the Board on the work of the Board of Directors and internal control procedures, and (iv) the draft press release for the Group's 2015 results and the related analyst presentation;
- on 27 April 2016 it examined the reporting schedules as at 31 March 2016 and the draft financial press release on Q1 2016 revenue;
- on 29 July 2016 it reviewed the draft financial press release on H1 2016 revenue and the summary reporting schedules as at 30 June 2016;
- on 7 September 2016 it examined (i) the Group's consolidated financial statements and the interim financial report at 30 June 2016, (ii) the draft press release on the interim results at 30 June 2016 and the related analyst presentation, and (iii) the implementation of a delegation of powers in relation to the audit reform regulations introduced in France on 18 March 2016;
- on 3 November 2016 it reviewed the draft financial press release on Q3 2016 revenue and the presentation of the Group's revenue and reporting schedules at 30 September 2016.

THE NOMINATIONS AND REMUNERATION COMMITTEE

The Nominations and Remuneration Committee met once in 2016 (on 9 March 2016) with a 100% attendance. During this meeting, it:

- calculated and approved the variable remuneration payable to the Company's management team for 2015;
- determined the criteria for setting the variable remuneration of the Company's management team for 2016;
- approved the calculation of the increase in the remuneration payable to the CFO & Deputy CEO and the conditions for putting in place a termination benefit;
- proposed and examined Virginie Calmels' directorship candidature;
- examined the succession plan for executives and the Group's ten highest remuneration packages;
- studied the principle of putting in place a performance share plan for 2016 and the related terms and conditions;
- set the directors' fees budget for 2016;
- examined the independence criteria applicable to the members of the Board of Directors in compliance with the AFEP-MEDEF Code;
- discussed the progress made in applying the Rebsamen Act.

2.2 REMUNERATION AND BENEFITS IN KIND ALLOCATED BY THE COMPANY AND OTHER GROUP ENTITIES IN 2016 TO MEMBERS OF THE ADMINISTRATIVE AND MANAGEMENT BODIES IN OFFICE

Recommendation of the AFEP-MEDEF Code not applied by Assystem	Explanation
Defined benefit supplementary pension plans should be subject to the condition that the beneficiary must be an officer or employee of the Company when he or she claims their pension pursuant to the applicable rules and regulations.	Not applicable.
Hedging instruments for performance shares.	Performance shares whose vesting conditions have been met are allocated to the beneficiaries out of treasury stock.

2.2.1 REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS

The remuneration of directors takes the form of directors' fees and is based on (i) directors' actual attendance at Board and Committee meetings and (ii) their level of responsibility.

Following the new governance structure approved by shareholders at the Annual General Meeting held on 22 May 2014, at its first meeting on 22 May 2014 the Board of Directors indicated that the rules previously governing the allocation of attendance fees for Supervisory Board members would remain unchanged under the Company's new governance structure (*i.e.* with a Board of Directors instead of a Supervisory Board) and specified that only independent directors would be remunerated. However, at its meeting of 29 April 2015, after closely studying Salvepar's situation, the Board authorised Salvepar to also receive directors' fees.

At the Annual General Meeting of 24 May 2016, the Company's shareholders set the total amount of directors' fees at €200,000 for 2016.

At its meeting of 7 November 2016, the Board approved the Nominations and Remuneration Committee's proposed allocation of directors' fees. These fees were paid on 16 November 2016.

A breakdown of the fees paid in 2015 and 2016 to members of the Board of Directors is provided in the following table:

Name	Title	Paid in 2015 for 2015 *(in euros)*	Paid in 2016 for 2016 *(in euros)*
Gilbert Lehmann	Director, Chairman of the Audit Committee and member of the Nominations and Remuneration Committee	63,409	69,231
Miriam Maes	Director, Chair of the Nominations and Remuneration Committee and member of the Audit Committee	49,318	53,846
Salvepar	Director, member of the Audit Committee and of the Nominations and Remuneration Committee	42,273	46,154
Vincent Favier	Permanent representative of Salvepar	–	–
Virginie Calmels	Director	–	24,615
Total		**155,000**	**193,846**

At its meeting on 7 March 2017, in accordance with Articles 19 and 22 of the November 2016 version of the AFEP-MEDEF Code, the Board of Directors decided that:

- all of the Company's directors – except Dominique Louis and Salvepar who are already indirect shareholders of Assystem – will be required to invest a portion of their directors' fees in Assystem shares over the next three years until the total amount invested corresponds to 10% of their annual directors' fees received;
- Philippe Chevallier will be required to invest a portion of his annual remuneration in Assystem shares over the next two years until the total amount invested corresponds to 10% of his annual remuneration.

2.2.2 REMUNERATION OF THE COMPANY'S EXECUTIVE OFFICERS

At 31 December 2016, the Company's executive officers were:

- Dominique Louis, Chairman & CEO since 22 May 2014;
- Philippe Chevallier, CFO & Deputy CEO since 5 June 2015.

2.2.2.1 Presentation of the say on pay procedure

Following the introduction of the "Sapin II Act" in France and in accordance with the November 2016 revised version of the AFEP-MEDEF Code, the non-binding "say on pay" shareholder vote has been replaced by a binding vote system.

Under this process shareholders are given the following two votes:

- a forward-looking (*ex-ante*) vote on the policy applicable for setting executive officers' remuneration. In accordance with Article L. 225-37-2 of the French Commercial Code, once a year – and each time a term of office is renewed – a resolution must be submitted at the Annual General Meeting concerning the principles and criteria used for determining, allocating and awarding the fixed, variable and exceptional components of the overall remuneration and benefits in kind payable to the Chairman, Chief Executive Officer(s) and Deputy Chief Executive Officer(s). Assystem's Board of Directors will submit a resolution concerning this *ex-ante* vote to the Company's shareholders at the Annual General Meeting to be held on 16 May 2017;
- a backward-looking (*ex-post*) vote on the implementation of the above-mentioned policy, whereby shareholders are asked to approve the actual amounts of the fixed, variable and exceptional components making up executive officers' overall remuneration and benefits for the prior financial year. There has to be a separate resolution for the Chairman & CEO and the CFO & Deputy CEO. Pursuant to Article L. 225-100 of the French Commercial Code, Assystem is not required to introduce this vote until the 2018 Annual General Meeting. However, Article 26 of the AFEP-MEDEF Code recommends introducing it as of the 2017 AGM.

In accordance with the November 2016 revised version of the AFEP-MEDEF Code, at their Annual General Meetings companies are required to present the remuneration due or paid to each executive officer for the previous year. This presentation is broken down into various components, including fixed, variable and exceptional remuneration, stock options, performance shares, benefits payable on taking up or leaving office, supplementary pension benefits, and benefits in kind. In all cases this presentation has to be followed by a shareholder vote.

2.2.2.2 Principles and components of the remuneration and benefits of executive officers for 2017 (*ex-ante* say on pay vote)

GENERAL PRINCIPLES APPLICABLE TO EXECUTIVE OFFICERS' REMUNERATION

The Board of Directors determines the general principles of the Company's remuneration policy for executive officers, based on proposals issued by the Nominations and Remuneration Committee.

This remuneration policy takes into account the following principles as set out in the AFEP-MEDEF Code, which the Company uses as its corporate governance framework:

- achieving a balanced structure between the various remuneration components. In line with this, the Nominations and Remuneration Committee must ensure that each remuneration package is in the Company's interests and that the underlying reasons for its components are disclosed;
- ensuring that the remuneration determined by the Board of Directors is comprehensive, with all components of remuneration taken into account when setting the overall remuneration package;
- the Board of Directors and the Nominations and Remuneration Committee must take care to ensure that the interests of the management team are aligned with those of the Company's shareholders in order to encourage shared value creation;
- respecting the concept of comparability, which means that the Board and the Nominations and Remuneration Committee must align executive officers' remuneration packages with market practices, taking into account each officer's specific roles and responsibilities, the work they actually carry out and their performance;
- creating a clear framework. This means that the Nominations and Remuneration Committee and the Board must ensure that the rules are straightforward, consistent and transparent and that the performance criteria used correspond to the Company's objectives and are clear, exacting and – wherever possible – cover a suitably long period;
- complying with the principle of proportionality, namely striking the right balance between the various remuneration components and taking into account the best interests of both the Company and its stakeholders, as well as market practices and the performance of the executive officers.

STRUCTURE OF THE EXECUTIVE OFFICERS' REMUNERATION PACKAGES FOR 2017

The remuneration packages of the Company's executive officers comprise annual fixed and variable remuneration, both of which are cash-settled (see below for details). Assystem's executive officers do not receive any directors' fees or other forms of remuneration for their duties carried out within the Company. As an exception to this general rule, the Chairman & CEO's remuneration package is exclusively made up of fixed remuneration.

The structure of the executive officers' remuneration packages is reviewed each year by the Board of Directors – which sets their various components based on the recommendations of the Nominations and Remuneration Committee – and will be submitted for shareholder approval at the 16 May 2017 Annual General Meeting in accordance with paragraph 2 of Article L. 225-37-2 of the French Commercial Code.

2

FIXED REMUNERATION

Chairman & CEO – Dominique Louis

Dominique Louis receives an annual amount of fixed remuneration for his role as Chairman of Assystem's Board of Directors, which is set by the Board of Directors based on recommendations issued by the Nominations and Remuneration Committee. This fixed remuneration totals €50,000, unchanged since 2014. He does not receive any specific remuneration for his duties as Chief Executive Officer.

For the purposes of completeness, it should be noted that:

(i) HDL, represented by Dominique Louis, receives gross annual remuneration of €200,000 in its capacity as Chair of HDL Development;

(ii) On 1 April 2014, HDL and HDL Development signed a services agreement under which HDL undertook to provide services to HDL Development involving strategy definition, management, organisation and oversight for the Assystem Group. This agreement was amended on 1 October 2014 and 29 April 2015.

HDL's fixed remuneration under the agreement has been set at €348,000 for 2017.

If a new Chairman & CEO were to be appointed or if these two positions were to be separated and a new Chief Executive Officer or Chairman of the Board of Directors appointed, the remuneration principles described below in relation to the CFO & Deputy CEO would apply temporarily until a new remuneration policy was approved by the shareholders in accordance with the applicable legislation.

CFO & Deputy CEO – Philippe Chevallier

At its meeting on 7 March 2017, the Board of Directors decided that Philippe Chevallier's fixed remuneration for his role as CFO & Deputy CEO would remain unchanged at a gross annual amount of €315,000.

If one or more new Deputy CEOs were to be appointed the principles applicable to the CFO & Deputy CEO would apply for determining their remuneration policy, although the amount could vary depending on the profile, experience and level of responsibility of the new executive officer.

VARIABLE REMUNERATION

Chairman & CEO – Dominique Louis

Dominique Louis does not receive any variable remuneration for his role as Chairman of the Board of Directors or Chief Executive Officer.

For the purposes of completeness, it should be noted that on 1 April 2014, HDL and HDL Development signed a services agreement under which HDL undertook to provide services to HDL Development involving strategy definition, management, organisation and oversight for the Assystem Group. This agreement provides for the payment of variable remuneration for 2017 representing up to €817,800, based on (i) Assystem's consolidated EBITA (75% weighting) and (ii) Assystem's free cash flow (25% weighting). The amount payable based on each of these criteria will be determined by linear interpolation between a floor (*i.e.* the level below which the criterion is deemed not to have been met) and a cap (*i.e.* the level at which the criterion is deemed to have been fully met), it being specified that:

- EBITA corresponds to operating profit before share-based payment expense (free shares/performance shares and stock options), acquisition costs, capital gains and losses arising on business divestments, and non-recurring items (*i.e.* income and expenses related to unusual, atypical and infrequent events);
- free cash flow corresponds to net cash generated from operating activities less capital expenditure, net of disposals and excluding cash generated by discontinued operations.

Based on the recommendation of the Nominations and Remuneration Committee, at its 7 March 2017 meeting the Board considered that these were appropriate criteria for assessing the Company's performance. EBITA is a key indicator of the Group's profitability as it can be used to assess operating performance without taking into account the effect of non-recurring events or the financing methods chosen by the Company. Free cash flow measures Assystem's capacity to transform its operating profitability into cash generation. In addition, both EBITA and free cash flow are criteria that are familiar to and tracked by analysts and investors.

The floors and caps set for each of the criteria cannot be disclosed as they are strategically and financially sensitive.

CFO & Deputy CEO – Philippe Chevallier

Philippe Chevallier receives annual gross variable remuneration of up to €300,000, depending on the achievement of objectives set each year. His variable remuneration for 2017 is based on (i) Assystem's consolidated EBITA (75% weighting) and (ii) Assystem's free cash flow (25% weighting). The amount payable based on each of these criteria will be determined by linear interpolation between a floor (*i.e.* the level below which the criterion is deemed not to have been met) and a cap (*i.e.* the level at which the criterion is deemed to have been fully met). The definitions of EBITA and free cash flow are provided above.

The Board of Directors has decided that if a new executive officer were to be appointed, these same principles would apply to the variable remuneration of the person concerned. If the new executive officer were appointed during the second half of a given year, the Board of Directors may assess his or her performance on a discretionary basis.

LONG-TERM AND EXCEPTIONAL REMUNERATION

None of Assystem's executive officers receive any remuneration classified as "long-term", such as performance shares.

In certain highly specific circumstances and in accordance with the principles set out in the AFEP-MEDEF Code, the Board may grant exceptional remuneration to any current or newly-appointed executive officers. The payment of any such exceptional remuneration would be subject to shareholder approval, as required under Article L. 225-100 of the French Commercial Code.

DIRECTORS' FEES

None of Assystem's executive officers receive any directors' fees.

REMUNERATION RELATED TO THE TERMINATION OF EXECUTIVE OFFICERS' DUTIES

- Non-competition indemnity.

None of the Company's executive officers are entitled to an indemnity under a non-competition clause.

- Termination benefit.

Dominique Louis

Dominique Louis would not be entitled to any termination benefit in the event of a forced departure from the Company.

Philippe Chevallier

On 9 March 2016, the Board agreed that if, for any reason, Philippe Chevallier's term of office as CFO & Deputy CEO were to be terminated by the Company before the Annual General Meeting to be held in 2020 to approve the 2019 financial statements, then he would be entitled to a termination benefit of €500,000. The Board felt that this benefit was appropriate in view of the nature of Philippe Chevallier's office.

Payment of this termination benefit would, however, be subject to the following conditions:

- the Statutory Auditors must have signed off on the consolidated financial statements, without any reservations and within the legally prescribed timeframe, throughout Philippe Chevallier's term of office;
- average ROCE (after tax) must amount to at least 6% for the three financial years preceding his departure.

The termination benefit would not be payable in the event of gross negligence or wilful misconduct.

EMPLOYMENT CONTRACT

None of Assystem's executive officers have an employment contract.

Philippe Chevallier's employment contract was terminated on 5 June 2015 when he took up his position as CFO & Deputy CEO.

BENEFITS IN KIND

In accordance with the overall remuneration policy applicable to executive officers, Dominique Louis and Philippe Chevallier have the use of a company car, which corresponds to a benefit in kind.

Philippe Chevallier is also covered by an unemployment insurance policy specifically set up for executive officers.

SUPPLEMENTARY PENSION PLAN

None of the executive officers are covered by a supplementary pension plan in connection with their office.

2.2.2.3 Structure of the remuneration and benefits of executive officers for 2016 (AFEP-MEDEF say on pay vote)

The Company's remuneration policy for its executive officers is regularly adapted in line with market practices for listed companies. The general principles applied when determining executive officers' remuneration packages were established in accordance with the November 2016 revised version of the AFEP-MEDEF Code and are reviewed annually by the Board of Directors based on the recommendations of the Nominations and Remuneration Committee.

The structure of the remuneration packages of Dominique Louis, Chairman & CEO, and Philippe Chevallier, CFO & Deputy CEO, will be presented to shareholders for approval at the 16 May 2017 Annual General Meeting, in accordance with Article 26 of the AFEP-MEDEF Code.

2.2.2.3.1 DOMINIQUE LOUIS

Following the formation of HDL Development and its successful takeover bid for Assystem shares, two related party agreements were signed:

- on 1 April 2014, HDL and HDL Development signed a services agreement in relation to HDL's remuneration as Chair of HDL Development. In 2016, €200,000 was paid to HDL under this agreement;
- on 1 April 2014, HDL and HDL Development signed a services agreement under which HDL undertook to provide services to HDL Development involving strategy definition, management, organisation and oversight for the Assystem Group. At its 6 March 2015 meeting, the Board of Directors authorised the signature of Rider 1 to the agreement between HDL Development and Assystem concerning the rebilling of these services (subject to the procedure applicable to related-party agreements).

The agreement between HDL and HDL Development – which was amended on 1 October 2014 and 29 April 2015 – provided for the payment of €348,000 in fixed remuneration to HDL in 2016. In addition to this fixed remuneration, HDL was entitled to variable remuneration representing up to €817,800, based on (i) Assystem's consolidated EBITA (50% weighting) and (ii) Assystem's free cash flow (50% weighting). The amount payable based on each of these criteria is determined by linear interpolation between a floor (*i.e.* the level below which the criterion is deemed not to have been met) and a cap (*i.e.* the level at which the criterion is deemed to have been fully met). The definitions of EBITA and free cash flow are provided on page 29 above. In 2016, the variable portion due to HDL under this agreement amounted to €817,800.

In compliance with Articles L. 225-47 and 225-53 of the French Commercial Code, at its meeting on 22 May 2014, the Board set at €50,000 the gross annual remuneration payable to Dominique Louis in his capacity as Chairman of Assystem's Board of Directors. Dominique Louis was paid this sum in 2016, divided into monthly instalments.

No stock options or performance shares were awarded to Dominique Louis in 2016.

2.2.2.3.2 PHILIPPE CHEVALLIER

At its 9 March 2016 meeting, the Board unanimously decided, effective 1 January 2016, to modify the components of Philippe Chevallier's remuneration for his duties as CFO & Deputy CEO. Following these changes, his overall remuneration now corresponds to:

- gross annual fixed remuneration of €315,000;
- gross annual variable remuneration of up to €300,000 depending on the achievement of objectives set each year.

Philippe Chevallier's variable compensation for 2016 was based on (i) Assystem's consolidated EBITA (50% weighting) and (ii) Assystem's free cash flow (50% weighting). The amount payable based on each of these criteria is determined by linear interpolation between a floor (*i.e.* the level below which the criterion is deemed not to have been met) and a cap (*i.e.* the level at which the criterion is deemed to have been fully met). The definitions of EBITA and free cash flow are provided on page 29 above.

The variable remuneration due to Philippe Chevallier for 2016 amounted to €300,000.

Also at its 9 March 2016 meeting, the Board agreed that if Philippe Chevallier's term of office as CFO & Deputy CEO were to be terminated at the Company's initiative before the Annual General Meeting to be held to approve the parent company and consolidated financial statements for 2019, he would be entitled to a termination benefit of €500,000. Payment of this termination benefit would, however, be subject to the following conditions:

- Philippe Chevallier must not have committed gross negligence or wilful misconduct within the meaning of the provisions of labour law and employment-related case law;
- the following performance criteria set at Group level must have been met: (i) the Statutory Auditors must have signed off on the consolidated financial statements without any reservations, and within the legally prescribed timeframe, throughout Philippe Chevallier's term of office, and (ii) average ROCE (after tax) must amount to least 6% for the last three financial years preceding his departure.

In compliance with Articles L. 225-42-1 and L. 225-40 of the French Commercial Code, this termination benefit was approved by the Company's shareholders at the Annual General Meeting held on 24 May 2016.

No stock options or performance shares were awarded to Philippe Chevallier in 2016.

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TABLE 1 – SUMMARY OF REMUNERATION DUE AND STOCK OPTIONS AND PERFORMANCE SHARES AWARDED TO EACH EXECUTIVE OFFICER

Dominique Louis **Chairman & Chief Executive Officer**	**2015**	**2016**
Remuneration paid for the year (detailed in table 2)	€253,600	€253,600
Valuation of multi-year variable remuneration granted during the year	None	None
Valuation of stock options granted during the year (detailed in table 4)	None	None
Valuation of performance shares awarded during the year (detailed in table 6)	None	None
Total	**€253,600**	**€253,600**

Philippe Chevallier **CFO & Deputy CEO since 5 June 2015**	**2015**	**2016**
Remuneration paid for the year (detailed in table 2)	€296,855	€571,196
Valuation of multi-year variable remuneration granted during the year	None	None
Valuation of stock options granted during the year (detailed in table 4)	None	None
Valuation of performance shares awarded during the year (detailed in table 6)	None	None
Total	**€296,855**	**€571,196**

TABLE 2 – SUMMARY OF THE REMUNERATION OF EACH EXECUTIVE DIRECTOR

Dominique Louis **Chairman & Chief Executive Officer**	**Amounts for 2015**		**Amounts for 2016**	
	Due	**Paid**	**Due**	**Paid**
Fixed remuneration *(paid by (i) HDL Development in respect of HDL's role as Chair of HDL Development and (ii) Assystem in respect of Dominique Louis' role as Chairman of the Board of Directors of Assystem)*	€250,000	€250,000	€250,000	€250,000
Variable remuneration	None	None	None	None
Exceptional remuneration	None	None	None	None
Directors' fees	None	None	None	None
Benefits in kind	€3,600	€3,600	€3,600	€3,600
Total	**€253,600**	**€253,600**	**€253,600**	**€253,600**

Philippe Chevallier CFO & Deputy CEO since 5 June 2015	Amounts for 2015		Amounts for 2016	
	Due	Paid	Due	Paid
Gross fixed remuneration	€288,750	€288,750	€315,000	€315,000
Variable remuneration	€239,200 paid in 2016 for 2015	None	€300,000 paid in 2017 for 2016	€239,200 paid in 2016 for 2015
Exceptional remuneration	None	None	None	None
Directors' fees	None	None	None	None
Benefits in kind	€8,105	€8,105	€16,996	€16,996
Total	**€536,055**	**€296,855**	**€631,996**	**€571,196**

TABLE 3 – ATTENDANCE FEES AND OTHER REMUNERATION RECEIVED BY NON-EXECUTIVE DIRECTORS

See Section 2.2.1 above.

TABLE 4 – STOCK OPTIONS AWARDED DURING THE YEAR TO EACH EXECUTIVE OFFICER

None.

TABLE 5 – STOCK OPTIONS EXERCISED DURING THE YEAR BY EACH EXECUTIVE OFFICER

None.

TABLE 6 – PERFORMANCE SHARES AWARDED TO EACH EXECUTIVE OFFICER IN ACCORDANCE WITH THE LAWS AND REGULATIONS IN FORCE AT THE AWARD DATE

2015: None.

2014: None.

2013: None.

2012:

Performance shares awarded during the year to each executive officer	Plan date	Number of performance shares awarded in 2012	Valuation of the shares at the share price listed on the award decision date	Vesting date	Number of vested shares	End of lock-up period
Gérard Brescon	13/03/2012	12,000	€180,720	14 March 2015, subject to the achievement of annual performance targets over a three-year period (2011, 2012, 2013) and the beneficiary still forming part of the Group at the vesting date.	10,480(1)	14/03/2017
Stéphane Aubarbier	13/03/2012	18,000	€271,080	14 March 2015, subject to the achievement of annual performance targets over a three-year period (2011, 2012, 2013) and the beneficiary still forming part of the Group at the vesting date.	15,720(1)	14/03/2017
Gilbert Vidal	13/03/2012	12,000	€180,720	14 March 2015, subject to the achievement of annual performance targets over a three-year period (2011, 2012, 2013) and the beneficiary still forming part of the Group at the vesting date.	10,480(1)	14/03/2017
David Bradley	13/03/2012	15,000	€225,900	14 March 2015, subject to the achievement of annual performance targets over a three-year period (2011, 2012, 2013) and the beneficiary still forming part of the Group at the vesting date.	13,100(1)	14/03/2017
Martine Griffon-Fouco	13/03/2012	3,000	€45,180	14 March 2015, subject to the achievement of annual performance targets over a three-year period (2011, 2012, 2013) and the beneficiary still forming part of the Group at the vesting date.	–(2)	N/A

(1) The performance criteria applicable under the performance share plan of 13 March 2012 were only partially fulfilled.
(2) The resignation of Martine Griffon-Fouco rendered her performance share award of March 2012 null and void.

TABLE 7 – PERFORMANCE SHARES WHOSE LOCK-UP PERIOD ENDED DURING THE YEAR FOR EACH EXECUTIVE OFFICER

None.

TABLE 8 – AWARD OF STOCK OPTIONS

None.

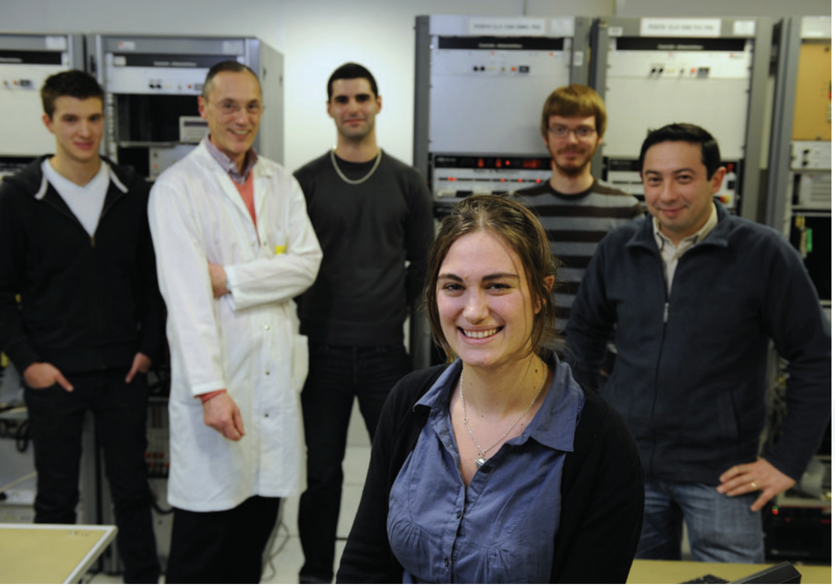
TABLE 9 – STOCK OPTIONS AWARDED TO AND EXERCISED BY THE GROUP'S TEN EMPLOYEES (OTHER THAN EXECUTIVE OFFICERS) WHO RECEIVED THE LARGEST NUMBER OF OPTIONS

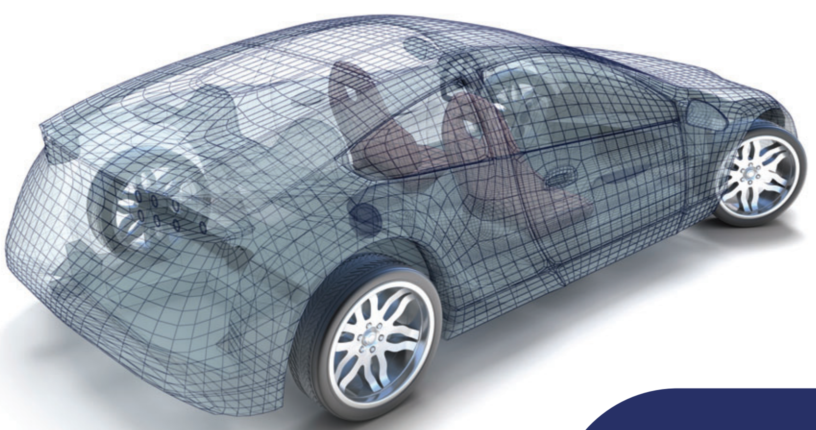
None.

TABLE 10

	Employment contract		Supplementary pension plan		Entitlement to compensation in the event of termination of or change in duties		Entitlement to compensation under non-competition clause	
Executive officer	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Dominique Louis								
Chairman & Chief Executive Officer		No		No		No		No
Start of current term of office: 22/05/2014								
End of current term of office: 22/05/2017								
Philippe Chevallier								
CFO & Deputy CEO		No		No	Yes, in the event of termination at Assystem's initiative except in the event of termination for gross negligence or wilful misconduct. Amount set at €500,000*			No
Start of current term of office: 05/06/2015								
End of current term of office: AGM to be held in 2020 to approve the 2019 financial statements								

* *This termination benefit would be due if, for any reason, Philippe Chevallier's term of office as CFO & Deputy CEO were to be terminated at the Company's initiative before the Annual General Meeting to be held in 2020 to approve the 2019 financial statements.*





3

MANAGEMENT REPORT

3.1 BUSINESS OVERVIEW

3.1.1 ASSYSTEM'S MARKET AND BUSINESS SEGMENTS

3.1.1.1 Market trends

Assystem operates in the engineering market. The role of engineering is to study, design and manufacture all or part of an industrial component or civil engineering structure.

Assystem's teams assist major industrial players with reducing their project costs and lead times, and optimising their development, manufacturing and marketing processes, and enable them to design and produce innovative solutions across the globe.

According to an Xerfi market analysis[1], engineering firms in France performed well in 2016, with revenue up by around 3.5%. Leaders specialised in technology consulting and which are positioned as Tier 1 suppliers saw robust revenue growth as clients are increasingly using outsourced technology consulting services as a way of enhancing their cost flexibility. However price pressure remained strong against a backdrop of weak inflation. In the first half of 2016, engineering services prices for the industry as a whole only rose by 0.4% on a rolling annual basis.

Demand for outsourced R&D services was particularly high in the automotive sector. After two years of decline, the construction engineering sector began to pick up, growing by 2% in 2016 according to Xerfi. Design and project management needs increased and the sector also felt the benefits of an upward trend in capital expenditure on transport infrastructure. Conversely, the oil sector contracted as oil companies significantly reduced their capital spending. The latest advance in the construction engineering sector that Assystem will need to effectively master is the increasingly generalised use of digital modelling, which not only leads to major productivity gains (with project management time savings of an estimated 70%) but also improves the quality of the buildings and services delivered. To this end, in June 2016 Assystem signed a partnership agreement with Dassault Systèmes aimed at improving the performance management of nuclear engineering projects through the use of digital technologies. Under this agreement Dassault Systèmes' 3DExpérience platform will be deployed to handle engineering data and digitise project management processes.

ASSYSTEM'S POSITIONING

Assystem began as Atem, which was founded in 1966 by engineers of the French nuclear programme in order to serve the engineering needs of the French nuclear industry. This business accounted for the majority of the Group's revenue up until the latter part of the twentieth century. Atem then merged with Alphatem, jointly-owned by Dominique Louis and Cogema, to create Assystem which went public in 1995. Shortly after its stock market flotation the Company diversified, with the acquisition in 1996 of an engineering firm specialised in aeronautics and automotive, which launched the outsourced R&D business. This business drove the Group's growth as from the year 2000, especially following its merger with Brime Technologies. A series of international acquisitions then followed, positioning Assystem among the top European engineering groups.

Assystem's teams work in two major lines of business: outsourced R&D, operated by the Global Product Solutions division, and complex infrastructure engineering, operated by Energy & Infrastructure. The Group is a major player in the nuclear, automotive and aeronautics engineering markets where it has a strong reputation for its specialist know-how.

In the outsourced R&D market, Assystem focuses exclusively on services for industrial clients. The vast majority of these clients are top European corporations that rank among the world's leading market players, to which the Group provides services throughout the entire product life cycle – from functional analysis to commissioning, including design, industrialisation and supply chain management. Its main competitors in this fragmented market are French companies such as Altran and Alten, as well as Akka, Sogeti and Segula.

Supplier panel restrictions that have been applied at global level for the past several years by major purchasers are still in force and have led to a gradual general trend towards fixed-price services – a format that large companies such as Assystem prefer. Today, roughly 60% of Assystem's services (excluding Staffing activities) are provided under fixed-price contracts, reflecting clients' high esteem for the Group's teams due to their capacity to lead projects, develop know-how and reliably and consistently deliver a high level of productivity. This underlying trend has been accompanied by a more international approach by Assystem towards providing its services, drawing on a stronger network of customer interface, specialised skills and production centres to ensure that services are rendered at the best cost and are constantly in line with client requirements.

Assystem brings added value to industrial companies, utilities and contractors operating in nuclear energy, conventional energy, transport infrastructure, life sciences and other complex infrastructure thanks to its long-standing participation in the nuclear industry, and therefore its experience in restricted environments with strong safety requirements. The main role of its experts is to help major players in the energy industry (operators and equipment manufacturers) to manage their industrial investments at every step of the process – from design through to construction, commissioning, maintenance and ultimately decommissioning. Assystem's competitors in this market are above all UK and North American groups such as Atkins (which is also Assystem's partner in the Engage and N.triple.a joint ventures), CH2MHill, Amec Foster Wheeler (also a partner of Assystem in the Momentum joint venture) and Jacobs Engineering, as well as French groups including Egis, Systra and Ingérop.

During 2016 the Energy & Infrastructure division pursued its investment drive in France and internationally, particularly in Turkey where it

(1) Source: Xerfi France, Services d'ingénierie, d'étude et de conseil technique Analyse du marché – November 2016.

acquired a controlling interest in Envy, which has enabled the Group to enlarge its client portfolio in the nuclear sector and access the large Turkish market for engineering services.

A low proportion of Assystem's revenue also originates from the secondment of consultants specialised in Oil & Gas and Industry, essentially in the Middle East, Africa and Asia. This activity, known as "Staffing" in the engineering world, is mainly inherited from an acquisition carried out in 2012 (MPH Group) to which Assystem's pre-existing staffing activities were added. The Group's main market in the Staffing business – the Oil & Gas sector which accounted for some 75% of the Staffing business's revenue in 2016 – was hit hard by the plunge in oil prices in 2015. Assystem is working to diversify its client portfolio in this business in response to this situation.

3.1.1.2 Assystem's organisational structure

Assytem is structured around two main divisions: Global Product Solutions and Energy & Infrastructure, which respectively accounted for 60.4% and 33.3% of consolidated revenue in 2016, and it also has a Staffing business which contributed 5.6% of 2016 consolidated revenue.

3.1.2 BUSINESS REVIEW AND SIGNIFICANT EVENTS OF 2016

3.1.2.1 Business review

Assystem's consolidated revenue in 2016 amounted to €955.6 million, up 5.3% year on year thanks to strong performances in its three strategic business sectors – Aerospace, Automotive and Nuclear.

At 31 December 2016, Assystem had 12,422 employees, an increase of 869 compared with 31 December 2015 (or 593 on a constant Group structure basis).

The Company's main employee-related information and more broadly, its Corporate Social Responsibility (CSR) actions and key indicators are provided in Chapter 4 of this Registration Document.

3.1.2.2 Significant events of 2016

GLOBAL PRODUCT SOLUTIONS (GPS)

In the Aerospace sector, revenue increased 3.7% as reported (5.7% on an organic basis and at constant exchange rates), reflecting growth in business volumes related to manufacturing processes and the supply chain. During 2016 Assystem acquired Aerotec Concept, a well-established player in the airplane/helicopter refurbishment and customisation market (bespoke cabin fittings, avionics modifications and connectivity). This acquisition has rounded out the aerospace service offering of the GPS division.

Growth in the Automotive sector continued at a brisk pace, with revenue climbing more than 25% in 2016 following on from the already strong increase reported in 2015. The cross-business organisational structure put in place in order to capitalise on the dynamic momentum in the European market proved a success and the number of engineers working at the Romanian engineering centre topped the milestone figure of 1,000 during the year. This centre can work remotely for a large number of clients, which therefore eliminates the issue of geographic distance. In late 2016, Assystem acquired UK-based Edison Technical Recruitment – a leading specialist engineering recruitment agency with a particular focus on electronics, electrical systems and software engineering and which is a preferred supplier for major players in the automotive industry. Through this acquisition Assystem's GPS division will be able to strengthen its presence in the automotive sector in the United Kingdom.

ENERGY & INFRASTRUCTURE (E&I)

Revenue for the Nuclear sector rose solidly excluding the effect of a contraction in business with the Areva Group. Growth was driven by business with EDF in France and Enec in the Middle East, as well as by operations related to the ITER project.

Other E&I activities (transport and building infrastructure, conventional energy and life sciences) remained stable, with the increase in revenue in Europe offset by a contraction in business volumes for Radicon due to a capital expenditure freeze for infrastructure projects in Saudi Arabia.

3.2 GROUP RESULTS

3.2.1 KEY FIGURES

In millions of euros	2016	2015	Year-on-year change
Revenue	955.6	907.7	+5.3%
Operating profit before non-recurring items – EBITA[(1)]	66.9	57.8	+15.7%
% of revenue	*7.0%*	*6.4%*	*+ 0.6 pt*
Consolidated profit for the period[(2)]	32.1	27.9	+15.1%
Adjusted profit for the period[(3)]	45.8	37.2	+23.1%
Free cash flow[(4)]	45.3	44.8	+1.1%
% of revenue	*4.7%*	*4.9%*	*(0.2) pt*
Net cash/(debt)[(5)]	(16.1)	198.8	-
Adjusted earnings per share[(6)]	2.12	1.72	+23.3%
Dividend per share[(7)] *(in euros)*	1.00	0.80	+25.0%

(1) Operating profit before non-recurring items (EBITA) including share of profit of equity-accounted investees (€0.5 million in 2015 and €1.4 million in 2016).
(2) Including profit attributable to non-controlling interests amounting to €0.7 million in 2015 and €0.6 million in 2016. Profit for the period attributable to owners of the parent therefore totalled €27.2 million in 2015 and €31.5 million in 2016.
(3) Consolidated profit for the period after deducting profit attributable to non-controlling interest and profit from discontinued operations, and (ii) for 2015, accrued coupons on the Odirnane bonds; adjusted for the net of tax amounts of non-recurring income and expenses, and exceptional financial income and expenses.
(4) Net cash generated from operating activities less capital expenditure, net of disposals.
(5) Cash and cash equivalents less debt and after taking into account the fair value of hedging instruments.
(6) Adjusted profit for the period divided by the weighted average number of diluted shares outstanding (excluding the dilutive impact of the Ornane and Odirnane bonds).
(7) For 2016, the figure corresponds to the dividend that will be recommended at the Annual General Meeting on 16 May 2017.

3.2.2 REVENUE BY DIVISION

In millions of euros	2016	2015	Total year-on-year change	Organic year-on-year change*
Group	955.6	907.7	+5.3%	+5.4%
Global Product Solutions	577.5	528.6	+9.3%	+9.7%
Energy & Infrastructure	315.7	311.1	+1.5%	+1.3%
Staffing	53.2	60.1	(11.4)%	(11.4)%
Holding company and Other	9.2	7.9	–	–

** Based on a comparable Group structure and constant exchange rates.*

Revenue generated by Global Product Solutions came to €577.5 million and accounted for 60.4% of the consolidated total. This 9.3% year-on-year increase – which was driven by Aerospace and Automotive activities – breaks down as 9.7% in organic growth, a 1.3% positive impact from changes in scope of consolidation and a 1.7% negative currency effect.

Revenue for the Energy & Infrastructure business rose 1.5% to €315.7 million and represented 33.0% of the consolidated total. Organic growth and changes in scope of consolidation each added 1.3% to revenue in 2016 whereas the currency effect was a negative 1.1%. Excluding the impact of the revenue decline posted by the Saudi Arabia-based company, Radicon, organic growth was 5.3%.

At €53.2 million (accounting for 5.6% of the consolidated total), revenue for the Staffing business decreased by 11.4%, as the positive effects of diversifying into the industry sector only partially offset the revenue drop seen in the Oil & Gas sector.

3.2.3 RESULTS OF OPERATIONS AND FINANCIAL POSITION

3.2.3.1 Operating profit before non-recurring items (EBITA)

Consolidated EBITA advanced 15.7% to €66.9 million in 2016 from €57.8 million the previous year, and EBITA margin represented 7.0% of revenue, up 0.6 of a point on the 6.4% recorded for 2015.

EBITA*

In millions of euros	2016	% of revenue	2015	% of revenue
Group	66.9	7.0%	57.8	6.4%
Global Product Solutions	47.0	8.1%	38.8	7.3%
Energy & Infrastructure	24.1	7.6%	25.7	8.3%
Staffing	2.4	4.6%	1.4	2.3%
Holding company and Other	(6.6)	–	(8.1)	–

* *Operating profit before non-recurring items (EBITA) including share of profit of equity-accounted investees (€1.4 million in 2016 and €0.5 million in 2015).*

3

Global Product Solutions EBITA rose by €8.2 million to €47.0 million, representing an EBITA margin of 8.1% *versus* 7.3% in 2015. Both the Aerospace and Automotive sectors saw a sharp increase in their EBITA and EBITA margin figures.

EBITA for the Energy & Infrastructure division contracted by €1.6 million to €24.1 million, representing an EBITA margin of 7.6% compared with 8.3%. Radicon's contribution to EBITA was a negative €1.2 million, *versus* a positive €3.7 million in 2015. Excluding Radicon, Energy & Infrastructure EBITA increased by €3.3 million to €25.3 million, representing an EBITA margin of 8.5% *versus* 7.8% in 2015.

Staffing EBITA came to €2.4 million compared with €1.4 million in 2015, and EBITA margin rose to 4.6% from 2.3%. These year-on-year increases stemmed from a reduction in the business's cost base and the collection of receivables that had previously been written down as bad debt.

The Group's "Holding company" expenses, net of the results of the activities classified in the "Other" category, amounted to €6.6 million in 2016 (€8.1 million in 2015).

3.2.3.2 Operating profit

After deducting the net non-recurring expense for the year, consolidated operating profit came to €53.4 million.

Non-recurring income and expenses represented a net expense of €13.5 million in 2016, breaking down as:

- a €7.0 million impairment loss recognised for assets used by the Staffing business;
- €3.5 million in restructuring costs; and
- a €3.0 million net expense related to acquisitions and disposals and awards of free shares and performance shares.

3.2.3.3 Financial income and expenses

In 2016 the Group recorded net financial expense of €3.6 million compared with net financial income of €1.0 million in 2015.

This year-on-year negative swing was mainly due to (i) €2.2 million in financial expenses recognised in relation to the buybacks of Ornane bonds and (ii) fluctuations in exchange rates.

3.2.3.4 Profit for the period

Excluding the impact of goodwill impairment, the effective tax rate for the year was 31.95 and the Group's income tax expense came to €17.7 million.

Consolidated profit for the period amounted to €32.1 million, of which €0.6 million was attributable to non-controlling interests (compared with €27.9 million and €0.7 million respectively in 2015).

3.2.3.5 Net cash/debt

The Group had net debt of €16.1 million at 31 December 2016, *versus* net cash of €198.8 million one year earlier. The majority of the year-on-year change was due to the fact that in 2016 the Company bought back 91.2% of its Odirnane bonds and reclassified under financial liabilities the Odirnane bonds that were still outstanding at 31 December 2016.

An analysis of the year-on-year change is provided in the table below:

In millions of euros	
Net cash/(debt) at 31 December 2015	198.8
EBITDA	75.7
Change in operating working capital requirement	(3.4)
Income tax paid	(12.8)
Net capex	(8.4)
Other movements	(5.8)
Free cash flow	45.3
Acquisitions of shares in consolidated companies, net of sales	(26.4)
Buybacks/reclassifications of Odirnane and Ornane bonds	(195.1)
Dividends, share buybacks and other	(38.7)
Net cash/(debt) at 31 December 2016	**(16.1)**

Consolidated free cash flow amounted to €45.3 million, *versus* €44.8 million in 2015. Excluding the one-off impact of a change in the rules for paying certain payroll taxes in France, it came to €50.3 million, representing 5.3% of revenue and 75% of EBITA. DSO was unchanged at 78 days, following a 5-day reduction in 2015.

In January 2017, the Group entered into a new bank financing arrangement (see Section 3.2.5 below) under financial and contractual conditions that reflect the current liquidity of the bank lending market.

3.2.4 OUTLOOK FOR 2017

In view of the favourable market trends in the Automotive, Aerospace and Nuclear sectors, Assystem has set itself the following targets for 2017:

- for organic revenue growth at constant exchange rates to be at least the same as in 2016;
- a further increase in EBITA margin;
- free cash flow representing more than 5% of revenue.

3.2.5 SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 24 January 2017 Assystem entered into a new €280 million financing arrangement with a banking pool, comprising an €80 million term loan redeemable at maturity in January 2022 and a €200 million five-year revolving credit facility with two one-year extension options (subject to the lenders' agreement). Consequently, the €80 million drawn down under the previous revolving credit facility that was included in short-term debt at 31 December 2016 has been repaid. The new financing agreement includes a covenant, the details of which are provided in Note 8.6 to the consolidated financial statements – Financial risk management, in Chapter 6 of this Registration Document.

The Odirnane bonds that remained outstanding at 31 December 2016 (representing 8.8% of the original issue) have been redeemed in full in cash, without any Assystem shares allocated to their holders. The amount of the redemption, including accrued coupons, was €14.35 million, which was paid between late February and 6 March 2017.

3.3 ASSYSTEM SA PARENT COMPANY FINANCIAL STATEMENTS

In 2016 the Company continued to perform its role as the head of the Group.

The Company's operating income for 2016 totalled €12.2 million and was derived from management services and expertise provided to the subsidiaries of the Assystem Group.

The Company ended the year with a loss of €16.3 million (*versus* profit of €93.2 million in 2015).

The Company's assets totalled €525.2 million at 31 December 2016, down €105.9 million compared with 31 December 2015.

The Company had no employees at 31 December 2016.

3.3.1 ACQUISITIONS OF SHARES IN NEW SUBSIDIARIES

During 2016 Assystem SA acquired all of the shares in Silver Atena UK Ltd (previously held by Assystem Deutschland Holding) for €14,551 thousand.

It also acquired, on 21 June 2016, 51% of the shares in Envy for €14,018 thousand.

At 31 December 2016, Assystem SA either directly or indirectly held 100% of the shares and voting rights of its main operating subsidiaries, which are as follows:

Companies incorporated in France

- Assystem France SAS and subsidiaries;
- Assystem Engineering & Operation Services SAS and subsidiaries;
- Assystem International SAS;
- Assystem Investissements SAS;
- MPH Global Services and subsidiaries.

Companies incorporated outside France

- Assystem UK and subsidiaries;
- Silver Atena UK Ltd;
- Assystem Iberia (Spain);
- Assystem Portugal;
- Assystem Deutschland Holding and subsidiaries (Assystem Gmbh, Berner & Mattner and Silver Atena);
- Assystem Romania;
- Assystem Belgium;
- Assystem Canada;
- Assystem US;
- Assystem Technologies (based in Morocco);
- Assystem Switzerland.

3.3.2 ACQUISITIONS OF ADDITIONAL SHARES IN EXISTING SUBSIDIARIES

In April 2016, Assystem SA took up 265 shares issued by its French subsidiary, Assystem Investissements, of which it is the sole shareholder. The shares had a par value of €20 each and the total cost of the transaction came to €5 thousand.

On 7 November and 16 December 2016 Assystem SA took up shares issued by its subsidiaries ASM Technologies and Silver Atena UK Ltd, for €773 thousand and €1 million respectively.

3.3.3 SALE OF SHARES IN SUBSIDIARIES

In April 2016, Assystem SA sold 5.20% of the capital of its subsidiary Eurosyn to H2D Invest for €207 thousand.

3.3.4 SUPPLIER PAYMENT TIMES

As required under Article D. 441-4 of the French Commercial Code, the breakdown of supplier payable balances by due date at 31 December 2016 is shown in the table below.

Due dates *(in thousands of euros)*	**Due in 0-30 days**	**Due in 31-60 days**	**Due beyond 60 days**	**Overdue payables**	**Total**
At 31 December 2016					
General suppliers (401 – 403)	416	42	_	33	491
Suppliers of fixed assets (404 – 405)	–	–	–	–	_
Total	**416**	**42**	**0**	**33**	**491**
At 31 December 2015					
General suppliers (401 – 403)	1,090	25	–	25	1,140
Suppliers of fixed assets (404 – 405)	–	–	–	–	_
Total	**1,090**	**25**	**0**	**25**	**1,140**

The "Trade payables" account amounted to €8,270 thousand at 31 December 2016. The €7,779 thousand difference compared with the total in this table corresponds to accrued trade payables.

3.3.5 NON-TAX DEDUCTIBLE EXPENSES

The aggregate amount of non tax-deductible expenses referred to in Article 39-4 of the French Tax Code amounted to €26,385 for 2016, generating income tax of €9,084 (disclosure made in application of Articles 223 *quater* and *quinquies* of said Code).

3.4 REMUNERATION OF COMPANY OFFICERS

See Chapter 2 of this Registration Document.

3.5 RELATED-PARTY AGREEMENTS AND COMMITMENTS

See Chapter 2 of this Registration Document.

3.6 INFORMATION CONCERNING ADMINISTRATIVE BODIES

See Chapter 2 of this Registration Document.

3.7 INFORMATION ABOUT THE COMPANY'S CAPITAL

Chapter 7 of this Registration Document contains all information concerning changes in the Company's capital, the crossing of disclosure thresholds, transactions in the Company's securities carried out by executives, a summary table of financial authorisations granted by shareholders and currently in force, elements likely to have an impact in the event of a takeover bid, dividends and the share buyback programme.

3.8 DESCRIPTION OF MAIN RISKS AND UNCERTAINTIES

See Chapter 5 of this Registration Document.

3.9 CORPORATE SOCIAL RESPONSIBILITY (CSR)

See Chapter 4 of this Registration Document for Assystem's CSR report, which forms an integral part of the management report.

3.10 FIVE-YEAR FINANCIAL SUMMARY FOR ASSYSTEM SA

Year	2012	2013	2014	2015	2016
I. Capital at year-end					
Share capital	20,734,278	19,326,066	22,154,831	22,218,216	22,218,216
Number of shares issued	20,734,278	19,326,066	22,154,831	22,218,216	22,218,216
Number of shares that may be issued on conversion of convertible bonds	4,181,818	4,181,818	6,837,098	6,861,795	807,438
II. Results of operations					
Net revenue	11,125,335	11,427,562	12,371,760	11,342,261	11,974,072
Profit (loss) before tax, depreciation, amortisation and provisions	21,233,801	26,215,004	14,194,383	50,292,852	(6,401,391)
Corporate income tax	1,011,224	2,250,236	3,230,075	5,315,395	7,143,932
Profit (loss) after tax, depreciation, amortisation and provisions	26,409,431	25,589,684	14,033,557	93,212,545	(16,350,387)
Dividends paid	7,787,732	9,908,478	16,226,024	16,992,599	*
III. Per share data					
Earnings per share after tax but before depreciation, amortisation and provisions	1.61	1.47	0.79	2.50	0.03
Earnings (loss) per share after tax, depreciation, amortisation and provisions	1.27	1.32	0.63	4.20	(0.74)
Dividend per share	0.45	0.45	0.75	0.8	*
IV. Employee data					
Number of employees	1	1	1	0	0
Total payroll	493,731	307,438	523,093	1,468,064	685,571
Social security contributions	431,163	241,251	355,854	578,586	268,782

* *At the next AGM, shareholders will be asked to approve a dividend of €1.00 per share.*

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2016 CORPORATE SOCIAL RESPONSIBILITY REPORT (CSR)

4.1 THE ASSYSTEM GROUP'S CSR STRATEGY

The corporate social responsibility principles underpinning the Group's strategic business model are a fundamental driver of value creation and business growth. Four challenges are central to Assystem's CSR strategy:

- **Be a responsible employer**

  The success of the Assystem business model is attributable to the quality of its teams who are the Group's most important asset. Their expertise, knowledge and innovation capabilities represent the business growth drivers that enable the Group to create lasting value for clients.

  There are two priorities in this area. The first is to attract and retain talent from a wide variety of backgrounds. The second is to promote diversity and teamwork, so that the best use is made of each individual's skills and an environment is created in which employees can achieve their career goals and become engaged members of the community. For example:

  - convinced of the value of workplace diversity, Assystem has long been committed to helping people with disabilities to join the workforce, and to acting as a standard bearer in this area. In 2005, the Group pledged to uphold France's equal opportunity charter, in 2007 a dedicated unit was set up to help employees and managers address the issues faced by disabled workers and in 2013, a three-year corporate agreement on the employment of people with disabilities was signed, which was renewed in 2016,
  - teleworking, an increasingly popular method of achieving a good work-life balance, is a key challenge and a pilot scheme was organised in France in 2016. Offering teleworking options makes Assystem a more attractive employer and also helps to reduce the Group's carbon footprint by cutting down on commuting,
  - the creation in 2016 of more than 700 on-line communities connected *via* WorkPlace promotes collaborative working and the sharing of both ideas and innovations. This corporate social network contributes to more fluid workflows and enhanced internal communications, while also ensuring the dissemination and appropriation of common values,
  - Assystem leverages the skills of its experts to develop innovative solutions for the benefit of society. A recent example is the project set up in 2016 with the Clinatec biomedical research centre to develop a Brain Computer Interface designed to improve the quality of life of quadriplegics. For the young engineers chosen to work on the project, this is an opportunity to work on a solution that will change people's lives while at the same time honing their technological skills,
  - Assystem also maintains a sustained constructive dialogue with all the organisations representing its employees.

  All of these topics and the related initiatives launched in 2016 are described in Section 4.3 (pages 51 to 58) of this report.

- **Be an ethical market player**

  The Group considers that a shared culture of compliance and ethical behaviour is both a necessity and a source of strength. In 2016, a new version of the Assystem Code of Ethics was approved for phased rollout to all of the Group's countries and all employees. A series of events will be organised in 2017 to support the rollout, mainly in Germany, the United Kingdom, Spain and Romania, in order to continue the process of raising employee awareness of Assystem's compliance policies.

- **Manage the Group's environmental footprint**

  Through its business, Assystem has occasion to participate in projects that have an impact on the environment. The Group's public and private sector clients have very clear expectations in this regard and require their service providers to meet high environmental standards.

  Assystem plays close attention to the environmental performance of its businesses and to developing solutions and services that contribute to reducing the overall carbon footprint of its clients' products and infrastructure.

- **Create value for clients through sustainable and innovative solutions**

  A key priority for Assystem is to guarantee the highest levels of client satisfaction by offering targeted high quality services that help them to transform their businesses and anticipate future needs.

As well as focusing on these four challenges, Assystem puts its CSR commitments into practice through the projects undertaken by its E&I and GPS divisions on behalf of clients or with other partners, as explained below.

ASSYSTEM, FACILITATING ENERGY TRANSITION AND EFFICIENCY PROJECTS AND THE DIGITAL REVOLUTION

The E&I division

Assystem's **Energy & Infrastructure (E&I)** division offers to manufacturers, utilities companies and contractors working in the nuclear, conventional energy, transport infrastructure and life sciences sectors and on other complex infrastructures, the expertise acquired through its long experience in the nuclear industry and in infrastructure engineering in environments that have complex operating conditions and/or stringent safety requirements.

Managing nuclear risks is a challenge shared by all E&I activities serving major nuclear industry clients. To accompany the overhaul of general technical regulations applicable to basic nuclear power plants, Assystem's Nuclear Risks Management Unit has launched a series of initiatives to instil a powerful safety culture among employees. These initiatives respond to a set of commitments described in the Nuclear Safety Culture Charter adopted in 2014.

For more information about the E&I division, see Chapter 1 of this Registration Document.

Energy transition

Assystem is participating in research and development projects to find new energy sources that are safer, cleaner, potentially unlimited and better for the environment.

In 2005, the Group joined the International Thermonuclear Experimental Reactor (ITER) project by signing a nuclear safety engineering contract with the signatories of the European Fusion Development Agreement (EFDA), previously known as Fusion for Energy - F4E. ITER will be the world's largest experimental fusion reactor. It is being built with a view to demonstrating the scientific and technological feasibility of fusion as a source of energy based on the same principle that powers the sun and stars.

Work began on the ITER platform at Cadarache in southern France in 2010, with 35 nations collaborating to build the world's largest tokamak, a magnetic fusion device.

Energy efficiency

The design and construction of energy efficient buildings, networks and transport systems is of critical importance in the battle against global warming. Through its expertise in automation, critical controls and safety and security systems, as well as in specific applications that make infrastructure more intelligent, Assystem helps clients to develop smart networks, buildings and transport systems.

The low carbon city would be unachievable without a green public transport system complying with the highest sustainable development standards. The Proxemys consortium led by Assystem and also comprising Louis Berger and Antea Group won an 8-year contract in 2016 to assist Société du Grand Paris in managing projects covering all current and future lines (including 68 stations and five maintenance sites) making up the Grand Paris Express low carbon metro system for inhabitants of the Greater Paris area.

Proxemys is providing essential support to the project's Environmental Engineering Department in meeting the following seven objectives:

- avoid, reduce or offset environmental impacts;
- systematically promote energy-efficient options;
- seamlessly incorporate network structures in their natural and architectural environment and surrounding landscape;
- pro-actively address natural risks;
- promote soft mobility solutions;
- deploy eco-responsible site management practices;
- develop a circular overburden management economy.

Digital revolution

Artificial intelligence and digital technologies are changing the way we work. Assystem is supporting the digital revolution by developing applications that simplify and optimise transactions, and by using digital design systems such as ALM and BIM.

It is a recognised provider of energy transition management solutions, with a proven track record in managing projects and designing safety and security systems and control systems. In early 2016, the Group won the contract to provide turnkey systems integration services for the Building Technical Management (BTM) system of the new Paris High Court (TGI) building, which has set new standards in terms of energy efficiency in high-rise buildings.

The BTM will manage the heating, air conditioning and lighting systems and operation of the window blinds, providing a modular solution that will keep pace with changes in the building's use. Programmable control units are combined with lighting and blind extension modules fitted with sensors that allow the lighting and blinds to be adjusted in each room based on comfort parameters and whether or not the room is occupied.

GPS division

The Global Product Solutions (GPS) division specialises in providing outsourced R&D services to manufacturers operating mainly in the Aerospace and Automotive sectors. It is involved in the entire product life cycle, from functional analysis to commissioning, including design, industrialisation and supply chain management.

For more information about the GPS division, see Chapter 1 of this Registration Document.

Energy transition

In recent years, Assystem has been working closely with a major aircraft manufacturer to reduce commercial aircraft engine operating costs. Leveraging its expertise in propulsion systems, the Group is able to propose technical adjustments and new maintenance procedures that help to reduce the engines' energy use and, consequently, their environmental footprint. This "win-win" initiative has created maximum value for both Assystem and its client.

Recently, a project has been undertaken for a German manufacturer to raise productivity and improve the efficiency of its plants. Drawing on more than 20 years' experience in the industry and a sound knowledge of the technologies used by the Factory of the Future, Assystem set up a predictive maintenance system that reduces energy and machine maintenance needs at these plants. The expertise acquired in connected objects and data analysis was critical to this project's success.

Digital revolution

Continuous innovation in man-machine interfaces enhances and facilitates the operation of industrial machinery. For example, thanks to their improved displays and keyboards, tablets can now be used for dedicated quality control applications.

Assystem has developed an app that converts an Android tablet into a touch panel for the test sets marketed by Germany's Omicron.

Designed according to the *Bring Your Own Device* (BYOD) principle, the CMControl app is the first autonomous operating system for the Omicron test sets used by companies in the electricity, manufacturing, railway switchgear and measuring equipment industries.

The tablet's Wi-Fi connection gives its user greater freedom of movement, and the test reports created by the system can be viewed and assessed directly on the tablet. This solution developed by Assystem's teams in just three months enabled Omicron to score a market first with an attractive new operating concept, thanks to the development cost savings achieved through equipment personalisation.

In 2016, the same technology enabled the introduction of a largely paperless quality inspection process in Airbus cabins, reducing the inspection time by half and making life a lot easier for the inspectors.

The medicine of the future

In early 2016, Assystem signed a partnership agreement with Clinatec, a cutting-edge research centre that develops innovative biomedical systems for the medicine of the future. The Group is working with Clinatec on a Brain Computer Interface project which aims to demonstrate that it is possible to drive an exoskeleton thanks to an implant that records cortical signals, with the ultimate goal of helping quadriplegics to become more independent.

Four engineering students who joined Assystem for their final year internship have been selected to assist Clinatec with this project. The partnership is symbolic of Assystem's values and convictions in that it is meaningful for society as a whole, for Assystem and for the Group's young employees.

Research into the application of biotechnology to disabilities carries a powerful promise of social progress that reflects the Group's commitments. The collaboration with Clinatec also forms part of an open innovation process based on co-development and experimentation, in line with the incubator strategy deployed through the Assystem Innovation Factory.

The process of co-creation with all of the Group's stakeholders – employees, shareholders, clients and the community – is the key to opening up possibilities and advances that are the driving force of Assystem's engineering business. By supporting this project, Assystem will acquire expertise in complex technologies that will shape the future and can ultimately also be used in other sectors.

At the first ABNL Non-Profit Awards ceremony organised by BFM Business in November 2016, Thierry Bosc, Clinatec's Campaign Manager, and Philippe Eyssautier, Assystem's business development director, received the "Healthcare and Research" award from Hugues Renson, managing director of the EDF Foundation, and Sophie Barniaud, co-founder of Carenews.

4.2 STAKEHOLDER MAPPING: RESPONDING TO STRONG EXPECTATIONS

Assystem works to maintain constant dialogue and to build lasting relationships of trust with all of its businesses' stakeholders, in order to respond to their expectations, strengthen its ability to act responsibly in all host countries and create long-term value.

HUMAN RESOURCES STAKEHOLDERS

Employees

Employees must enjoy the best possible working conditions (work-life balance, professional development, health and safety policies), be rewarded for their work and initiatives (remuneration policies) and have the assurance that their personal data is protected. Assystem's engaged workforce is a major asset, driving innovation while helping to ensure eco-responsible behaviours and application of the highest ethical standards. It enables the Group to continuously adapt to clients' needs by delivering high quality, efficient and responsible service.

Labour relations partners

Employee representatives and trade union organisations count on Assystem to maintain a constant social dialogue. Assystem endeavours to make relations with employee representatives a driver of progress within the Group through agreements on topics such as gender equality and employment of people with disabilities.

Outside consultants and partners

Assystem's influence with its outside consultants and partners and their influence with Assystem helps to drive their respective performances.

ECONOMIC STAKEHOLDERS

Clients

Clients expect Assystem to provide them with the most appropriate technological responses, with solutions that address their current needs and ensure they keep pace with future developments. For its part, Assystem encourages clients to embrace its sustainable development principles.

Business partners

Assystem is a long-term source of business for its sub-contractors, co-contractors and suppliers, and in the same way as for clients, it expects them to embrace its values. For their part, business partners participate in the development of Assystem's innovative projects. Certification bodies also contribute to strengthening the Group's performance, while the experience gained during their audits helps them to enhance their standards and guidelines.

Financial partners

Assystem's investors expect the Group to be efficient and profitable. They also expect clear and transparent communications so that they can understand the Group's strategy, particularly in terms of resource allocation. By regularly publishing transparent, easy to understand financial information, the Group demonstrates the robustness of its business model. Assystem's banks provide the funding needed to finance business growth.

Professional organisations

Assystem participates actively in the initiatives of professional organisations such as Syntec Ingénierie, to promote its businesses and drive industry momentum. Seminars and conferences organised by professional organisations are an opportunity to share best practices.

COMMUNITY STAKEHOLDERS

Academia

Assystem contributes to regional development by supporting schools and universities (through internship and apprenticeship programs, contributions to training and education, etc.) which represent an important source of future talent. By communicating about its projects, Assystem influences the scientific community, which in turn helps the Group to stay at the forefront of innovation.

Civil society

Assystem pledged to uphold the UN Global Compact in 2011 and it also applies the fundamental principles of the International Labour Organisation (ILO). It puts its social engagement into practice through corporate sponsorship and other initiatives. The media enable the Group to inform the public about its businesses and its sustainable development commitments. By making innovation a lever for a sustainable world, Assystem has become a major source of articles in the technical press.

INSTITUTIONAL STAKEHOLDERS

Public authorities

Local communities and public authorities expect Assystem's operations to have a positive impact on the local economy, by creating jobs and using innovative solutions to help drive sustainable growth with a limited environmental footprint. For their part, public authorities contribute to Assystem's business growth by awarding public sector contracts and grants to the Group.

4.3 HUMAN RESOURCES INFORMATION: HR DEVELOPMENT AS A DRIVER OF PERFORMANCE

The Group's 2016 HR indicators* are as follows:

	2016	2015	GRI equivalent (Global Reporting Initiative)
Total number of Group employees* at 31 December	12,422	11,553	G4-9
% of permanent contracts at 31 December	89%	89%	G4-10 (b)
% of women at 31 December	23%	22%	G4-10 (a)
% of seniors* at 31 December	20%	20%	G4-LA12 (a)
% of employees with disabilities* at 31 December	2%	2%	G4-LA12 (a)
Average age of employees at 31 December *(in years)*	35.7	35.8	G4-LA12 (a)
Number of new hires during the year	4,282	2,616	G4-LA1 (a)
Employee turnover during the year	326	381	G4-LA1 (b)
Absentee rate* for the year *(number of absentee days lost per 100 days worked)*	3.50	4.21	G4-LA6 (a and b)
Accident frequency rate* for the year *(number of workplace accidents per million hours worked)*	2.21	2.51	G4-LA6 (a and b)
Accident severity rate* for the year *(number of accident days lost per 1,000 hours worked)*	0.05	0.08	G4-LA6 (a and b)
Number of employees trained* during the year	6,367	6,187	G4-LA9 (a)
Total number of hours' training* given during the year	240,195	273,961	G4-LA9 (a)
Average duration of training* given during the year *(in hours)*	37.65	44.3	G4-LA9 (a)

* *These terms are defined in Section 4.6.1, page 65 of this Registration Document. Except for the total number of Group employees, all of the above indicators exclude Insiéma, MPH Global Services and MPH Global Services' subsidiaries and associates (see Section 4.6.3.1 of this Registration Document, page 67).*

4.3.1 EMPLOYMENT

4.3.1.1 Total Group employees, employees by division, region, country, gender and age

At 31 December 2016, the Group had a total of 12,422 employees compared with 11,553 at the previous year-end. The increase reflects both external growth (mainly the acquisition of Envy) (see pages 8 and 9 of this Registration Document) and organic growth.

The total can be broken down as follows:

By division:

- Global Product Solutions: 7,750, representing 62.4% of the Group total;
- Energy & Infrastructure: 4,084, representing 32.9% of the Group total;
- Staffing: 549, representing 4.4% of the Group total;
- Other: 39, representing 0.3% of the Group total.

By geographic region:

- France: 7,796, representing 62.8% of the Group total;
- International: 4,626, representing 37.2% of the Group total.

By country:

- France: 7,796, representing 62.8% of the Group total;
- Canada, United States, United Kingdom: 825, representing 6.6% of the Group total;
- Germany, Belgium, Switzerland: 1,125, representing 9.1% of the Group total;
- Africa, Middle East, Asia: 1,327, representing 10.7% of the Group total;
- Romania, Spain, Portugal: 1,296, representing 10.4% of the Group total.

At 31 December 2016, women represented 23% of the workforce, compared with 22% at 31 December 2015.

The average age of employees at 31 December 2016 was 35.7 years, compared with 35.8 years at 31 December 2015, with seniors (employees aged 45 or over) representing 20% of the Group total at both 31 December 2016 and 2015.

4.3.1.2 New hires and departures

A total of 4,282 employees were hired by the Group in 2016 and Assystem is included in the top 100 companies hiring in France in 2017 (source: *L'Usine Nouvelle*, 12 January 2017).

At 31 December 2016, employees with permanent contracts represented 89% of the workforce. In 2017, the majority of new hires (80%) will be taken on under permanent contracts to support the Group's development.

Of the total employees hired in 2016 in France by AEOS, Assystem France, Assystem Régions and Athos Aéronautique, 27% were women (*versus* 22% in 2010). This performance, which was better than the specific objectives agreed with employee representatives, was achieved despite the shortage of women engineers and the limited number of unsolicited job applications from women received by Assystem and the other companies operating in its industry. In Germany, management is aiming for women to represent one-third of the workforce by 2020.

Hiring people with disabilities is another important challenge for the Group. In recent years, various initiatives have been launched to improve its performance in this area, particularly in France. Examples include:

- development of partnerships with job sites and recruitment firms specialised in helping people with disabilities to find work;
- awareness-raising initiatives among managers and other staff responsible for hiring new employees;
- organisation of hiring events (job forums, handicafés, etc.).

Regarding employee turnover, a total of 3,418 employees left the Group in 2016 (excluding UK contractors, Insiéma, MPH Global Services and MPH Global Services' subsidiaries and associates), including 326 employees whose contracts were terminated.

4.3.1.3 Remuneration

In 2016, the Group's payroll costs were as follows (see also Note 5.3.2 to the consolidated financial statements, page 98 of this Registration Document):

In millions of euros	2016	2015
Wages and salaries	(515.0)	(507.9)
Social security contributions	(147.4)	(136.9)
Total	**(662.4)**	**(644.8)**

Tax credits and operating grants are generally recorded as a deduction from payroll costs.

Employee benefit obligations reported in the consolidated statement of financial position mainly concern statutory retirement bonuses (see also Note 5.3 to the consolidated financial statements, page 98 of this Registration Document). The post-employment benefit plans covering Group employees are for the most part defined contribution plans.

At its meeting on 4 July 2016, the Board of Directors decided to award a total of 300,300 performance shares to a certain number of Group employees. The performance shares will vest in April 2020, provided that the recipients are still employed by the Group and certain performance conditions are met during the vesting period (see also Note 5.3 to the consolidated financial statements, page 101 of this Registration Document).

Details of the remuneration and benefits attributed to members of the Board of Directors and executive management in 2016 are provided in Section 2.2.2, pages 27 *et seq.* of this Registration Document.

4.3.1.4 Work organisation

The Group's objective is to offer the best possible work environment, in line with its belief that happy employees are motivated and productive. In line with this objective, it endeavours to ensure that employees enjoy a good work-life balance, supports them during key events in their personal lives (such as parenthood, illness, accidents), and leverages new technologies in order to offer flexibility and time-saving measures.

At the end of 2015, a pilot teleworking scheme was launched in France. Working from home enables employees to enjoy a better work-life balance by reducing their commuting time and giving them considerable flexibility in the way they organise their personal lives. The teleworking scheme therefore makes Assystem a more attractive employer. The pilot scheme proved successful and negotiations are now underway with trade union representatives to allow all eligible employees of the Group's French companies to work from home on a volunteer basis in 2017. In Germany, employees have been offered teleworking opportunities for many years and a formal policy will be issued in 2017.

The Group also deploys specific measures to facilitate the working lives of employees with disabilities. In France, measures have included modifying disabled employees' workstation equipment and adjusting their working hours, granting additional days off, paying travel costs in excess of Group policy and financing the installation of special equipment in the employee's personal car. Measures have also been implemented in the United Kingdom to ensure that all employees have the same chance of succeeding. Based on a prior workstation assessment performed with the assistance of independent occupational health consultants (Everwell), employees with disabilities are given specific equipment and specially adapted office access and working hours. Where needed, sign language interpreters accompany engineers during their meetings with co-workers and clients.

Within the Group, average weekly working hours vary depending on the host country and local labour legislation.

Lastly, the absentee rate was 3.50% in 2016 *versus* 4.21% in 2015.

4.3.2 PROMOTING AND MANAGING SOCIAL DIALOGUE

4.3.2.1 Organisation of social dialogue

The Group's Human Resources Departments maintain continuous dialogue with employee representatives and trade unions with the aim of promoting responsible operating methods and practices. They endeavour to make relations with employee representatives a driver of progress within the Group. In France, negotiations are under way with trade union representatives with a view to signing a framework agreement organising social dialogue based on France's Social Dialogue and Employment Act of 17 August 2015 ("Rebsamen Act").

Certain measures deployed by the Group go beyond its legal obligations. In France, for example, an agreement concerning special arrangements and resources for employee representatives was signed on 30 August 2016 between AEOS and the trade unions. Under the terms of the agreement, each Works Council member has been allocated additional hours for Council business, the Council has been given a dedicated phone line for conference calls and a full-time assistant, monthly Works Council meetings will be organised in the regions, and the Works Council can set up local units to manage welfare and other activities.

4.3.2.2 Overview of collective agreements

In 2016, the process of active social dialogue led to the signature of several collective agreements in France:

- on 21 December 2015, renewal of the gender equality agreement covering Assystem France/Assystem Régions for a period of three years beginning 1 January 2016. The agreement establishes new commitments designed to:
  - increase the proportion of female hires, particularly for management positions, with specific targets to be achieved within specified periods,
  - ensure that female hires are offered the same salary as their male counterparts;
  - pursue initiatives to help women move up the career ladder and secure promotion to management positions,
  - promote a work environment that enables employees to balance their responsibilities at work with their family responsibilities;
- on 16 February 2016, renewal of the agreement to promote employment of people with disabilities covering AEOS and Assystem France/Assystem Régions;
- on 15 March 2016, signature of a statutory employee profit-sharing agreement covering Assystem France/Assystem Régions;
- on 10 May 2016, signature of Addendum 2 to the agreement covering supplementary health and death/disability insurance plans for employees of AEOS, Assystem France/Assystem Régions and Athos Aéronautique;
- on 19 May 2016, signature of an addendum to the corporate agreement on the reorganisation and reduction of working hours (“35-hour week” agreement), covering Assystem France/Assystem Régions;
- on 19 May 2016, signature of an addendum to the corporate agreement establishing working time savings accounts, covering Assystem France/Assystem Régions;
- on 23 June 2016, signature of a discretionary employee profit-sharing agreement covering Assystem France/Assystem Régions;
- on 30 August 2016, signature of an agreement on the special arrangements and resources for employee representatives at AEOS (see above);
- on 14 September 2016, signature of an addendum to the discretionary employee profit-sharing agreement covering Assystem France/Assystem Régions;
- on 5 December 2016, signature of an agreement covering support for AEOS employees in building personal professional mobility projects (trialled at the Belfort unit).

The working conditions agreements covering employees in Romania was also renewed in 2016.

4.3.3 ANTI-DISCRIMINATION POLICY AND PROMOTION OF DIVERSITY

Fighting discrimination and promoting diversity are an integral part of the Group’s values, supporting its aim to be one of the best-performing engineering firms in this respect.

For several years, the Group has been following an assertive equal opportunities and diversity policy supported by practical initiatives in the areas of hiring, partnerships, employee agreements and community outreach. This policy is being deployed in all host countries.

In the United Kingdom, the equal opportunities and diversity policy adopted in 2013 promotes equality in hiring, career development, training, working conditions and remuneration, and the prevention of discriminatory behaviour on the grounds of gender, marital status, disability, race, colour, religion, nationality, ethnic origin, sexual orientation and age. The policy focuses notably on promoting employees based exclusively on merit and ensuring that managers adhere to this fundamental principle.

In Germany, the anti-discrimination policy in place since 2006 includes a whistle-blowing procedure.

In Romania, training seminars and awareness-building programs have been developed to promote application by management of best practices in the area of diversity policy.

4.3.3.1 Gender equality

The Group invests heavily in promoting gender balance and equality, covering both general working conditions (hiring, promotion, qualifications, training, etc.) and salary policy. At issue is banishing stereotypes, applying the “equal work for equal pay” principle, keeping up the endeavour to hire more women, and promoting mixed teams and equal career development opportunities.

There is a serious shortage of women engineering graduates and very few women send unsolicited job applications to companies operating in Assystem’s industry. The Group has developed various targeted initiatives to overcome this problem, such as by creating and leading a network specifically dedicated to promoting the role of women within the organisation. Named *Femmes d’Énergie*, it comprises various corporate agreements, a work-life balance charter, programs to increase managers’ awareness of the benefits of mixed teams and women-focused talent management and training initiatives.

Femmes d’Énergie was initially launched in France and was extended to Belgium and the United Kingdom in 2015. The network currently has 400 male and female members. It has a deep regional presence, with 40 local correspondents, and is being deployed gradually throughout the Group. Projects for 2017 concern mentoring programs and communication about the WorkPlace on-line communities.

The comparative situation of men and women within the Group is gradually improving, as illustrated by the following data:

- women represented 23% of the total workforce at 31 December 2016 *versus* 22% at 31 December 2015;
- women accounted for 27% of new hires by AEOS, Assystem France, Assystem Régions and Athos Aéronautique in 2016, *versus* 22% in 2010;
- the Group had three times more women managers in France in 2016 than in 2010;
- the proportion of women in the Group in France rose from 17% to 23% between 2010 and 2016.

4.3.3.2 Recognising the value of older employees

In light of the changes in the job market and moves to push back the statutory retirement age, the Group pays close attention to supporting the professional development and recognising the value of employees aged 45 and over, who represented 20% of the total workforce at 31 December 2016.

A career management system has been set up, aimed at helping older employees maintain and enhance their skills and to pass on their know-how to the younger generation. Employees are interviewed to ascertain their plans for the second part of their career and the information is entered in the Strategic Workforce Assystem Planning (SWAP) system (see Section 4.3.5.2 of this Registration Document) which helps them redefine their professional objectives.

In 2013, AEOS and Assystem France signed a corporate agreement with trade union representatives to set up a "Generation Contract", a new type of contract introduced in France to encourage the employment of young people and promote knowledge-transfer from older employees (see Section 4.3.5.1.3 of this Registration Document).

4.3.3.3 Making disability a source of strength for Assystem

Assystem has long been committed to helping people with disabilities to join the workforce, and to acting as a standard bearer in this area.

In 2005, the Group pledged to uphold France's equal opportunity charter, in 2007 a dedicated unit was set up to help employees and managers address the issues faced by disabled workers and in 2013, a three-year corporate agreement on the employment of people with disabilities was signed, which was renewed in 2016.

Through these initiatives, the Group has set the standard among engineering firms in France for the employment of people with disabilities.

The Group Diversity and Recruitment Department has set up a *Mission Handicap* team comprising a manager, two project leaders and an assistant, that is tasked with creating and maintaining a dynamic process to:

- hire employees with disabilities;
- facilitate their integration;
- help them remain in employment through employability management programs;
- promote outsourcing of maintenance work and digital, logistic and other services to "EA" and "ESAT" companies specialised in employing people with disabilities;
- increase awareness of disability issues among Group employees and among people outside the Group (for example, by participating in the European Disability Employment Week and in the organisation of handicafés in various French cities). Clients are also targeted through proposals to create temporary joint ventures between Assystem, the client and an EA or ESAT, the organisation of disabled sports events and other events, and client participation in non-profit organisations such as Hanvol (see Section 4.3.5.2 of this Registration Document);
- enter into partnerships, through the Assystem Innovation Factory, to increase the involvement of the Group's engineers in research and innovation projects designed to improve the lives of people with disabilities (for example, Handroid, an internal exoskeleton project to develop the first wheelchair enabling people with reduced mobility to access industrial or public buildings that do not have proper disabled access).

In 2016, the *Mission Handicap* team conducted 29 initiatives, including the third annual Assystem Handiweek during which employees can view their activities through the eyes of a disabled person using virtual reality goggles, take part in an online quiz on technological innovations to facilitate the lives of people with disabilities and attend a presentation of the internal Handroid project.

Numerous initiatives are planned to mark *Mission Handicap*'s tenth anniversary this year, including sign language courses, a silence café, solidarity walks, and visits throughout France to meet employees and unite them behind this issue which is central to the Group's values.

At the beginning of March 2017, Assystem also participated in the 3rd edition of the *Femmes en Entreprises Adaptées* awards event organised by Handiréseau. The one-day event recognises the exceptional career achievements of women working in companies specialised in employing people with disabilities and also celebrates the expertise of these companies in helping people with disabilities to find work.

4.3.4 WORKPLACE HEALTH, SAFETY AND WELL-BEING

Workplace health, safety and well-being are priorities for the Group which pays particular attention to preventing the most serious risks in all of its host countries.

4.3.4.1 Workplace health and safety

In most of Assystem's businesses, employees' exposure to accident, health and safety risks is limited. Where necessary, specific measures are taken to prevent the occurrence of these risks.

The Group's overall health and safety policy covers three areas:

- preventing and reducing risks to guarantee safe working conditions;
- ensuring that line managers and supervisors are warned of the risks associated with certain jobs;
- improving employees' awareness and training about safety issues.

The aim is to deploy health and safety management systems aligned with international standards such as OHSAS, starting at the sites the most exposed to risks. Sites in France, the United Kingdom and the United Arab Emirates representing around 20% of total Group employees have obtained OHSAS certification and the aim is to raise the proportion to 35% of employees by 2018.

In France, risk prevention, communication and awareness-raising initiatives were stepped up during 2016, leading notably to a significant reduction in the frequency and severity of accidents at Athos Aéronautique.

A safety handbook for new employees in France was published and distributed by the Global Product Solutions division in 2015. The handbook describes the main risks associated with the division's activities and the related preventive measures. It also includes a compulsory whistle-blowing procedure and underscores employees' right to stop work in the case of a serious and imminent danger to life or health and/or upon discovering defective protection systems. The Energy & Infrastructure division deployed its own safety handbook in 2016, which is a near carbon copy of the Global Product Solutions handbook but also includes a Section on nuclear risks.

To date, no collective workplace health and safety agreement has been signed in France.

In the United Kingdom, OHSAS 18001-certification has been obtained covering all employees and in 2016, a Health and Safety General Policy Statement was deployed. The Policy Statement covers detailed risk assessments, workplace security progress indicators, working conditions audits, and health and safety communication and training plans.

In application of the Policy, a risk assessment is performed for each employee and specific methods are defined for manual tasks performed on project sites and at client facilities. All subcontractors responsible for maintaining Assystem facilities in the United Kingdom are required to provide details of their methods, risk assessments and certificates of competence. All employees in the United Kingdom receive safety training.

In Germany too a formal health and safety policy has been in place for many years.

In Romania, the collective labour contract and the internal rules drawn up in compliance with local regulations include specific workplace health and safety requirements. These include the creation of a Health & Safety Committee which meets at quarterly intervals and comprises representatives of management and employees, health and safety managers and the occupational health physician.

In the Middle East, a health and safety officer was appointed in 2015 to manage the important health, safety and environmental issues associated with Energy & Infrastructure projects. This was an effective move, as no accidents have been reported since his appointment. In accordance with his roadmap, the health and safety officer has set up a health and safety management system and in 2017, dedicated training will be organised to raise employees' awareness of these issues.

4.3.4.1.1 PRESERVING AND PROTECTING EMPLOYEES' HEALTH

Preserving and protecting employees' health means managing the risks associated with their working environment, especially the psycho-social risks linked to stress, isolation and the rapid succession of engagements performed in Assystem's offices and at client sites.

In France, the Group has a long record of pro-actively focusing on preventing psycho-social risks. Because it is impossible to eliminate all possible risks, managers at all levels in the organisation receive regular training in how to prevent these risks and adapt their management practices to each different situation. Since 2011, some 500 managers have received this training.

Management is particularly aware of situations that could make employees feel vulnerable or experience a loss of confidence, such as:

- exceptionally complex projects with very short deadlines, where the support and encouragement of all the teams involved is important;
- the transition between major contracts that are a feature of Assystem's business model, representing a period of professional and geographic mobility for the consultants concerned who receive effective support from the Group;
- individual situations (such as long periods of ill health or the loss of a loved one) and group situations (such as a terrorist attack or a state of emergency) that temporarily affect the life of employees.

A monitoring network has been established to detect any employees in difficulty. Monitoring at-risk employees requires an unremitting team effort involving occupational health physicians, managers and human resources professionals.

Anticipating potential problems and listening to employees in these situations helps to ensure that a personalised response can be developed in each case, to the extent of the Group's operating capabilities and without interfering in the employee's private life.

Employees can also turn to an external counselling and psychological support unit following a tragic event such as the terrorist attacks in France in 2015 and 2016.

A joint Committee of Company and employee representatives meets twice a year to review a series of regularly tracked indicators and discuss monitoring and support initiatives.

No cases of occupational illness were identified in France in 2016. No information on this subject is available for subsidiaries outside France.

In the United Kingdom, in the same way as in France, special attention is paid to workstation ergonomics. For example, within four weeks of being hired and after each move to a new workstation, employees are asked to fill in a questionnaire assessing the extent to which their work environment, equipment and resources are aligned with the needs of their job. The completed questionnaires are reviewed and any identified problems or weaknesses are corrected. UK employees are also actively encouraged to take an eye test every two years, paid for by the Company.

In Germany, eye tests are also offered to all employees and occupational health physicians are on hand to examine employees exposed to specific risks.

4.3.4.1.2 GUARANTEEING WORKPLACE SAFETY

The Group's workplace accident frequency rate is very low compared with the industry average in France, at 2.21% in 2016 compared with 2.51% in 2015. The severity rate also improved year-on-year, standing at 0.05% *versus* 0.08%.

These results were achieved thanks to the many preventive initiatives deployed by the Group. For example, over 800 hours' safety training was given to AEOS line managers and supervisors through half-day chat sessions designed to alert them to day-to-day risks. In 2017, preventive measures will be stepped up in the energy and major construction project (ITER, EPR, etc.) sectors, through the development of a safety culture focused on the sharing of experiences between employees and clients.

Over the years the Energy & Infrastructure division's business has tended to include more engineering projects comprising general contracting and prime contracting support, particularly in the nuclear sector.

This change in the business, together with the ever-more stringent requirements of clients and the French Nuclear Safety Authority, has led to the adoption of a more assertive nuclear risk management policy.

In 2014, the division published a charter describing its nuclear safety culture in France. The charter reaffirms the division's awareness of its responsibilities towards employees, clients and the Nuclear Safety Authority. It presents the nuclear risk management policy and extends the continuous improvement process in the areas of quality, safety and environmental protection.

The charter lists the principles that Assystem and its partners and subcontractors pledge to uphold:

- stringent application of the laws, regulations and standards applicable to clients, supported by internal control measures adapted to each situation;
- continuous improvement of the safety processes and culture, with a sustained focus on training and knowledge-sharing;
- integration of labour, organisational and human factors in the nuclear risk management process;
- exchanges based on trust and vigilance to ensure transparency.

These principles are translated into commitments that are monitored using indicators and are the subject of an annual joint assessment by the teams and clients in the relevant sector.

Rather than nuclear risks, road accidents are the main source of accidents within the Group, during employees' daily commute or business travel.

To reduce the incidence of road accidents in France, Group management decided to completely rethink its awareness-raising and prevention policy to meet the goal of zero accidents resulting in bodily injury where an employee is at fault.

Several initiatives were launched in 2016:

- during European Mobility Week in September 2016, an awareness-raising campaign was organised among employees in France on eco-driving techniques and road safety (reminder of road safety rules, opportunities to try out a driving and crash simulator, etc.);
- leaflets were sent to the members of the French workforce with a driving license, raising their awareness of the very real risk of accidents during their daily commute or on their way to or from client sites;
- the vehicle utilisation charter was revised and enhanced with the addition of preventive messages and warnings about the consequences in terms of liability of failing to respect the Highway Code.

In 2017, eco-driving and road safety training will be organised for employees in France who have a driving license. In addition, as from 2017, in the event of an accident where a Group employee is at fault, the employee concerned will be invited to meet with his or her unit's health and safety correspondent to discuss the circumstances of the accident.

Employees who have the use of a company vehicle are now required to sign a vehicle utilisation charter covering such topics as accident prevention and liability in the event of a breach of the Highway Code.

In addition to encouraging more responsible driving, two other means of protecting employees from the risk of death or injury on the road have been identified:

- ensuring that vehicles are properly maintained and that drivers pay attention to the information and warnings displayed on on-board computers;
- promoting alternatives to individual car travel, to reduce driving time and the related risks; examples include videoconferencing, ride-sharing, use of public transport, car-with-driver solutions for trips to and from stations and airports, carpooling (see Section 4.4.2.1 of this Registration Document).

In the United Kingdom, the Health and Safety General Policy Statement defines strict workplace safety standards.

Workplace safety processes have also been defined in Germany. They are implemented and strengthened through regular controls (particularly for employees who work in laboratories or outside office hours) and dedicated training (since 2016, specific training has been organised for managers on safety issues).

In Romania, training is given by the Safety Manager twice a year to employees working in Assystem's offices (backed up by quarterly e-mails giving additional instructions) and four times a year to employees who work on project sites and in plants. To help prevent the risk of road accidents, employees who drive Assystem vehicles are given medical check-ups once a year.

4.3.4.2 Promoting quality of working life

The Group seeks not only to protect its employees' health and safety but also to offer them the best possible working environment.

This aim has led employees in France to be offered the opportunity to work from home (see Section 4.3.1.4 of this Registration Document).

In the United Kingdom, employees are offered training in techniques to reduce workplace stress.

In Romania, numerous measures are deployed to promote a good quality of working life, such as the Social Club (a relaxation area open to all employees) and the regular organisation of social and sporting events.

4.3.5 NURTURING HUMAN CAPITAL

4.3.5.1 Supporting young and older employees through dynamic intergenerational transfers

4.3.5.1.1 SUPPORTING YOUNG PEOPLE

Providing opportunities to young employees and supporting their career development are key commitments for Assystem.

Induction and development programs have been set up in all of the Group's host countries, to support new hires as they settle into the Company.

The Leo program set up in France in 2012 is one example of this policy. The hundred or so interns from target engineering schools who join Assystem each year take part in a specific induction and mentoring program. In 2016, 60% of them were hired at the end of their internship and the aim is to increase the proportion to 70% in the coming years.

In Romania, young recruits take part in a one-week induction program and are guided by a mentor. They can also be given help in finding somewhere to live. Around fifteen students are taken on under short-term contracts each year and receive training with a view to subsequently being offered a permanent contract.

In the United Kingdom, the hiring of young people is actively encouraged, especially under apprenticeship schemes. They participate in high quality training and skills development programs recognised by such highly respected organisations as the Institution of Mechanical Engineers (IMechE).

4.3.5.1.2 OLDER EMPLOYEES

In France, the Group has deployed various measures to help older employees maintain and develop their skills (see Section 4.3.3.2 of this Registration Document).

In the United Kingdom, older employees are offered flexible and/or reduced working hours.

4.3.5.1.3 INTERGENERATIONAL SKILLS TRANSFERS

In all of its host countries, the Group promotes intergenerational transfers of skills through its many partnerships with engineering schools (see Section 4.5.3 of this Registration Document) and in 2017, a charter will be published setting out its policy in this area.

In France, the Assystem Institute promotes the transfer of expertise between generations through its training programs (see Section 4.3.5.2 of this Registration Document).

In 2013, AEOS and Assystem France each signed a corporate agreement with trade union representatives to set up a "Generation Contract", a new type of contract introduced in France to encourage the employment of young people and knowledge-transfer from older employees.

AEOS and Assystem France have given certain commitments in these contracts concerning:

- the hiring of older employees;
- the continued employment of older employees;
- improvements to the working conditions of older employees, including through reductions in their working in hours;
- the organisation of intergenerational cooperation, notably through the creation of a technical expertise unit which older employees are invited to join in order to develop and/or lead training sessions at the Group's own centres and/or at target engineering schools;
- skills and qualifications development and access to training.

In the United Kingdom, young hires are helped by their sponsors to ensure that the training course they have chosen is appropriate and will enable them to acquire the skills needed by the Group.

In Romania, the Group has a policy of hiring older employees who can pass on their knowledge and expertise to the younger members of the team.

4.3.5.2 Providing training today to meet the needs of tomorrow

Developing and constantly upgrading skills is vital to guarantee the long-term excellence of Assystem's *savoir-faire*.

Thanks in part to the creation of the Strategic Workforce Assystem Planning (SWAP) system, the Group offers all employees a training roadmap aligned with the engagements they are chosen to work on, their skills and the needs expressed by the client, the Company and the employee. SWAP is a shared skills management system that is used to better target the training spend and offer employees the opportunity to drive their own careers. SWAP was initially deployed in France, then in Belgium and Switzerland; in 2017, it will be rolled out to Saudi Arabia. In most of Assystem's host countries, employees are also given annual performance appraisals.

As a creator of skills, the Assystem Institute's primary mission is to organise the skills acquisition roadmap, to help employees develop, to ensure that the skills base keeps pace with technological advances and – as explained in Section 4.3.5.1.3 above – to guarantee that knowledge and expertise are transferred between generations. The Assystem Institute comprises six units: the Assystem Nuclear Institute, the Assystem Aerospace Institute, the Assystem Automotive Institute, the Assystem Systems Institute, the Assystem Project Management Institute and the Assystem Life Sciences Institute.

In 2013, the Group created the Assystem Training Lab to explore bespoke creative and innovative learning solutions, such as e-learning modules, video-based training and business coaching. These solutions add to the array of traditional training methods available to trainers to support employees.

The Group has long been aware that providing training to employees with disabilities is essential if they are to become valuable members of the workforce. In France, a certain number of commitments have been given, to:

- promote training of employees with disabilities;
- support the acquisition of new skills, notably through the Hanvol partnership set up in 2010 by leading players in the aerospace industry including Assystem. Hanvol's aim is to offer people with disabilities who have just graduated or have participated in vocational retraining programs, the opportunity to learn the skills required in the aerospace industry and ultimately to find a job with one of the partner companies. The Group is currently considering setting up its own training program to improve the employability of people with disabilities;
- strengthen partnerships with schools and universities through the *Mission Handicap* team's interventions at target engineering schools designed to promote the integration of people with disabilities.

In the United Kingdom, in addition to the Apprentice Framework Technical and Business for apprentices and young graduates, a training plan is drawn up each year based on the annual Staff Performance and Development Reviews. The plan covers a wide variety of topics such as management skills, technical/business skills acquisition and development, client service enhancements, and health and safety.

Alongside these initiatives, the accredited Graduate Professional Development Scheme is a 3 to 4-year professional training program that enables engineers to attain internationally recognised professional registration.

In Germany, the training policy covers employees at all levels in the organisation. Around a hundred technical training courses are organised each year to help employees keep pace with technological advances, new resources and new client demands. In 2016, the focus was on training engineers in project management techniques. In July, a two-day Academy Camp was organised for Assystem engineers, with workshops on both technical topics and selling techniques.

In Romania, in addition to technical training provided notably by the Assystem Automotive Institute, the emphasis was on language training – mainly French but also English and German – with employees given the option of attending paid language classes after work.

4.3.5.3 Promoting internal mobility

Each employee plays a central role in building his or her career, meaning that internal and external employability has become a key issue. An important factor in employability is mobility.

The large number and wide variety of engagements performed by the Group's businesses in its many different geographic locations are a particular asset because of the wealth of motivating career opportunities they provide. Guided by a dedicated human resources team, inter-unit and inter-country mobility is encouraged as an opportunity for employees to move up the career ladder by joining a new business unit or relocating to a new country. The training provided by the Assystem Institute facilitates the mobility process.

The Group has set a target of making mobility processes more fluid by publishing details of vacant positions more widely (with the 2015 launch of an International Mobility NewsFlash) and identifying individual employees' aspirations during the annual performance appraisal (with data entered in the SWAP system described in Section 4.3.5.2 of this Registration Document).

In France, a collective agreement on the support to be provided to employees in building personal professional mobility projects was signed by AEOS and the trade union organisations on 5 December 2016. A pilot scheme was launched at the Belfort unit to test a new mobility logic, whereby eligible employees are supported in taking up opportunities outside the Group.

In the United Kingdom, Germany and Romania, employees can apply for grants to help cover the cost of taking up internal mobility opportunities.

4.3.6 PROMOTION OF AND COMPLIANCE WITH THE PRINCIPLES OF THE FUNDAMENTAL CONVENTIONS OF THE INTERNATIONAL LABOUR ORGANISATION (ILO)

The Group's human rights commitments are described in Section 4.6.2, page 66 of this Registration Document.

Assystem pledged to uphold the UN Global Compact in 2011 and reaffirmed its pledge on 16 January 2017.

The Group also complies with the fundamental conventions of the ILO. Some of its French subsidiaries annually reaffirm their commitment to complying and to ensuring that their contractors comply with the ILO's 1998 Declaration on Fundamental Principles and Rights at Work and its fundamental conventions on freedom of association and collective bargaining, the elimination of discrimination in respect of employment and occupation, the elimination of forced or compulsory labour and the effective abolition of child labour.

4.4 ENVIRONMENTAL INFORMATION: ASSYSTEM'S COMMITMENT TO PRESERVING RESOURCES

The environmental indicators presented in this 2016 CSR report are defined in the methodology note on page 65 of this Registration Document. These indicators are as follows:

	2016	2015	GRI equivalent (Global Reporting Initiative)
Greenhouse gas (GHG) emissions *(in tonnes of CO_2 equivalent – tCO_2e)*	7,569	7,217	G4-EN15 (b)
GHG emissions per employee per year *(in tCO_2e)*	1.05	1.16	G4-EN15 (b)
Km per employee of business travel by car	4,835	4,805	G4-EN15
Km per employee of business travel by air	1,730	1,637	G4-EN15
Electricity use *(in kWh)*	4,971,021	-	G4-EN3
Gas use *(in kWh)*	758,656	-	G4-EN3

No environmental provisions or liabilities have been recorded in the Group's consolidated statement of financial position.

4.4.1 GENERAL ENVIRONMENTAL POLICY

Total greenhouse gas emissions by entities within the reporting boundary rose to 7,569 tCO_2e in 2016 from 7,217 tCO_2e in 2015. The increase was due to growth in employee numbers, automatically leading to a rise in business travel, and to the business's expanded international reach, leading to a higher incidence of air travel. On a per-employee basis, emissions were down by more than 9%, to 1.05 tCO_2e in 2016 from 1.16 tCO_2e the previous year.

Assystem's *Bilan Carbone* carbon footprint report for 2016 confirmed the low direct environmental impact of its businesses. Despite this low impact, for several years now, targeted sustainable development initiatives have been deployed to reduce carbon emissions linked to business travel, which account for 93% of the Group's carbon footprint (with the rest coming from gas and electricity use).

The challenges of sustainable development are encouraging the manufacturing sector to embrace a virtuous dynamic in which environmental performance drives financial performance. As an engineering company, Assystem is contributing to this dynamic by making innovation a driver to bring about a sustainable world. Added to this, the Group plays a critical role in providing engineering solutions for low-carbon electricity generation (particularly nuclear energy).

4.4.2 MANAGING THE GROUP'S ENVIRONMENTAL IMPACT

4.4.2.1 Promoting green travel

Assystem has set several green mobility objectives:

- promote virtual meeting solutions to limit the number of business trips.

  In 2015, the Group launched a multi-year investment plan in new collaborative IT tools. Initially focused on France, the plan was deployed in Germany and the United Kingdom in 2016 and the aim is now to extend it to all host countries;
- increase the proportion of hybrid and electric vehicles in the car fleet.

  This policy is being applied for the car-pooling system (see below), where internal combustion vehicles are gradually being replaced by electric vehicles;
- optimise business travel.

  Travel optimisation plans have been drawn up for all material French sites, frequently in partnership with local authorities. A key aim of these plans is to encourage ride-sharing between employees of the Group and also with employees of other companies, and car-pooling systems. In Saint-Quentin-en-Yvelines, following deployment of a car-pooling scheme in July 2014, a ride-share app for commuters was set up in 2016 (Karos). In Toulouse, a car-pooling system was launched in September 2016, with three electric cars and two internal combustion cars made available to employees, and plans are now being drawn up to provide electric bikes on a self-service basis. Car-pooling systems are also due to be introduced in Cherbourg, Lyon and Issy-les-Moulineaux in 2017.

  To help meet these green mobility objectives, the Group has implemented appropriate car and/or travel policies in most of its host countries. In France and Germany, a carbon emissions cap per vehicle is applied.

  In addition, an awareness raising campaign was launched in France in September 2016 (see Section 4.3.4.1.2 of this Registration Document). During the campaign, employees were given a range of eco-driving tips (for example, attend to vehicle maintenance, drive smoothly to reduce carbon emissions, fuel consumption and wear and tear on the vehicle). Innovative alternative solutions to using an individual car were also presented, such as car-pooling, ride-sharing, electric bikes and public transport. The campaign will be followed in 2017 with eco-driving and road-safety courses, including e-learning modules and open-road and closed-circuit training.

4.4.2.2 Energy performance and environmental management

The Group is committed to dynamically managing its energy performance and all decisions about working space are measured against financial, social and environmental yardsticks.

ISO 14001-certification is obtained for the environmental management systems at Group sites where this is required due to the nature of their activities. This is the case for example at the Preston site in the United Kingdom and at Silver Atena in Germany. All of these sites are subject to regular independent energy audits (annually in Germany and in the United Kingdom under the Energy Savings Opportunity Scheme – ESOS).

Action to improve energy performance mainly concerns the following two areas:

- energy and paper use

  A certain number of initiatives have been launched at various sites to reduce energy and paper use, particularly in the United Kingdom. Objectives are set for each site, and performance in relation to the objectives is measured. Examples of these initiatives include installing low-energy lighting and energy-efficient air-conditioning systems that switch off automatically at certain times of day, regularly maintaining air-conditioning and heating systems to improve their efficiency, displaying reminders to avoid documents being printed unnecessarily, installing movement sensors and remote computer shutdown systems.

  These measures have led to a significant reduction in energy use in the United Kingdom.

- energy efficient buildings

  The Group also takes specific measures to improve the energy performance of its infrastructure, in particular by renting office space in energy-efficient buildings and reducing office space per employee.

  In Romania, the Group decided to rent space in an old building that had been renovated and restructured in accordance with high environmental and sustainability standards (with the installation of a heat pump, double-glazing, etc.).

  Teleworking also helps to reduce the Group's carbon footprint, mainly by reducing the need for office space (see Section 4.3.1.4 of this Registration Document).

4.4.2.3 The circular economy - preventing and managing waste

The Group does not have an overall waste management, reduction and recycling policy. However, action is taken at many sites to raise employee awareness of the necessary routine gestures in this regard:

- in France, used ink cartridges are collected and recycled, at Saint-Quentin-en-Yvelines individual wastepaper bins were removed and a selective sorting system was trialled in 2016 (with the aim of continuing the trial in 2017), directors desk paperless boardroom software was introduced for meetings of the Board of Directors and the Executive Committee;
- in the United Kingdom, a waste reduction target is set each year, supported by incentives to reduce paper use (for example, recto-verso printing as the default printer setting), posters reminding staff of the importance of preventing and managing waste, and the recycling and sale of metal waste from the workshops;
- in Romania, obsolete computer equipment is kept so that re-usable parts can be recycled.

4.4.3 ASSYSTEM'S PARTICIPATION IN ENERGY TRANSITION

The Group recognises that clients are increasingly sensitive to environmental issues and has set the following objectives:

- develop the skills that will be needed in the future, through an ambitious training plan (see Section 4.3.5.2 of this Registration Document);
- encourage employee initiatives in this direction, notably through the Assystem Innovation Factory, an experimental laboratory that develops innovative projects and brings them to fruition. Priority is given to developing creative, durable and resource-efficient solutions for clients.

The Group also works on many projects that have an impact on the environment, supporting clients in their energy transition and helping them to reduce their overall carbon footprint.

The following are just some of the projects the Group participated in during 2016:

- Energy & Infrastructure division

  Assystem and Distech Controls won a contract to provide turnkey systems integration services for the Building Technical Management (BTM) system of the new Paris High Court (TGI) building, which has set new standards in terms of energy efficiency in high-rise buildings, with automatically controlled heating, ventilation, air-conditioning, lighting and window-blind systems.

  The Momentum joint venture set up between UK-based Amec Foster Wheeler, AEOS and South Korea's Kepco E&C was chosen to be the construction management-as-agent contractor for the ITER project in Cadarache (France), responsible for managing the assembly of more than one million components for the world's largest nuclear fusion reactor with a tokamak at its core. A tokamak is an experimental machine designed to harness the energy of fusion, the nuclear reaction that powers the sun. Momentum will therefore play a key role in the international effort to make fusion a viable source of almost limitless carbon-free energy.

  The Proxemys consortium led by Assystem and also comprising Louis Berger and Antea Group won a contract to assist Société du Grand Paris in developing the Grand Paris Express low carbon automatic metro system for inhabitants of the Greater Paris area. The aim of the

Grand Paris Express project is to contribute to the French capital's economic growth while limiting high carbon travel in the area.

- Global Product Solutions division

  As explained in Section 4.1 of this Registration Document, in recent years, Assystem has been working closely with a major aircraft manufacturer to reduce commercial aircraft engine operating costs. Leveraging its expertise in propulsion systems, the Group is able to propose technical adjustments and new maintenance procedures that help to reduce the engines' energy use and, consequently, their environmental footprint.

  Recently, a project has been undertaken for a German manufacturer to raise productivity and improve the efficiency of its plants. Drawing on more than 20 years' experience in the industry and a sound knowledge of the technologies used by the Factory of the Future, Assystem set up a predictive maintenance system that reduces energy and machine maintenance needs at these plants.

4.5 SUSTAINABLE DEVELOPMENT COMMITMENTS

4.5.1 A FAIR AND RESPONSIBLE PLAYER

4.5.1.1 Ethics and governance

Since 22 May 2014 Assystem has been administered by a Board of Directors. This method of administration provides a form of governance that is more closely aligned with management, while ensuring adequate oversight by independent directors.

The Board is assisted by two Committees, the Audit Committee and the Nominations and Remuneration Committee, whose respective roles are described in Chapter 2, Section 2.1.2.1 of this Registration Document.

All of the changes that took place in 2016 or are planned in 2017 concerning the membership of the Board of Directors (increase in the number of women directors, compliance with the provisions of the "Rebsamen Act" of 17 August 2015 on the election of a director representing employees) and the roles and responsibilities of the Board of Directors and the Board Committees (alignment of the Securities Trading Code of Conduct and the Board of Directors' Rules of Procedure with European Union Regulation no. 596/2014 dated 16 April 2014 on market abuse (the MAR) and its implementing legislation, which entered into force on 3 July 2016) are presented in Section 2 of this Registration Document.

Overseen by its Chairman and main shareholder, Dominique Louis, Assystem's management team is made up primarily of engineers who hold or previously held operational positions in the Company. This is concrete evidence that within the Group, responsibility is based on expertise and initiative.

Assystem's senior management attaches great importance to maintaining efficient decision-making processes and guaranteeing the free flow of information within the Group. This concern stems in particular from the choice of a decentralised management structure to run the Group's increasingly globalised business.

4.5.1.2 Business ethics

Employing fair business practices is one of the Group's key priorities.

Assystem has had a Code of Ethics since 2006 and it now also has a Code of Business Conduct that provides practical guidance on the application of the Group's ethical values by defining and describing the principles and behaviours to be followed when conducting business. The Code of Business Conduct adds to but does not replace pre-existing local policies, such as the Business Ethics procedure in the United Kingdom. Its purpose is to ensure that the Group's Code of Ethics is applied consistently in all countries, taking into account the differences in local business practices.

The Code of Business Conduct describes four specific policies:

- policy concerning gifts and invitations. Gifts given or accepted by executives and employees must be:
  - of reasonable and symbolic value,
  - occasional,
  - in compliance with the applicable laws and regulations and consistent with local practices,
  - transparently recorded in Assystem's accounts (gifts given to third parties);
- anti-bribery policy. Executives and employees must give the following undertakings:
  - never to solicit money, gifts, invitations or any other form of bribe,
  - never to offer, give or promise gifts, invitations or any other form of bribe to a public official or private individual in order to obtain a benefit or preferential treatment, or to influence the completion of a transaction or the awarding of a contract,
  - to obtain details of the anti-bribery rules applicable in the Group's host countries,
  - to notify their superior of any dubious requests or solicitations;
- policy concerning exports, dual-use items and technologies and military equipment and related items. Assystem complies with all international trade rules and export and import controls in its host countries, including bans on exports of military equipment and dual-use items, as well as with United Nations and European Union embargoes;

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- conflict of interest policy. Assystem executives and employees, the members of their families and persons close to them, may not hold any interests in a sub-contractor, supplier, client or competitor that could affect the exercise of their duties.

At the end of 2016, a communication campaign was organised to promote awareness of the Code of Business Conduct and related policies among employees in France and other countries.

The Assystem Ethics Committee meets every six months and more frequently if necessary. The Committee's role is to (i) update the Code of Business Conduct and related policies, (ii) monitor their application, and (iii) deal with all urgent situations concerning their application. It is made up of representatives from the divisions' Management Committees, the Human Resources Department, the Legal Department and the Communication Department.

A reminder of the importance of applying ethical business practices was posted on the Group's Intranet in 2016, and in 2017 100 managers based in France, Germany, Romania and the United Kingdom will take part in a pilot training program on this topic.

The Legal Department is drafting an "ethics" clause to be included in contracts and general conditions of purchase/sale as from 2017 and is also updating the Code of Business Conduct and related policies to reflect the provisions of France's "Sapin II" Act (Act no. 2016-1691 dated 9 December 2016) on transparency, the prevention of corruption and the modernisation of economic life.

4.5.2 RESPONSIBLE PURCHASING

Sustainable development considerations have been an integral part of the Group's purchasing policies for many years and it expects its sub-contractors and suppliers to uphold the same values, particularly in terms of ethical practices, diversity and environmental protection. Although sub-contractors and suppliers are chosen for their technical expertise, service quality and compliance with the rules governing concealed work (in particular, presentation of the "e-attestation" compliance certificate required in France), their sustainable development initiatives are also a factor in the selection process.

In France, Assystem's *Mission Handicap* team promotes outsourcing of maintenance work and digital, logistics and other services to "EA" and "ESAT" companies specialised in employing people with disabilities (see Section 4.3.3.3 of this Registration Document). Information and encouragement campaigns are organised regularly among the people responsible for purchasing these services and a catalogue of identified service providers is available on the Group's Intranet. In both 2016 and 2015, Assystem used the services of more than 20 EAs/ESATs in France. In Germany, the supplier management policy covers such issues as supplier self-assessment procedures and ethics, environmental and health and safety audits.

The responsible purchasing principle is also mentioned in the Assystem Code of Ethics and Code of Business Conduct.

To make its efforts more visible, raise employee awareness and unite them behind this issue, the Group has decided to go further in its responsible purchasing policy, starting in 2017 with an audit of existing practices and procedures. The aim of the audit will be to identify best practices and ensure that they are deployed throughout the organisation.

As mentioned in Section 4.5.1.2 above, the Legal Department is drafting an "ethics" clause to be included in the Group's contracts and general conditions of purchase/sale as from 2017.

4.5.3 CONTRIBUTING TO LOCAL DEVELOPMENT

The Group's objective is to participate actively in the development of its host communities and regions, especially where it is an important contributor to the local economy.

Its main impact on a community is as a local employer. Assystem hires large numbers of employees (see Section 4.3.1.2 of this Registration Document), offering opportunities to young graduates and anchoring the business firmly in the local labour market. Specific action is taken in certain regions, such as Iasi in Romania where Assystem received job creation grants from the government at the end of 2016 under the program to develop deprived areas.

The Group is also contributing to local development in France through the government-sponsored competitiveness clusters. The clusters promote cooperation with a wide range of partners (for example, in the academic sector with Institut de Radioprotection et de Sûreté Nucléaire – IRSN, the small business sector, etc.) that share their skills and expertise with Assystem and in this way help the Group develop its own skills and expertise.

Leveraging their deep local roots, Assystem's teams participate regularly in these partners' activities in the areas of special interest to the Group:

- since 2013, Assystem has been a member of the "Efficacity" energy transition institute (ITE) set up by the French government to conduct research into the energy performance of the cities of the future. The Group contributes the expertise of a team of engineers who have been working on an Intermodal Station project and the Waste Energy Recovery program;
- since 2015, Assystem has been participating in the "Systematic Paris-Region" global competitiveness cluster that has brought together some 800 industrialists, small business owners and scientists in the Paris region with the aim of making the area more attractive to investors. Projects concern sectors such as energy, telecoms, healthcare, transport, information systems, the factory of the future, the digital city and security;
- since 2013, Assystem has been participating in the Burgundy-region competitiveness cluster, which has called its research project Nuc Track (the name also used by the "Systematic Paris-Region" competitiveness cluster). The project aims to optimise the management of radioactive sources used in the industrial, medical and research sectors, particularly during transportation;
- Assystem is a member of the Board of Directors of the *Vallée de l'Énergie* competitiveness cluster which is working to structure and promote the energy industry;

- in 2015, the Group became the first member of the new Coboteam cluster, as a demonstration of its commitment to the development of the robotics industry in the Rhône-Alpes region;
- Assystem is a founder member of the Ingera cluster set up in January 2015 to promote the engineering sector among companies, high schools and engineering schools in the Rhône-Alpes region. Ingera is also creating a research and innovation centre to promote collaborative working between companies and schools and/or to provide funding for university chairs.

The Group is also committed to contributing to local development by supporting schools and universities. As well as offering internships and apprenticeship contracts, Assystem sends engineers to make classroom presentations and participate in on-campus career fairs, and invites students to work on practical case studies or innovative research topics.

In France, for example, Assystem works in partnership with various science institutes (INSAs) to support engineering students climb the first rung on their career ladder.

In 2016, Assystem and the Rouen-Normandy INSA signed a partnership agreement renewing the "Engineering and Commissioning" Academic Excellence Chair they had created together three years previously. The course is designed to teach students the engineering skills required during the commissioning phase (including testing) which is a decisive stage in any industrial project. This is an advanced course in an area of study not previously covered by the market. In the last three years, more than fifty students attending the Rouen-Normandy INSA have had the opportunity to follow the course, which combines theory and practice, project work overseen by Assystem experts and internships within the Group.

A number of initiatives have also been launched by Assystem as part of the Leo program (see Section 4.3.5.1.1 of this Registration Document).

In the United Kingdom, partnerships have been established with high schools and universities, including Bristol, Lancaster and the University of the West of England (UWE) with the aim of hiring young graduates and developing specific educational programs. The Group is also a partner of the Royal Aeronautical Society and The Institution of Mechanical Engineers (IMechE). To facilitate communications, each establishment has a single point of contact at Assystem and the Group's employees are actively encouraged to participate in the universities' scientific and technological activities.

In Germany, the Group has established partnerships with technical universities located close to its main sites in Munich, Hamburg and Berlin. It has recently started cooperating with Munich Technical University to assist the 50 students working on the Racing Team TUfast project to build a "green" racing car.

In Romania, many partnerships have been set up with local universities, facilitated by the presence of Assystem offices on or close to the campuses.

4.5.4 IMAGINING THE SOCIETY OF THE FUTURE

Looking beyond the projects discussed in Section 4.4.3 above, as an engineering firm Assystem contributes to making innovation a driver to bring about a sustainable world and launches various initiatives in France and internationally in response to the major challenges facing society, notably through the Assystem Innovation Factory:

- Assystem supports the Innovatome innovation challenge, which aims to develop a spirit of creativeness and innovation among students and young graduates from engineering and business schools and universities, and also to attract young graduates to nuclear industry jobs. In 2017, two "Think Innovation" workshops will be organised on the topics of the Factory of the Future and Tomorrow's Major Projects;
- the MITU project is an individual urban transport solution for the future, positioned somewhere between the Twizy, the Segway, the Vélib' public bike hire system and the Autolib' public car hire system, that aims to reduce city-centre congestion and share transport resources. Initially a French project, other countries are coming on board, including Romania;
- the Workplace@assystem corporate social network launched in 2016 aims to stimulate internal interaction, identify the Group's best experts on different topics, create knowledge and expertise networks and generally step up the pace of innovation;
- the 3Dexperience Company was set up jointly by Dassault Systèmes and Assystem in 2016 in the nuclear energy sector, with the objective of using digital technologies to improve the management of engineering projects and the performance of complex infrastructure;
- development of the innovative Energine project was pursued in 2016 with the signature of a license agreement with a start-up. Assystem and its partner, the FEMTO-ST Institute, won first prize at the 2015 National Engineering Awards for the Energine new generation engine, which contributes directly to reducing fuel consumption by converting heat into electricity;
- in 2016, Assystem participated in the Med'Innovant challenge organised by Établissement Public d'Aménagement Euroméditerranée and Cité des Entrepreneurs d'Euroméditerranée in the areas of "city living, housing, environment, mobility, security, contactless technologies and connected business objects". The aim of the challenge is to identify, promote and support innovative and sustainable "Smart City" projects that will be tested directly in the Marseille Euroméditerranée EcoCity.

4.5.5 ENGAGING WITH SOCIETY

4.5.5.1 Corporate sponsorship

In France, Assystem has launched several corporate sponsorship initiatives in areas ranging from education and sport to medical research and culture.

EDUCATION

In addition to working in partnership with various INSA science institutes, Assystem also supports their foundations.

In 2016, the Group renewed its partnership with the Toulouse INSA for three years as a benefactor of the Institute's foundation. Under the partnership, the Group supports equal opportunity and diversity programs, provides funding for certain student initiatives, and supports innovative systems designed by the Mechanical Engineering, Electrical Engineering and Information Technology Departments by promoting professions, internships and job creation, organising technical and scientific conferences, participating in student research projects, etc.

The corporate sponsorship agreement between the Lyon INSA partnership foundation and Assystem is due to be renewed in 2017 with the addition of a technological dimension. The agreement provides for implementation of several joint diversity initiatives by the Centre Diversité & Réussite, and a recognition program aimed at promoting the Group within the Lyon INSA. Assystem supports the *Cordées de la Réussite – Convention Diversité* program to support the best students throughout their studies in the Lyon INSA, by providing scholarships, mentoring, internships and other help.

In 2015, Assystem made a commitment to work with the École des Mines de Nantes engineering school to jointly support the MERITE project for two years (MERITE is a French acronym standing for "Using experience of industrial and technical realities to help schools"). The aim of this project bringing together scientists and educational experts, school inspectors and teachers, is to "restore children's appetite for learning, self-confidence, joy in creating and innovating, and give technological culture the place it deserves in education".

SPORT

Since 2012, Assystem has been a proud supporter of Racing Club de France Rugby which works to secure the lasting social inclusion of young people from all social backgrounds, by teaching them to play rugby and embrace the game's values (respect, bravery, teamwork, etc.).

In Romania, from time to time Assystem sponsors employees participating in football tournaments or in marathons.

MEDICAL RESEARCH

In 2016, Assystem provided skills-based support to the Clinatec medical research organisation (see Section 4.1, page 48 of this Registration Document).

The Group also led the entire project.

CULTURE

The Lyon Festival of Lights was an opportunity for Assystem to lead the development of a project using robots to recount 2,000 years of history and progress in video and music, from the birth of watchmaking to the first steam engines, the invention of electricity and today's digital solutions. The two objectives were to demonstrate with humour that without the past, there would be no present and no future, and that successful robotic solutions are those where robots serve humans, allowing them to flourish by spending their time on more rewarding activities. Assystem's office in Saint-Priest, a suburb of Lyon, is conducting research on collaborative robots, especially for use in hospital environments such as the Lyon hospices or the Nantes University Hospital.

4.5.5.2 Charitable commitment and community outreach

Assystem supports and partners employees in their charitable undertakings. These initiatives are usually decided and managed at a local level so that they address the concerns of the communities to which the employees concerned belong.

For example, in the United Kingdom, Assystem supports CLIC Sargent, a child and teen cancer charity, through donations and the organisation of fund-raising events. In Romania, Assystem partners a charity set up to protect children in difficulty.

4.6 METHODOLOGY NOTE

4.6.1 KEY INDICATORS

In 2011, Assystem drew up a list of key indicators to be used to assess its CSR performance and the impact of the business on its environment and stakeholders. These indicators are tracked regularly and presented in an annual report. They are in addition to the Group key figures presented on pages 4 and 5 of this Registration Document.

The 2016 CSR key indicators are listed below:

	GRI equivalent (Global Reporting Initiative)
HR indicators*	
Total number of Group employees* as of 31 December	G4-9
% of permanent contracts as of 31 December	G4-10 (b)
% of women as of 31 December	G4-10 (a)
% of seniors* as of 31 December	G4-LA12 (a)
% of employees with disabilities* as of 31 December	G4-LA12 (a)
Average age of employees as of 31 December *(in years)*	G4-LA12 (a)
Number of new hires during the year	G4-LA1 (a)
Employee turnover during the year	G4-LA1 (b)
Absentee rate* for the year *(number of absentee days lost per 100 days worked)*	G4-LA6 (a and b)
Accident frequency rate* for the year *(number of workplace accidents per million hours worked)*	G4-LA6 (a and b)
Accident severity rate* for the year *(number of accident days lost per 1,000 hours worked)*	G4-LA6 (a and b)
Number of employees trained* during the year	G4-LA9 (a)
Total number of hours' training* given during the year	G4-LA9 (a)
Average duration of training* given during the year *(in hours)*	G4-LA9 (a)
Environmental indicators*	
Greenhouse gas (GHG) emissions *(in tCO_2e)*	G4-EN15 (b)
GHG emissions per employee per year *(in tCO_2e)*	G4-EN15 (b)
Km per employee of business travel by car	G4-EN15
Km per employee of business travel by air	G4-EN15
Electricity use *(in kWh)*	G4-EN3
Gas use *(in kWh)*	G4-EN3

The terms identified by an asterisk (*) in the above table are defined below:

Total number of Group employees: number of Group employees at 31 December 2016 under permanent, fixed term and project contracts, and work-study contracts, excluding interns, temporary staff and sub-contractors and UK contractors. At 31 December 2016, the Group had 12,422 employees.

Number of employees: Group employees excluding Insiéma, MPH Global Services and MPH Global Services' subsidiaries and associates. At 31 December 2016, this boundary corresponded to 11,446 employees, representing 92% of total Group employees. It is used for the following HR indicators:

- workplace accidents: lost-time accidents caused by or that occur during the work of an employee or a person working in any capacity for one or several employers or business owners, whatever the cause. Accident frequency and severity rates are calculated based on the weighted average number of employees;
- training: internal and external classroom and e-learning courses that enable employees to acquire the expertise needed to perform their jobs;
- seniors: employees aged 45 and over;
- employees with disabilities: employees whose possibility of finding or keeping a job is reduced due to the alteration of one or more physical, sensory, mental or psychological functions;
- absentee rate: number of days' absence (sick leave, maternity/paternity leave) divided by the theoretical number of days worked. The absentee rate is calculated based on the weighted average number of employees.

Environmental indicators: these concern Assystem France, AEOS, Assystem Régions, Athos Aéronautique and Assystem SA. The emission factors have been updated at 31 December 2016.

4.6.2 REPORTING STANDARDS

The Group's CSR commitments are based on the following standards:

- the "Grenelle II Act" (Act no. 2010-788 dated 12 July 2010) setting out France's environmental commitments and the related enabling legislation (Article R. 225-105-1 of the Commercial Code);
- the UN Global Compact, which has established ten universal principles covering human rights, labour, the environment and anti-corruption measures. Assystem pledged to uphold the Global Compact in 2011 and reaffirmed its pledge in a letter dated 16 January 2017. Within the Group, these principles are translated into mandatory behaviours and practices, as indicated in the following cross-reference table:

Human rights	
Global Compact principles	Sources
Businesses should support and respect the protection of internationally proclaimed human rights	• COP 2013, 2014,2015 and 2016; • Application of OECD guidelines and ILO conventions (declarations by AFR dated 7 January 2016, 7 July 2016 and 2 January 2017, AEOS dated 8 January 2016 and 3 January 2017, and ARG dated 7 July 2016 and 2 January 2017, in which each company commits to complying and to ensuring that their contractors comply with the ILO's 1998 Declaration on Fundamental Principles and Rights at Work); • Code of Ethics (see pages 16, 158 and 166 of this Registration Document); • Code of Business Conduct (see page 61 of this Registration Document).
Businesses should make sure that they are not complicit in human rights abuses	• COP 2013, 2014, 2015 and 2016; • Application of OECD guidelines and ILO conventions; • Code of Ethics (see pages 16, 158 and 166 of this Registration Document); • Code of Business Conduct (see page 61 of this Registration Document); • Attention paid to maintaining good working conditions (see pages 55 to 57 of this Registration Document), notably through the Work Life Balance Charter in France, the Equal Opportunities and Diversity policy in the United Kingdom, the anti-discrimination policy in Germany and collective agreements in France on gender equality and the employment of people with disabilities.
Labour	
Global Compact principles	Sources
Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	• COP 2013, 2014 2015 and 2016; • Application of OECD guidelines and ILO conventions; • Code of Ethics (see pages 16, 158 and 166 of this Registration Document); • Code of Business Conduct (see page 61 of this Registration Document); • AEOS collective agreement on the arrangements and resources for employee representatives; • Attention paid to promoting and organising social dialogue (see page 52 of this Registration Document).
Businesses should uphold the elimination of all forms of forced or compulsory labour	• COP 2013, 2014, 2015 and 2016; • Application of OECD guidelines and ILO conventions.
Businesses should uphold the effective abolition of child labour	• COP 2013, 2014, 2015 and 2016; • Application of OECD guidelines and ILO conventions.
Businesses should uphold the elimination of discrimination in respect of employment and occupation	• COP 2013, 2014, 2015 and 2016; • Code of Ethics (see pages 16, 158 and 166 of this Registration Document); • Code of Business Conduct (see page 61 of this Registration Document); • Action to prevent discrimination and promote diversity (see page 53 of this Registration Document), notably through the Work Life Balance Charter in France, the Equal Opportunities and Diversity policy in the United Kingdom, the anti-discrimination policy in Germany and collective agreements in France on gender equality and the employment of people with disabilities.
Environment	
Global Compact principles	Sources
Businesses should support a precautionary approach to environmental challenges	• COP 2013, 2014, 2015 and 2016; • Code of Ethics (see pages 16, 158 and 166 of this Registration Document); • Code of Business Conduct (see page 61 of this Registration Document); • Confirmation by the *Bilan Carbone* carbon footprint report for 2016 of the low environmental impact of the Group's energy use (see pages 65 to 67 of this Registration Document); • Energy audits (see page 60 of this Registration Document).
Businesses should undertake initiatives to promote greater environmental responsibility	• COP 2013, 2014, 2015 and 2016; • Code of Ethics (see pages 16, 158 and 166 of this Registration Document); • Code of Business Conduct (see page 61 of this Registration Document); • Promotion for sustainable and responsible mobility (see page 59 of this Registration Document); • Contribution to the development of sustainable engineering (see page 63 of this Registration Document).
Anti-Corruption	
Global Compact principles	Sources
Businesses should work against corruption in all its forms, including extortion and bribery	• COP 2013, 2014, 2015 and 2016; • Code of Ethics (see pages 16, 158 and 166 of this Registration Document); • Code of Business Conduct (see page 61 of this Registration Document).

- ISO 26000, for which the certification process is a driver of continuous improvement, particularly in international units;
- Global Reporting Initiative (GRI) (see page 65 of this Registration Document);
- workplace health and safety management standard OHSAS 18001 (see page 55 of this Registration Document);
- environmental management standard ISO 14001 (see page 60 of this Registration Document);
- *Bilan Carbone* carbon footprint report (see page 59 of this Registration Document).

4.6.3 BOUNDARY FOR CALCULATION OF KEY INDICATORS

4.6.3.1 HR indicators

The HR indicators in the table presented in Section 4.6.1 of this Registration Document are based on the Human Resources Department's annual employee data report and have been calculated as of 31 December 2016.

The HR indicators cover total Group employees as defined in Section 4.6.1 above, excluding Insiéma, MPH Global Services and MPH Global Services' subsidiaries and associates which together account for less than 10% of total Group employees.

None of the categories for which disclosures are required by the decree dated 24 April 2012 for the application of the Grenelle II Act of 12 July 2010 (Article 225) is considered as not relevant to the Group and therefore no categories have been excluded from the CSR report.

4.6.3.2 Environmental indicators

The environmental indicators in the table presented in Section 4.6.1 of this Registration Document are based on the 2016 *Bilan Carbone* carbon footprint report and cover the main scope 1, 2 and 3 emissions generated by the Group. These emissions result primarily from the use of fossil fuels (natural gas, domestic fuel oil, gasoline and diesel), plane, train and car travel and electricity use. Other emissions are not considered material and are not measured. Emissions indicators have been calculated based on emission factors as of 31 December 2016 recorded in the ADEME Carbon Base and on data concerning fuel used and kilometres travelled by employees for business purposes by car and plane, as calculated from invoices and receipts, due to the unavailability of data on kilometres travelled and/or fuel use. The emissions sources were identified in an internal environmental impact survey published in 2009. Identification of emissions sources other than business travel, such as production of products and services for clients, is under discussion by a workgroup set up by the engineering industry federation, Syntec, but no conclusions have yet been published.

Environmental indicators cover Assystem France, AEOS, Assystem Régions, Athos Aéronautique and Assystem SA. The aim is to extend the boundary to other countries such as the United Kingdom and Romania. The environmental impact of the excluded entities is not material.

Among the categories for which disclosures are required by the decree dated 24 April 2012 for the application of the Grenelle II Act of 12 July 2010 (Article 225), the following are considered as not relevant to the Group due to the nature of its business and have been excluded from this CSR report:

- resources devoted to the prevention of environmental risks and pollution;
- measures to prevent, reduce or repair discharges into the air, water and soil that seriously affect the environment;
- noise pollution and all other forms of pollution specific to an activity;
- measures to prevent food waste;
- water use and water supply according to local constraints;
- raw materials use and measures to use raw materials more efficiently;
- land use;
- measures to adapt to the consequences of climate change;
- measures to protect or develop biodiversity.

4.6.3.3 Sustainable development commitments (socio-economic information)

The boundary for disclosures concerning sustainable development commitments is specified on a case-by-case basis in Section 4.5 of this Registration Document.

Among the categories for which disclosures are required by the decree dated 24 April 2012 for the application of the Grenelle II Act of 12 July 2010 (Article 225), the following is considered as not relevant to the Group due to the nature of its business and has been excluded from this CSR report:

- measures taken in favour of consumer health and safety.

4.6.4 REPORTING PERIOD FOR HR, ENVIRONMENTAL AND SOCIO-ECONOMIC INFORMATION

The reporting period for HR, environmental and socio-economic information corresponds to the fiscal year, *i.e.* the twelve months from January 1 to December 31 of each year.

4.7 REPORT BY THE STATUTORY AUDITOR, APPOINTED AS INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED HUMAN RESOURCES, ENVIRONMENTAL AND SOCIAL INFORMATION INCLUDED IN THE MANAGEMENT REPORT

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

For the year ended 31 December 2016

To the Shareholders,

In our capacity as Statutory Auditor of Assystem, (the "Company"), appointed as independent third party and certified by COFRAC under number(s) 3-1048[1], we hereby report to you on the consolidated human resources, environmental and social information for the year ended 31 December 2016 included in the management report (hereinafter named "CSR Information"), pursuant to Article L. 225-102-1 of the French Commercial Code *(Code de commerce)*.

Company's responsibility

The Board of Directors is responsible for preparing a company's management report including the CSR Information required by Article R. 225-105-1 of the French Commercial Code in accordance with the protocol used by the Company (hereinafter the "Guidelines"), summarised in the management report.

Independence and quality control

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

Statutory Auditors' responsibility

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

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

Our work involved four persons and was conducted between November and March 2017 during a four-week period. We were assisted in our work by our sustainability experts.

We performed our work in accordance with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and the professional guidance issued by the French Institute of Statutory *Auditors (Compagnie nationale des commissaires aux comptes)* relating to this engagement and with ISAE 3000[1] concerning our conclusion on the fairness of CSR Information.

1. Attestation regarding the completeness of CSR Information

NATURE AND SCOPE OF OUR WORK

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

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

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

We verified that the CSR Information covers the scope of consolidation, *i.e.*, the Company, its subsidiaries as defined by Article L. 233-1 and the controlled entities as defined by Article L. 233-3 of the French Commercial Code within the limitations set out in the CSR reporting methodology Section of the management report.

CONCLUSION

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

(1) whose scope is available at www.cofrac.fr.
(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

2. Conclusion on the fairness of CSR Information

NATURE AND SCOPE OF OUR WORK

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

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

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

Regarding the CSR Information that we considered to be the most important[1]:

- at parent entity level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- at the level of a representative sample of entities selected by us[2] on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied and to identify potential undisclosed data, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents 47% of headcount and between 49% and 100% of quantitative environmental data disclosed.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the Company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

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

CONCLUSION

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

Neuilly-sur-Seine, 29 March 2017

One of the Statutory Auditors

Deloitte & Associés

Albert AIDAN	Julien RIVALS
Partner	Partner, Sustainability Services

(1) Quantitative HR indicators: *total headcount, percentage of employees over 45 years old, percentage of women, percentage of employees with a disability, number of recruitments, number of dismissals, absenteeism rate, frequency rate, gravity rate, number of training hours, number of employees trained during the year.*
Quantitative environmental indicators: *greenhouse gas emissions, greenhouse gas emissions per person and per year, kilometers traveled by car per person and per year, kilometers traveled by plane and per year.*
Qualitative information: *work-life balance Charter, dialogue with employees' representatives, training policy, health and security management system, nuclear safety, work ethics, subcontractors and sustainable procurement.*

(2) Assystem France and Assystem EOS, as well as, for HR indicators only: *Assystem Romania, and for environmental indicators only: Arc en Ciel, Valenciennes, Tours II, Futura2.*

5

RISK FACTORS

Assystem conducts its business in a constantly-changing environment. The Group is therefore exposed to risks which, if they materialise, could have a significant adverse effect on its business, financial position or earnings.

This Chapter sets out the risk factors to which the Group could be exposed, including risks relating to the economic environment, operational risks, legal risks and financial risks. The Group considers that there are no significant risks to which it is exposed other than those described below.

For each risk factor covered, details are given about its type and impact as well as the risk reduction measures put in place.

See Chapter 8.1 of this Registration Document for a description of the Group's risk identification and management procedures.

5.1 RISKS RELATED TO THE ECONOMIC ENVIRONMENT

Type	Impact	Risk reduction measures
Risk of political, social and economic instability in the geographic areas in which the Group operates (particularly Turkey, Saudi Arabia, Nigeria and Yemen).	Risk of volatility in revenue and operating profit.	In view of the proportion of the Group's revenue and operating profit generated in these geographic areas this risk exposure is low.
Risk that the markets and geographic areas in which the Group operates may have a dilutive effect on margins.	Erosion of gross margin and, ultimately, of operating profit.	Close monitoring of ongoing projects and new business by the management of the division concerned and provision of regular information to members of the management team. Review of gross margins for ongoing projects and new business.
Risk that contracts entered into do not generate sufficient margins.	Negative impact on gross margin and, ultimately, on operating profit.	Specific process for selecting projects and submitting bids (financial review of key project elements, in particular projected revenue and margins and margin on completion for fixed-price projects) and authorisation by designated managers. Contract review process (conducted monthly within the various Business Units and subsidiaries, and quarterly at Group level) for contracts representing revenue in excess of a threshold adapted to the activity and size of the Business Units and subsidiaries, or that inherently involve certain risk factors, such as a large number of hours, a multi-year period, type of technology used, etc.
Risk of non-recovery of trade receivables.	Negative impact on realisable and available assets and on operating profit.	Client creditworthiness investigations conducted when new contracts are taken on, and regularly re-conducted for contracts or clients already in the portfolio. Members of the Group's accounting teams carry out the credit management function in order to regularly monitor the collection of trade receivables, track progress in the collection of outstanding receivables, and issue the necessary reminders.
Risk that investments made are not useful, are not properly authorised or do not generate the expected returns.	Negative impact on cash flow and operating profit.	Procedure drawn up and applied for prior authorisation of recurring capital expenditure (primarily for software). This procedure sets out the authorised signatories within the operating entity and requires signature by one or even two members of the management team for capital expenditure in excess of a given threshold. Capital expenditure (i.e. investments excluding external growth) represents just over 1% of the Group's consolidated revenue, which is normal in Assystem's industry, and means that exposure to risks related to this expenditure is limited. Investments relating to the acquisition of equity investments and to external growth are systematically brought to the attention of the Board of Directors for consultation, once they have been assessed by the management team and operations staff.

5.2 RISKS RELATED TO THE GROUP'S OPERATIONS

Type	Impact	Risk reduction measures
Risk that fixed-price contracts may lead to excess non-billable hours.	Negative impact on revenue and gross margin, and ultimately, on operating profit.	A contract review process has been put in place (conducted monthly within the various Business Units and subsidiaries, and quarterly at Group level, with the involvement of the CFO & Deputy CEO and the Executive Vice-President in charge of HR Development) for contracts representing revenue in excess of a threshold adapted to the activity and size of the Business Units and subsidiaries or that inherently involve certain risk factors, such as a large number of hours, a multi-year period, type of technology used, etc. These contract reviews are used to assess the progress of projects under way and all the identified risks in order to draw up and implement appropriate action plans (both for clients and in-house). The Group's project management process is widely publicised and rigorously formalised with a view to ensuring that project-related risk management is deeply embedded in the Group's culture. Similarly, the Group's Project Management Handbook is regularly updated and distributed to all project management players within the organisation. Special training sessions are organised and specific audits conducted on a selection of projects covering all of the Group's areas of business.
Risk that business activities engaged in with one or more major clients may decline or cease altogether.	Negative impact on revenue and operating profit.	The business conducted with the Group's ten largest clients involves varied skills in diverse business sectors, which automatically significantly reduces dependency risk. The Group's strong relationship with its clients as a Tier-1 supplier also considerably mitigates this risk as its business volumes are secured over the medium and long term. In addition, the Group's use of subcontracting and new skills training programmes enable it to flexibly manage changes in workload.
Risk that the operational non-billing rate (the TNFO) exceeds the threshold of 10%.	Negative impact on operating profit.	As a key operating indicator for the Group, the TNFO is included in the periodic reporting carried out by each legal entity which is reviewed by the Group's management team. If the TFNO exceeds the defined threshold the management team takes appropriate measures to promptly lower it, notably by sharing and crossing over resources. The TNFO is determined as follows: Total unbilled hours of billable staff/Total hours worked by billable staff.
Risk that net staff turnover is not effectively managed and that the turnover rate is such that the replacement of resources cannot be ensured during the period.	Negative impact on project performance and revenue.	Staff turnover management is placed under the ultimate responsibility of the Group's Executive Vice-President in charge of HR Development. Annual recruitment plans are established on the basis of a turnover rate of 20 to 25% and changes in the rate during the period are regularly measured, analysed and monitored. The Group maintains a close-knit relationship with several engineering schools in France and abroad (particularly by taking part in school-company forums), which gives it access to a substantial pool of skills and resources. Staff turnover is measured as follows: Staff departures during the year/Average headcount during the year.
Risk that clients may relocate their business or projects to areas where the Group does not operate.	Negative impact on revenue, continued relationships with clients and operating profit.	The Group constantly highlights its ability to provide services in the same geographic locations as its clients. For example, it has an engineering centre in Romania and another in India. This means that for its automotive clients who have developed part of their business in Romania, Assystem has the facilities in place to partner them in their projects and work there. Similarly, in the aeronautics sector, in 2015 the Group renewed a framework agreement with a major client which provides for the gradual increased use of Assystem's Indian production base.
The risk that contracts entered into do not generate sufficient margins to cover development costs in geographic areas where the Group has little or no operating presence.	Negative impact on operating profit.	As part of its development in the Asia-Middle East area, in 2013 the Group chose to base its Executive Management Department for the Energy & Infrastructure business in Dubai. Further development measures were launched in this region in 2014 and continued in 2015 via the acquisition of Radicon in Saudi Arabia, and in 2016 with the acquisition of the Turkish company, Envy. Not taking into account the impact of the unfavourable operating environment caused by the fall in oil prices (which adversely affected Radicon's revenue and earnings in 2016 due to the resulting reduction in infrastructure capex programmes in Saudi Arabia), the Group is gradually covering the development costs incurred for its operations in the Asia-Middle East area by the operating profit generated from new contracts won in this region thanks to the combination of its local presence and global skills.

5.3 LIQUIDITY AND MARKET RISKS

The Group has a dedicated organisational structure which enables it to centrally manage all market risks to which it is exposed, namely interest rate risk, exchange rate risk, counterparty risk and liquidity risk.

Within the Finance Department, Group Treasury operates in the financial markets as the Group's financial risk management body. This unit is organised in such a way as to ensure the segregation of tasks.

Every month, Group Treasury reports to the CFO & Deputy CEO on the positions and results of its management in compliance with the principles and policies put in place by the Group's executive management team. Most Group entities use the same software programs (Taïga, Kyriba or Swaps). These tools help to secure flows and enable more reliable reporting, in accordance with Group standards.

Type	Impact	Risk reduction measures
Risk of a failure to effectively control finance costs (interest rate risk).	Negative impact on financial expenses.	To reduce this risk, the Company sets up appropriate hedges using derivative financial instruments, taking into account the prevailing market conditions. The financial instruments used – which mainly correspond to swap contracts – are approved by the CFO & Deputy CEO. The Company had no interest rate hedges in place at 31 December 2016. At 31 December 2016, the Group's external debt primarily consisted of drawdowns on its revolving credit facility.
Risk of a failure to effectively control foreign-currency cash flows and the valuation of subsidiaries outside the Eurozone (exchange rate risk), given the geographical diversity of the Group's establishments and operations.	Negative impact on equity and/or consolidated profit due to exchange rate volatility.	The Group monitors offerings and contracts in foreign currencies in order to safeguard the related operating margins. The hedges put in place when exchange rate risk is identified mainly correspond to forward purchase or sale contracts, whose amounts and maturities are matched with the underlying exposure. To hedge intra-group transactions in foreign currencies, the Group uses currency swaps. The Group's balance sheet risk essentially relates to euro/sterling and euro/US dollar exchange rates (or the euro/Saudi riyal rate, bearing in mind that at the date of this Registration Document the US dollar/Saudi riyal exchange rate was pegged) as well as the euro/Nigerian naira exchange rate. See Note 8.6 to the consolidated financial statements for details about the Group's financial risk management strategy.
Risk of default by a financial counterparty.	Negative impact on consolidated profit.	The Group undertakes counterparty review and monitoring procedures which are approved by Management. In 2016, it notably increased the number of leading banking institutions it uses for investments, hedges and borrowings.
Risk of inability to meet financial commitments (liquidity risk).	Negative impact on the cost of debt and on the Group's image.	Assystem has carried out a specific review of its liquidity risk and considers that it is capable of meeting its future maturities. Furthermore, Assystem has put in place: • a liquidity optimisation process based on centralised cash management with monthly reports submitted to the CFO & Deputy CEO; • a pro-active debt management strategy. At 31 December 2016, the Group had access to a €120 million revolving credit facility (of which €80 million had been drawn down) with a sufficient maturity to finance its operating requirements. On 24 January 2017, the Company put in place a new financing arrangement amounting to €280 million and breaking down as (i) an €80 million five-year term loan, and (ii) a €200 million five-year revolving credit facility with two one-year extension options (subject to the lenders' agreement).
Risk of lack of control over the number of shares to be delivered on redemption of Odirnane bonds.	Dilutive effect on capital.	At 31 December 2016, only 490,268 Odirnane bonds were still outstanding, i.e. 8.8% of the original issue (see Chapter 7 of this Registration Document). On 1 February 2017, Assystem announced that it intended to redeem in advance of maturity all of its outstanding Odirnane bonds. All of these bonds were redeemed in cash – with no Assystem shares allocated to the bondholders – for a total amount of €14.35 million, including accrued coupons, which was paid between end-February and 6 March 2017.
Risk of a breach of a financial covenant triggering early repayment of borrowings.	Negative cash impact.	On 24 January 2017 Assystem entered into a new €280 million financing arrangement with a pool of banks, comprising (i) an €80 million term loan redeemable at maturity in January 2022 and (ii) a €200 million five-year revolving credit facility with two one-year extension options (subject to the lenders' agreement). Consequently, the €80 million drawn down under the previous revolving credit facility, which was included in "Other short-term debt and current financial liabilities" at 31 December 2016 was repaid in early 2017. The new financing agreement contains a covenant based on the consolidated gearing ratio (consolidated net debt at the test date/EBITDA for the past 12 months as adjusted for acquisitions and divestments). This ratio is measured at the end of each half-year period (with the first test taking place at 31 December 2016), and must not exceed 2.75 at end-December and 3.0 at end-June. If the covenant is breached, a qualified majority of lenders (representing at least two thirds of the lending commitments) may demand early repayment of the corresponding borrowings. At 31 December 2016, the Group's gearing ratio was below the ceiling specified in the covenant.

5.4 EMPLOYEE-RELATED RISKS

Type	Impact	Risk reduction measures
Risk that the Group's available skills do not match client and market requirements.	Negative impact on the Group's image and revenue.	The Group devotes significant efforts and resources – in terms of management time, employees' working hours and cash – to continuously training its engineers, and has developed dedicated structures by sector and business within its in-house training centre, the Assystem Institute. Skills reviews are conducted annually for all engineers, which help detect any training requirements for acquiring new skills or honing existing skills. In addition, annual recruitment campaigns specifically target the competencies required for successfully carrying out the Group's current and future projects.
Risk of losing key skills needed for the Group to be able to operate and develop.	Negative impact on the Group's image and revenue.	Key persons are identified within each of the Group's operating entities as well as in its head office and support functions. Succession plans have been drawn up or are being prepared for all of these key persons. In addition, the measures taken to ensure the continuity of the internal control system and the continuous improvement approach of which this system forms part are notably aimed at ensuring the continuity of the Group's processes and operations independently of the persons in charge of them, thus decreasing the risk of dependence on key persons.

5.5 RISKS RELATED TO INFORMATION SYSTEMS

Type	Impact	Risk reduction measures
Risk that data is not available or is corrupted.	Inability to pursue projects, negative impact on the Group's image and revenue.	In view of the Group's high dependence on information systems (for the performance of client projects as well as for its own requirements) and the decentralisation of the IT function, risks related to information systems are closely scrutinised. Business continuity and recovery plans have been drawn up and tested in all operating units. Access to information systems is also strictly controlled, especially for employees who use remote access (although the number of these employees is limited). Lastly, access to restricted client areas (engineering platforms installed on Group premises) is strictly controlled in line with clients' security policies.

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5.6 LEGAL, REGULATORY AND TAX RISKS

Type	Impact	Risk reduction measures
Risk of lack of control over the legal and tax aspects of the Group's business and operations in a context of globalisation, and lack of regulatory compliance.	Negative impact on the Group's image and operating profit.	The contract acceptance process systematically includes a legal and tax review. These reviews are used to ensure, in particular, that there are no terms or conditions in the contract that are unacceptable for the Group. The definitions and formal classifications of these terms and conditions are provided to all line managers. The Group has also introduced quarterly risk reports for France that are submitted to the Finance, Legal/Insurance, Accounting/Tax and Management Control Departments.
Risk that changes to French or foreign tax regulations, or their interpretation by the relevant authorities, may be contrary to the Group's interests or may restrict the Group's ability to organise or develop its business.	Negative impact on operating profit and/or consolidated profit.	Working in conjunction with operations staff, the Group Tax Department monitors any changes in tax regulations, and their corresponding interpretations, that are of relevance to the Group. Where necessary, it suggests ways of adapting the Group's organisational structure and its operations in order to mitigate the impacts of such changes.

ASG LEGAL DISPUTE

ASG is involved in a legal dispute with Acergy (since renamed Subsea 7) and Iska Marine concerning a fire that occurred in January 2010 on board a ship – the Acergy Falcon – which was dry-docked in Brest for maintenance at the time. There were no significant developments in this case during 2016. The only noteworthy facts during the year were of a procedural nature as the proceedings concerning the merits of the case were re-listed with the Brest Commercial Court, which ordered that all of the pending cases related to this same incident should be joined and heard together. As in prior periods, Assystem still considers that there is no evidence that ASG was at fault or that it will necessarily be held fully or partially liable. In addition, as in previous periods, the Group confirms that in the event ASG is held liable, this claim would be covered under the Group's third-party liability insurance policies.

TAX AUDIT

France

In late 2014 Assystem France received notification of a €13.5 million tax reassessment relating to research tax credits. Assystem considers that this reassessment is based on a general position taken by the French tax authorities which is applicable to all of the French companies concerned. Assystem is contesting the grounds of the reassessment in their entirety. However, in view of new case law in 2015, and based on the opinions of legal experts, the Group set aside a €7.3 million provision in its 2015 financial statements. At 31 December 2016 Assystem had not yet received a payment notice from the tax authorities for the reassessed amount and the valuation of the related risk was unchanged compared with 31 December 2015.

At the date this Registration Document was filed, the Company was not aware of any other governmental, legal or arbitration proceedings (including any pending or potential proceedings), that could have, or have had in the last 12 months, a significant impact on the financial situation or profitability of the Company or the Group.

5.7 INDUSTRIAL AND ENVIRONMENTAL RISKS

Due to the nature of its activities, the Group has no significant direct impact on the environment. In the nuclear sector, the Group provides only knowledge-based services and is not authorised to operate any nuclear facilities as defined in the applicable regulations. The Group's environmental policy and measures are described in Chapter 4 of this Registration Document on Corporate Social Responsibility (CSR).

5.8 RISKS RELATED TO ACQUISITIONS

Type	Impact	Risk reduction measures
Risk that acquired companies may not generate operating profit in line with the Group's objectives and expectations.	Dilutive effect on gross margins and operating profit. Group profitability/ performance objectives not met.	A post-acquisition support plan is drawn up for companies that are newly acquired by the Group. One of Assystem's priorities after acquiring a company is to implement the Group's reporting systems so that it can rapidly monitor changes in results and generation of cash flow and take any appropriate corrective measures.

The Group has not identified any other significant risks to date.

5.9 INSURANCE STRATEGY

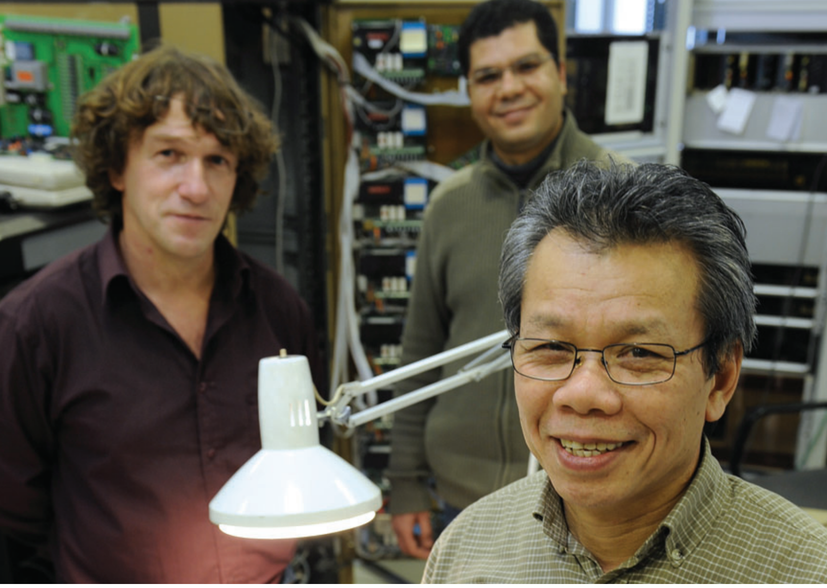
The Group's insurance strategy includes a pro-active risk prevention and protection approach and the coverage of major risks in all of its business areas and sectors.

To cover these risks, Assystem has contracted a professional and operating liability insurance policy for its French and international subsidiaries.

The professional liability insurance policy acts as umbrella insurance providing protection against any losses and amounts of claims that are not covered – or not fully covered – by the local insurance policies of Group entities located outside France.

The Group has signed specific insurance policies for its aerospace operations, covering property damage and consequential losses for all of its subsidiaries that operate in this sector.

The Group's main insurance policies were renewed in 2016 under the same terms and conditions as those that were previously applicable.



6

FINANCIAL STATEMENTS

6.1 CONSOLIDATED FINANCIAL STATEMENTS

6.1.1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

In millions of euros	Notes	2016	2015
Goodwill	3.3	184.8	147.2
Intangible assets	6.1	3.6	3.7
Property, plant and equipment	6.2	17.9	17.5
Investment property	6.3	1.4	1.4
Equity-accounted investees	5.2	0.9	0.7
Available-for-sale financial assets	6.4	0.2	0.2
Other non-current financial assets	6.4	13.7	11.8
Deferred tax assets	12.3	17.0	10.5
Non-current assets		239.5	193.0
Trade receivables	5.1	320.1	298.2
Other receivables	5.1	70.9	66.3
Income tax receivables		1.5	1.1
Other current assets		0.3	0.5
Cash and cash equivalents	8.1	85.4	233.8
Current assets		478.2	599.9
Total assets		**717.7**	**792.9**

EQUITY AND LIABILITIES

In millions of euros	Notes	2016	2015
Share capital	7.1	22.2	22.2
Share premium		80.3	80.3
Consolidated reserves		106.7	144.6
Equity instruments [1]		–	158.4
Profit for the period attributable to owners of the parent		31.5	27.2
Equity attributable to owners of the parent		240.7	432.7
Non-controlling interests		0.3	(0.1)
Total equity		241.0	432.6
Long-term bond debt	8.2	–	26.4
Other long-term debt and non-current financial liabilities	8.2	4.4	4.5
Fair value of derivatives	8.2	–	2.1
Pension and other employee benefit obligations	5.3.2	26.4	23.5
Liabilities related to share acquisitions	10	14.1	1.0
Long-term provisions	9.1	7.6	7.3
Other non-current liabilities	10	5.9	–
Non-current liabilities		58.4	64.8
Short-term bond debt	8.2	14.4	–
Other short-term debt and current financial liabilities	8.2	82.7	2.2
Trade payables	5.1	66.4	55.3
Due to suppliers of non-current assets		1.5	0.9
Accrued taxes and payroll costs	5.1	186.7	180.0
Income tax liabilities		3.8	3.9
Liabilities related to share acquisitions	10	4.4	3.6
Short-term provisions	9.1	7.2	7.0
Other current liabilities	5.1	51.2	42.6
Current liabilities		418.3	295.5
Total equity and liabilities		**717.7**	**792.9**

* *Odirnane bonds.*

The accompanying notes form an integral part of the consolidated financial statements.

6.1.2 CONSOLIDATED INCOME STATEMENT

In millions of euros	Notes	2016	2015
Revenue	5.1	955.6	907.7
Payroll costs	5.3.1	(662.4)	(644.8)
Other operating income and expenses	5.4	(217.6)	(193.8)
Taxes other than on income		(1.3)	(1.5)
Depreciation, amortisation and provisions for recurring operating items, net	5.5	(8.8)	(10.3)
Operating profit before non-recurring items (EBITA)	5.6	65.5	57.3
Share of profit of equity-accounted investees	5.2	1.4	0.5
EBITA including share of profit of equity-accounted investees		66.9	57.8
Non-recurring income and expenses	5.6	(13.5)	(18.3)
Operating profit	5.6	53.4	39.5
Net financial income (expense) on cash and debt	8.5	(0.8)	4.0
Other financial income and expenses[1]	8.5	(2.8)	(3.0)
Profit from continuing operations before tax		49.8	40.5
Income tax expense	12	(17.7)	(13.1)
Profit from continuing operations		32.1	27.4
Profit from discontinued operations		–	0.5
Consolidated profit for the period		32.1	27.9
Attributable to: Owners of the parent		31.5	27.2
Non-controlling interests		0.6	0.7

In euros	Notes	2016	2015
Basic earnings per share	7.3	1.48	0.93
Diluted earnings per share[2]	7.3	1.23	0.93
Basic earnings per share from continuing operations	7.3	1.48	0.91
Diluted earnings per share from continuing operations[2]	7.3	1.23	0.91
Basic earnings per share from discontinued operations		–	0.02
Diluted earnings per share from discontinued operations		–	0.02

(1) Including a €1.4 million expense related to the fair value remeasurement of Ornane bonds in 2015.
(2) The diluted earnings per share figure for 2015 would have been higher than basic earnings per share. Consequently, in accordance with IAS 33, diluted earnings per share for that year is considered to be the same as basic earnings per share, i.e. €0.93.

The accompanying notes form an integral part of the consolidated financial statements.

6.1.3 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In millions of euros	Notes	2016	2015
Consolidated profit for the period		32.1	27.9
Items of other comprehensive income that will not be reclassified to profit			
Remeasurement of net liability for employee benefit obligations	5.3.1	(1.1)	3.6
Income tax effect		0.4	(1.2)
Remeasurement of the liability for employee benefit obligations (net of income tax effect)		(0.7)	2.4
Items of other comprehensive income that may be reclassified subsequently to profit			
Gains and losses on hedging instruments	8.3	(1.0)	0.3
Income tax effect		0.4	(0.1)
Gains and losses on hedging instruments (net of income tax effect)		(0.6)	0.2
Currency translation differences		(8.2)	6.8
Total other comprehensive income (expense)		(9.5)	9.4
Total comprehensive income for the period		**22.6**	**37.3**
Attributable to owners of the parent:		21.9	36.5
Profit for the period		31.5	27.2
Other comprehensive income (expense)		(9.6)	9.3
Attributable to non-controlling interests:		0.7	0.8
Profit for the period		0.6	0.7
Other comprehensive income		0.1	0.1

The accompanying notes form an integral part of the consolidated financial statements.

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6.1.4 CONSOLIDATED STATEMENT OF CASH FLOWS

In millions of euros	Notes	2016	2015
Cash flows from operating activities			
EBITA including share of profit of equity-accounted investees		66.9	57.8
Depreciation, amortisation and provisions for recurring operating items, net	5.5	8.8	10.3
EBITDA		75.7	68.1
Change in operating working capital requirement	5.1	(3.4)	6.0
Income tax paid		(12.8)	(9.5)
Other movements		(5.8)	(12.3)
Net cash generated from operating activities		53.7	52.3
Cash flows from investing activities			
Acquisitions of property, plant and equipment and intangible assets, net of disposals, of which:		(8.4)	(7.5)
Acquisitions of property, plant and equipment and intangible assets	*6.5*	*(8.9)*	*(7.7)*
Proceeds from disposals of property, plant and equipment and intangible assets	*6.5*	*0.5*	*0.2*
Free cash flow		45.3	44.8
Acquisitions of shares in consolidated companies, net of sales, of which:		(26.4)	(34.0)
Acquisitions of shares in consolidated companies	*3.2*	*(26.6)*	*(34.8)*
Proceeds from sales of shares in consolidated companies		*0.2*	*0.8*
Loans repaid to the Group by non-consolidated companies		–	0.1
Net cash used in investing activities		(34.8)	(41.4)
Cash flows from financing activities			
Net financial income received (expenses paid)		(1.5)	3.9
Proceeds from new borrowings	8.2	80.0	–
Repayments of borrowings and movements in other financial liabilities(1)	8.2	(32.3)	(1.7)
Dividends paid(2)	7.4	(17.9)	(16.2)
Buybacks of equity instruments(3)		(176.9)	–
Coupon paid on equity instruments(3)		(7.2)	(7.2)
Other movements in equity of the parent company		(9.8)	(6.3)
Net cash used in financing activities		(165.6)	(27.5)
Net decrease in cash and cash equivalents		**(146.7)**	**(16.6)**
Net cash and cash equivalents at beginning of year	**8.1**	**233.4**	**250.5**
Effect of non-monetary items and changes in exchange rates		(2.3)	(0.5)
Net decrease in cash and cash equivalents		(146.7)	(16.6)
Net cash and cash equivalents at year-end	**8.1**	**84.4**	**233.4**

(1) Including €31.5 million related to the buybacks of Ornane bonds in 2016.
(2) Including €17 million in 2016 and €16.2 million in 2015 paid to shareholders of Assystem SA.
(3) Odirnane bonds.

The accompanying notes form an integral part of the consolidated financial statements.

6.1.5 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In millions of euros	Share capital	Share premium	Remeasurement of net liability for employee benefit obligations	Hedging reserves	Translation reserve	Total other comprehensive income (expense)	Profit for the period	Other reserves	Equity attributable to owners of the parent	Non-controlling interests	Total equity
At 1 January 2015	22.1	79.7	–	(0.1)	(4.4)	**(4.5)**	21.8	298.6	**417.7**	7.2	**424.9**
Dividends paid	–	–	–	–	–	**-**	–	(16.2)	**(16.2)**	–	**(16.2)**
Coupons on Odirnane bonds	–	–	–	–	–	**-**	–	(7.2)	**(7.2)**	–	**(7.2)**
Capital increases paid up in cash	0.1	0.6	–	–	–	**-**	–		**0.7**	–	**0.7**
Share-based payments and free share awards	–	–	–	–	–	**-**	–	0.3	**0.3**	–	**0.3**
Treasury share transactions	–	–	–	–	–	**-**	–	(6.5)	**(6.5)**	–	**(6.5)**
Total comprehensive income	–	–	2.4	0.2	6.7	**9.3**	27.2	–	**36.5**	0.8	**37.3**
Appropriation of prior-period profit	–	–	–	–	–	**-**	(21.8)	21.8	**-**	–	**-**
Appropriation of items of other comprehensive income that will not be reclassified to profit	–	–	(2.4)	–	–	**(2.4)**	–	2.4	**-**	–	**-**
Acquisitions of subsidiaries with non-controlling interests	–	–	–	–	–	**-**	–	–	**-**	(1.4)	**(1.4)**
Transactions with non-controlling interests without change of control	–	–	–	–	–	**-**	–	7.4	**7.4**	(6.7)	**0.7**
At 31 December 2015	22.2	80.3	–	0.1	2.3	**2.4**	27.2	300.6	**432.7**	(0.1)	**432.6**
Dividends paid	–	–	–	–	–	**-**	–	(17.5)	**(17.5)**	(0.4)	**(17.9)**
Coupons on Odirnane bonds	–	–	–	–	–	**-**	–	(7.2)	**(7.2)**	–	**(7.2)**
Share-based payments and free share awards	–	–	–	–	–	**-**	–	0.8	**0.8**	–	**0.8**
Treasury share transactions	–	–	–	–	–	**-**	–	(10.0)	**(10.0)**	–	**(10.0)**
Buybacks of equity instruments (Odirnane bonds), net of tax	–	–	–	–	–	**-**	–	(166.8)	**(166.8)**	–	**(166.8)**
Reclassification of outstanding Odirnane bonds as bond debt	–	–	–	–	–	**-**	–	(14.0)	**(14.0)**	–	**(14.0)**
Total comprehensive income	–	–	(0.7)	(0.6)	(7.6)	**(8.9)**	31.5		**22.6**	0.7	**23.3**
Appropriation of prior-period profit	–	–	–	–	–	**-**	(27.2)	27.2	**-**	–	**-**
Appropriation of items of other comprehensive income (expense) that will not be reclassified to profit	–	–	0.7	–	–	**0.7**	–	(0.7)	**-**	–	**-**
Transactions with non-controlling interests without change of control	–	–	–	–	–	**-**	–	0.1	**0.1**	0.1	**0.2**
At 31 December 2016	22.2	80.3	–	(0.5)	(5.3)	**(5.8)**	31.5	112.5	**240.7**	0.3	**241.0**

6.1.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

NOTE 1 REPORTING ENTITY AND BASIS OF PREPARATION

Reporting entity

The Assystem Group (hereinafter also referred to as the "Group") is an international leader in the field of engineering.

The Group's parent company is Assystem (hereinafter also referred to as the "Company") – a French public limited company *(société anonyme)* governed by a Board of Directors, whose registered office is located at 70, boulevard de Courcelles, 75017 Paris, France.

The consolidated financial statements for the year ended 31 December 2016, as well as the accompanying notes, were approved by Assystem's Board of Directors on 7 March 2017. However, these financial statements will only be considered definitive after approval by the Company's shareholders at the Annual General Meeting scheduled to be held on 16 May 2017.

The consolidated financial statements reflect the accounting position of Assystem and its subsidiaries. They are presented in millions of euros, rounded to the nearest hundred thousand.

Basis of preparation

In compliance with Regulation 1606/2002/EC of the European Parliament and Council dated 19 July 2002, the consolidated financial statements of the Assystem Group for the year ended 31 December 2016 have been prepared in accordance with International Financial Reporting Standards (IFRSs) and related interpretations as adopted by the European Union at that date. These financial statements present two years of data.

IFRSs as adopted by the European Union differ in certain respects from IFRSs as issued by the IASB. The Group nevertheless ensured that the financial information for the reported periods would not have been substantially different had it applied IFRSs as issued by the IASB.

NEW STANDARDS, AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS APPLICABLE FROM 1 JANUARY 2016

The following amendments to existing standards were applicable by the Group as from 1 January 2016 but did not have any impact on its consolidated financial statements:

- amendments to IAS 1 – Disclosure Initiative;
- amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations;
- annual Improvements to IFRSs (2012-2014 cycle).

NEW STANDARDS AND INTERPRETATIONS ISSUED BY THE IASB BUT NOT YET APPLICABLE AT 31 DECEMBER 2016

The Group has elected not to early adopt any standards or interpretations that are effective for periods beginning subsequent to 31 December 2016 (notably IFRS 15, "Revenue from Contracts with Customers", IFRS 9, "Financial Instruments", and IFRS 16, "Leases"). The impacts of these new standards and interpretations are currently being analysed. Based on the information currently available to the Group, it does not expect its first-time adoption of IFRS 15 and IFRS 9 to have a significant impact on its financial statements The Group has not yet completed its analysis of the effects of IFRS 16 and therefore is not currently in a position to estimate the impact of this new standard on the presentation of its consolidated financial statements.

YEAR-ON-YEAR COMPARISONS

The presentation of the financial statements has not been changed between 31 December 2015 and 2016.

MAIN SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that can affect the reported amounts of certain assets and liabilities and income and expenses. The impact of any changes in estimates is accounted for on a prospective basis. The estimates are made by Management based on the going concern principle using information available at the reporting date. They may change, however, due to circumstances or new information that could require a reconsideration of the context in which they were prepared. Actual results may therefore differ from the estimates.

The random nature of certain estimates may make it difficult to ascertain the Group's economic outlook, particularly in relation to asset impairment tests (see Note 3.3 – Goodwill).

The accounting items that are the most exposed to the risk of estimation uncertainty are described below.

Revenue recognition

As described in Note 5.1 – Working capital requirement, revenue is recognised at the fair value of the consideration received or receivable for the services rendered by the Group.

Revenue generated from long-term service contracts is accounted for in accordance with IAS 11. The stage of completion of projects and the amount of revenue recognised are determined using numerous estimates based on cost-monitoring and past experience. Estimates and assumptions may be adjusted throughout the term of the contract and could have a significant impact on future profit.

Provisions for losses on completion of contracts and project warranty costs

Provisions for expected losses on engineering contracts may be recognised in accordance with the percentage of completion method, in accordance with IAS 18 and IAS 11 (see Note 5.1 – Working capital requirement). When it becomes probable that total contract costs will exceed total contract revenue a provision is immediately recognised for the related loss, after deducting any previously recognised losses. However, the loss actually recognised on completion of the contract may differ from the amounts originally provisioned, and may have an impact on future profit.

Figures relating to provisions are presented in Note 9.1 – Provisions.

Impairment of trade receivables

An impairment loss is recognised on trade receivables if the present value of future amounts to be collected is less than their nominal value. The amount of the impairment loss recognised takes into account the age of the receivable and the debtor's capacity to honour its obligations. A lower recoverability rate than estimated or a default by a major client could adversely affect future profit.

Figures relating to impairment of trade receivables are presented in Note 5.1 – Working capital requirement.

Deferred taxes

Deferred tax assets are recognised for the carryforward of unused tax losses and unused tax credits and deductible temporary differences only to the extent that it is probable that the Company and its subsidiary(ies) concerned will have sufficient future taxable profit against which the unused tax losses, tax credits and temporary differences can be utilised.

In assessing whether it will have sufficient future taxable profit to recover deferred tax assets the Group takes into account forecasts of future taxable profits, non-recurring expenses included in past losses and which will not be incurred again in the future, and its past history of taxable profit for prior years.

Figures for deferred taxes related to unused tax losses and temporary differences are presented in Note 12.3 – Deferred taxes.

Goodwill impairment

The estimates used in the assumptions for calculating goodwill impairment are set out in Note 3.4 – Goodwill impairment testing.

Employee benefit obligations

The estimates used in the assumptions for calculating employee benefit obligations and the related sensitivity analyses are set out in Note 5.3.2 – Employee benefit obligations.

NOTE 2 SIGNIFICANT EVENTS OF THE YEAR

The following significant events took place in 2016:

Buyback of bonds redeemable in cash and/or in new and/or existing shares with a maturity date of 1 January 2017 ("Ornane 2017 bonds") and subsequent repurchase procedure

During the first half of 2016, Assystem bought back a total of 1,230,764 of its Ornane 2017 bonds for €31.5 million (excluding accrued coupons), representing 29% of the Ornane 2017 bonds issued in July 2011. The aggregate face value of the Ornane bonds bought back amounted to €27.1 million.

The following financial expenses were recognised by the Group in relation to these buybacks:

- €0.8 million recorded under "Other financial income and expenses", corresponding to accelerated amortisation of the Ornane bond arrangement fees;
- €2.2 million representing the difference between the redemption value (excluding accrued coupons) and the fair value of the Ornane bonds at 31 December 2015.

At 31 December 2016, 3,757 Ornane bonds remained outstanding, representing an aggregate value of €0.1 million. They were recognised in "Short-term bond debt" in the consolidated statement of financial position.

Buyback of perpetual bonds redeemable in cash and/or in new and/or existing shares ("Odirnane bonds") and subsequent repurchase procedure

Through successive buybacks carried out in the second half of 2016, the Group redeemed 5,111,972 Odirnane bonds for a total amount of €176.9 million (including accrued coupons and transaction costs).

At 31 December 2016 490,268 Odirnane bonds remained outstanding, representing 8.8% of the original issue. These bonds were redeemed in advance of maturity between late February and 6 March 2017 for an aggregate €14.35 million (see Note 14 – Significant events after the reporting date). The Odirnane bonds still outstanding at 31 December 2016 – representing an aggregate of €14.3 million including accrued coupons – have been reclassified from "Equity instruments" to "Short-term bond debt" in the consolidated statement of financial position.

External growth

The Group pursued its French and international external growth drive in 2016 – in both the Global Product Solutions and Energy & Infrastructure divisions – enabling it to broaden its client portfolio and gain specific skills in a number of different markets. See Note 3.2 – Business combinations for a description of the acquisitions carried out during the year.

NOTE 3 CONSOLIDATION, BUSINESS COMBINATIONS AND GOODWILL

Basis of consolidation

FULLY-CONSOLIDATED SUBSIDIARIES

Companies over which the Group exercises control are consolidated. IFRS 10 has introduced a single model of control based on three criteria: "an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee".

Assets, liabilities, income and expenses of consolidated subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group until the date the Group ceases to control the subsidiary. All inter-company transactions and balances are eliminated on consolidation. Non-controlling interests are presented separately in the financial statements.

JOINT VENTURES AND JOINT OPERATIONS

IFRS 11 classifies joint arrangements into two types – joint ventures and joint operations. The Group determines the type of joint arrangement in which it is involved by considering its rights and obligations in the arrangement, assessed based on the structure and legal form of the arrangement, the contractual terms agreed to by the parties to the arrangement and, when relevant, other facts and circumstances.

A joint venture is a joint arrangement whereby the parties with joint control ("joint venturers") have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the parties with joint control ("joint operators") have rights to the assets and obligations for the liabilities of the arrangement.

Joint arrangements that qualify as joint ventures are accounted for using the equity method (equity-accounted investees).

For joint operations, each of the joint operators must recognise the assets and the liabilities (and income and expenses) relating to its interest in the joint operation.

Translation of foreign companies' financial statements and foreign-currency denominated transactions

FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (*i.e.* in which the entity mainly generates and expends cash), which corresponds to its functional currency.

The consolidated financial statements are presented in euros, which is the Group's presentation currency.

TRANSACTIONS AND BALANCES

Foreign-currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when included in other comprehensive income as the effective portion of qualifying cash flow hedges and qualifying net investment hedges.

TRANSLATION OF FINANCIAL STATEMENTS OF SUBSIDIARIES

The financial statements of foreign subsidiaries whose functional currency is not the euro are translated into euros as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses are translated at average exchange rates for the period.

All resulting exchange differences are recognised in other comprehensive income in a separate line.

Goodwill arising on the acquisition of a foreign entity is recognised in the entity's functional currency and translated into euros at the closing rate.

3.1 Scope of consolidation

Assystem SA's main subsidiaries included in the scope of consolidation were as follows at 31 December 2016:

Company name	Country	Registration numer	Percentage interest	Consolidation method
French companies				
Assystem SA	France	412076937	Parent	FC
Assystem EOS	France	444159164	100	FC
Assystem Expert	France	509768917	100	FC
Assystem France	France	322118605	100	FC
Assystem Régions	France	352268973	100	FC
Athos Aéronautique	France	415173210	100	FC
Insiema	France	572004372	100	FC
MPH Global Services	France	499137610	100	FC
SCI du Pont Noir	France	309112381	100	FC
International companies				
Assystem GmbH	Germany	–	100	FC
Silver Atena Electronic Systems Engineering GmbH	Germany	–	100	FC
Berner & Mattner Systemtechnik GmbH	Germany	–	100	FC
Radicon	Saudi Arabia	–	75	FC
Assystem Romania	Romania	–	100	FC
Assystem UK and subsidiaries	United Kingdom	–	100	FC
Assystem Technology India Private Limited	India	–	100	FC
MPH Consulting Services DMCC	Dubai	–	100	FC

FC: Fully consolidated.

3.2 Business combinations

Business combinations which occurred between 1 January 2004 and 31 December 2009 were recognised in accordance with the requirements of the previous version of IFRS 3.

Since 1 January 2010, business combinations have been recognised based on the requirements of the revised version of IFRS 3 (IFRS 3R). In accordance with IFRS 3R, when an entity over which the Group exercises exclusive control is consolidated for the first time:

- the identifiable assets acquired and liabilities assumed are measured at fair value on the date when control is transferred to the Group. When the Group acquires a business, it assesses the assets and liabilities (including client contracts and portfolios) for appropriate classification and designation;
- any non-controlling interest in the acquiree is recognised on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the identifiable net assets of the acquiree.

At the date of a business combination, goodwill is measured as the excess of:

- the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree, and, for a business combination achieved in stages, the acquisition-date fair value of any equity interest previously held in the acquiree, over;
- the acquisition-date fair value of the identifiable net assets acquired.

For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value ("full goodwill method") or at the proportionate share of the acquiree's identifiable net assets ("partial goodwill method").

The initial accounting for business combinations must be completed within one year of the acquisition date (the "measurement period"). During this measurement period, the Group retrospectively adjusts the provisional amounts recognised at the acquisition date to reflect any new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

Any gain on a bargain purchase (negative goodwill) is recognised in profit immediately.

Subsequent to initial recognition, goodwill is carried at cost less any accumulated impairment losses (see the Section entitled "Goodwill" below).

Additionally, the following principles apply to business combinations:

- any contingent consideration is measured at fair value at the acquisition date, and any subsequent changes in the fair value of the contingent consideration are recognised in profit;
- acquisition-related costs are expensed as incurred; in accordance with IFRS 10, when the proportion of the equity in a subsidiary held by non-controlling interests changes, the Group recognises directly in "Equity attributable to owners of the parent" any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received.

BUSINESS COMBINATIONS CARRIED OUT IN 2016

The Group considers that its acquisitions in 2016 did not individually represent material amounts.

Global Product Solutions (GPS)

The Group acquired Aerotec Concept in France and Edison in the United Kingdom. These acquisitions have respectively enabled Assystem to (i) gain expertise in the airplane/helicopter refurbishment and customisation market and (ii) broaden its client portfolio of leading automotive sector players in the UK.

These companies' aggregate contributions to the Group's consolidated revenue and profit for 2016 were €1.8 million and €0.3 million respectively.

Energy & Infrastructure (E&I)

Assystem acquired Bâtir Group and Onyx in France, enabling it to broaden its skills in construction engineering (for complex, industrial and nuclear buildings) and large-scale infrastructure projects. It also acquired Envy in Turkey, allowing it to consolidate its skills and client portfolio in the international nuclear sector.

These companies' aggregate contributions to the Group's consolidated revenue and profit for 2016 were €6.7 million and €1.5 million respectively.

Cross put and call options exercisable in the medium or long term were put in place in connection with the acquisitions of Aerotec Concept and Envy (see Note 10 – Liabilities related to share acquisitions and other non-current liabilities).

The fair values of the net assets acquired in the business combinations carried out in 2016 are shown in the table below.

In millions of euros	GPS	E&I	Total
Cash and cash equivalents	4.2	4.6	8.8
Other current and non-current assets	4.1	5.2	9.3
Total assets	**8.3**	**9.8**	**18.1**
Financial liabilities	2.6	0.3	2.9
Other current and non-current liabilities	5.3	5.8	11.1
Total liabilities	**7.9**	**6.1**	**14.0**
Net assets	**0.4**	**3.7**	**4.1**

Goodwill related to the acquisitions, as determined using the full goodwill method, breaks down as follows:

In millions of euros	GPS	E&I	Total
Portion of the purchase price paid in cash	12.6	17.9	30.5
Deferred purchase costs (cross put and call options and other)	4.9	9.2	14.1
Liabilities related to the present value of dividends	1.6	4.3	5.9
Fair value of Assystem SA shares delivered as consideration	0.4	–	0.4
Total purchase price	**19.5**	**31.4**	**50.9**
Fair value of net assets acquired	0.4	3.7	4.1
Goodwill	**19.1**	**27.7**	**46.8**

The cash flows relating to the acquisitions can be analysed as follows:

In millions of euros	GPS	E&I	Total
Cash and cash equivalents	4.2	4.6	8.8
Bank overdrafts	–	(0.1)	(0.1)
Net cash acquired	**4.2**	**4.5**	**8.7**
Purchase price of the companies' shares	(13.0)	(17.9)	(30.9)
Shareholder's loans granted	(2.2)	–	(2.2)
Other cash flows	(1.4)	(0.8)	(2.2)
Net cash outflow	**(12.4)**	**(14.2)**	**(26.6)**

In accordance with IFRS 3R, the Group will complete the initial accounting for the acquisitions carried out in 2016 within one year of the dates it acquired control of the companies concerned.

Cash flows related to acquisitions of shares in consolidated companies were as follows in 2016 and 2015:

In millions of euros	2016	2015
GPS acquisitions	(12.4)	(0.4)
E&I acquisitions	(14.2)	(28.5)
Staffing acquisitions	–	(5.8)
Acquisition of available-for-sale financial assets	–	(0.1)
Acquisitions of shares in consolidated companies	**(26.6)**	**(34.8)**

3.3 Goodwill

In accordance with IFRS 3R, goodwill is not amortised but is tested for impairment at least once a year.

For the purpose of impairment testing, goodwill is allocated to cash-generating units (CGUs) or groups of CGUs. A CGU corresponds to the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The level of CGU used for goodwill impairment tests depends on the characteristics of the business or market of each operation.

The Group carries out impairment tests at each year-end and whenever there is an indication of impairment in order to estimate the CGU's recoverable amount. Recoverable amount corresponds to the higher of the CGU's fair value less costs of disposal and its value in use (the present value of the future cash flows expected to be derived from the CGU). When the recoverable amount of a CGU is less than its carrying amount, an impairment loss is recognised and is deducted to the extent possible from the carrying amount of the goodwill allocated to the CGU.

If a subsidiary is sold, the goodwill allocated to that subsidiary is taken into account in determining the proceeds of the sale.

Goodwill arising on the acquisition of fully-consolidated companies is presented in a separate line of the financial statements. Goodwill related to equity-accounted investees is shown in "Equity-accounted investees".

The Group's three operating segments are as follows: Global Product Solutions (outsourced R&D); Energy & Infrastructure (complex infrastructure engineering); Staffing (worldwide assignment of consultants specialised in Oil & Gas and other industrial sectors). These three segments correspond to the three cash-generating units (CGUs) that are used by the Group and which comply with the IFRS definition of CGUs.

	2015	2016				
In millions of euros	Carrying amount	Effect of changes in scope of consolidation	Impairment losses recognised during the year	Currency translation differences	Carrying amount	Accumulated impairment losses at year-end
Global Product Solutions	94.5	19.1	–	(0.8)	112.8	11.6
Energy & Infrastructure	39.6	27.7	–	(1.4)	65.9	5.0
Staffing	13.1	–	(7.0)	–	6.1	14.0
Total	**147.2**	**46.8**	**(7.0)**	**(2.2)**	**184.8**	**30.6**

The Staffing CGU was identified as having a recoverable amount lower than its carrying amount in 2016, which led to the recognition of a €7.0 million impairment loss. Sensitivity analyses were performed to measure the impact of changes in the main assumptions used for calculating the impairment loss (WACC, EBITDA and perpetuity growth rate).

The impacts of changes in scope of consolidation in 2016 are described in Note 3.2 – Business combinations.

3.4 Impairment testing

The recoverable amount of the CGUs was calculated based on their value in use. In order to determine value in use, the Group projects the future cash flows that it expects to derive from each CGU. These projections are based on four-year budgets and cash flows beyond this four-year period are estimated by extrapolating the projections using a perpetuity growth rate (see below). This growth rate must not exceed the medium- to long-term average growth rate for the industry as a whole. Future cash flows are discounted based on the weighted average cost of capital (WACC) of each business segment.

The cash flows used were based on budget forecasts drawn up by the operating management teams of each CGU when determining their medium and long-term strategy. The Group applied a normative cost of debt weighted for the Group as a whole and a cost of equity specific to each country in order to determine the WACC (see table below).

The table below presents the main factors used for modelling the assumptions applied for the impairment tests:

2016		
CGU	**Perpetuity growth rate used for extrapolating future cash flows beyond the projection period**	**Discount rate**
Global Product Solutions	1.5%	7.7%
Energy & Infrastructure	1.5%	8.0%
Staffing	1.0%	10.7%

If any impairment is identified based on the calculation of discounted future cash flows and/or market values of the assets concerned, or if there is a change in market conditions or in the cash flows that were originally estimated, then previously recognised impairment losses may need to be revised or modified.

A 1% (100 basis points) increase in the WACC, EBITDA and perpetuity growth rate assumptions used for the impairment tests carried out on the Global Product Solutions and Energy & Infrastructure CGUs would not result in the recognition of an impairment loss for these CGUs.

NOTE 4 SEGMENT REPORTING

6

Operating segments are components of the Group about which separate financial information is available that is evaluated regularly by Group management in deciding how to allocate resources and in assessing performance. Consequently, the Group has three operating segments: Global Product Solutions (outsourced R&D), Energy & Infrastructure (complex infrastructure engineering) and Staffing (worldwide assignment of consultants specialised in Oil & Gas and other industrial sectors).

The main accounting policies used for operating segments are as follows:

- each segment has its own resources and may share certain resources with other segments to create synergies. This sharing is carried out through a reallocation of costs or through contractual relations between different legal entities;
- management costs that are directly attributable to the three operating segments are allocated to each segment concerned;
- the indicator, "EBITA including share of profit of equity-accounted investees", excludes non-recurring income and expenses.

Analysis by operating segment

Assets and liabilities allocated by operating segment correspond to operating assets and liabilities used by each division in its operating activities and which are directly attributable to the segment or can be allocated to the segment on a reasonable basis. They correspond to:

- goodwill, intangible assets and property, plant and equipment;
- trade receivables, other receivables and other current assets;
- trade payables, amounts due to suppliers of non-current assets, accrued taxes and payroll costs, liabilities related to share acquisitions, short-term provisions and other current liabilities.

2016

In millions of euros	GPS	E&I	Staffing	Holding company and Other	Inter-segment	Group total from continuing operations
Revenue	579.5	322.2	53.7	9.2	(9.0)	955.6
O/w inter-segment revenue	(2.0)	(6.5)	(0.5)	–	9.0	–
Total external revenue	577.5	315.7	53.2	9.2	–	955.6
EBITA including share of profit of equity-accounted investees	47.0	24.1	2.4	(6.6)	–	66.9
Non-recurring income and expenses	(2.7)	(0.5)	(7.2)	(3.1)	–	(13.5)
Operating profit (loss)	**44.3**	**23.6**	**(4.8)**	**(9.7)**	–	**53.4**
Net assets allocated by operating segment (CGU)	**145.0**	**97.6**	**13.7**	**23.2**	–	**279.5**

2015

In millions of euros	GPS	E&I	Staffing	Holding company and Other	Inter-segment	Group total from continuing operations
Revenue	530.1	318.6	60.6	7.9	(9.5)	907.7
O/w inter-segment revenue	(1.5)	(7.5)	(0.5)	–	9.5	–
Total external revenue	528.6	311.1	60.1	7.9	–	907.7
EBITA including share of profit of equity-accounted investees	38.8	25.7	1.4	(8.1)	–	57.8
Non-recurring income and expenses	(5.9)	(0.9)	(7.8)	(3.7)	–	(18.3)
Operating profit (loss)	**32.9**	**24.8**	**(6.4)**	**(11.8)**	–	**39.5**
Net assets allocated by operating segment (CGU)	**131.6**	**67.6**	**24.6**	**19.8**	–	**243.6**

Analysis by geographic region

Non-current assets allocated by geographic region correspond to goodwill, intangible assets and property plant and equipment which are directly attributable to the region or can be allocated to the region on a reasonable basis.

The following table shows a breakdown of the Group's revenue and assets by region, based on the geographic location of consolidated companies:

2016

In millions of euros	France	Rest of Europe	Asia - Middle East - Africa	Other regions	Holding company and Other	Group total
Total external revenue	**637.0**	**227.2**	**83.2**	**8.2**	**-**	**955.6**
Non-current assets allocated by geographic region	**98.6**	**46.3**	**60.3**	**-**	**1.1**	**206.3**

2015

In millions of euros	France	Rest of Europe	Asia - Middle East - Africa	Other regions	Holding company and Other	Group total
Total external revenue	**557.5**	**249.6**	**93.6**	**7.0**	**-**	**907.7**
Non-current assets allocated by geographic region	**76.4**	**49.2**	**41.6**	**-**	**1.3**	**168.5**

NOTE 5 OPERATIONAL DATA

5.1 Working capital requirement (WCR)

REVENUE

Revenue corresponds to the gross inflows of economic benefits received or receivable by the Group during the period on its own account which arise from ordinary operating activities and result in increases in equity.

IAS 18 requires revenue to be measured at the fair value of the consideration received or receivable. In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable.

The Group recognises its revenue in the period in which the services are rendered. Revenue for the Group comprises:

- invoices issued or to be issued for services rendered;
- the valuation at cost price of services for which the Group has undertaken works and for which it is certain that it will receive an order from the client; and
- commissions on business for which the Group acts as an agent.

Depending on the type of transaction involved, the criteria for determining the stage of completion of services rendered at a given date can at include:

- surveys of work performed;
- services performed to date as a percentage of total services to be performed; or
- the proportion that costs incurred to date bear to the estimated total costs of the transaction.

The criteria applied are left to the discretion of the operating unit's manager who chooses those that are best suited to the project.

The Group's services are valued based on the following:

- **time and materials contracts:** the valuation of services rendered under these contracts depends on the resources used. Revenue is determined on a time-spent basis, agreed on with the client, and corresponding to an aggregate resulting from the multiplication of an hourly or daily rate;
- **fixed-price contracts:** services rendered under these contracts are valued based on the percentage of completion method as defined in IAS 11;
- **provisions for losses on completion:** a provision is recognised when it is probable that contract costs will exceed contract revenue. The amount of the provision is calculated by reference to the stage of completion less the loss already recognised, and it is recorded under "Depreciation, amortisation and provisions for recurring operating items, net".

GOVERNMENT GRANTS AND TAX CREDITS

Government grants and tax credits related to operating expenses are recognised in the income statement over the periods necessary to match them with the costs they are intended to compensate. They are recorded either:

- as a deduction from the corresponding expense if they are intended to compensate an identified cost, or
- as a decrease in other operating expenses if they are granted for general purposes.

TRADE RECEIVABLES

Trade receivables include:

- services invoiced but not yet paid for;
- services completed but not yet invoiced, measured at the sale price;
- work-in-progress measured at cost price.

Trade receivables are initially recognised at fair value and subsequently measured at fair value less any accumulated impairment losses. An impairment loss is recognised if there is objective evidence that the Group will be unable to collect all the contractual amounts due. The amount of the impairment loss recognised corresponds to the difference between the amount recorded under assets and the fair value of the discounted future cash flows.

TRADE RECEIVABLES

In millions of euros	2016	2015
Trade receivables	250.7	237.5
Accrued revenue and work-in-progress	83.3	73.3
Gross value	**334.0**	**310.8**
Impairment	(13.9)	(12.6)
Carrying amount	**320.1**	**298.2**

In 2016, the Group put in place a factoring contract under which the receivables sales concerned meet the derecognition criteria in IAS 39, "Financial Instruments: Recognition and Measurement". The factored receivables under this contract represented a net amount of €2.3 million at 31 December 2016.

ANALYSIS OF CHANGE IN OPERATING WORKING CAPITAL REQUIREMENT

In millions of euros	01/01/2016	Change related to operations	Other	31/12/2016
Trade receivables (1)	298.2	18.4	3.5	320.1
Amounts owed to customers (2)	(6.0)	(3.0)	(0.2)	(9.2)
Deferred income (2)	(35.2)	(4.7)	(1.2)	(41.1)
WCR – Trade receivables(1+2)	**257.0**	**10.7**	**2.1**	**269.8**
Trade payables (3)	(55.3)	(7.3)	(3.8)	(66.4)
Supplier prepayments (4)	0.5	0.8	-	1.3
Prepaid expenses (4)	6.3	0.5	-	6.8
WCR – Trade payables (3+4)	**(48.5)**	**(6.0)**	**(3.8)**	**(58.3)**
Accrued taxes and payroll costs (5)	(180.0)	(6.6)	(0.1)	(186.7)
Other current payables (5)	(1.4)	1.0	(0.5)	(0.9)
Prepaid and recoverable taxes and payroll costs (6)	54.5	4.6	0.1	59.2
Other current receivables	3.4	(0.3)	0.5	3.6
WCR – Other (5+6)	**(123.5)**	**(1.3)**	**0.0**	**(124.8)**
Total	**85.0**	**3.4**	**(1.7)**	**86.7**

The amounts in the "Other" column notably include the impact of changes in scope of consolidation and currency effects.

Supplier prepayments, prepaid expenses and other current receivables constitute the "Other receivables" line of the statement of financial position. Amounts owed to clients, deferred income and other current payables constitute the "Other current liabilities" line of the statement of financial position.

AGED RECEIVABLES

Credit risk represents the risk of the Group incurring a financial loss if a client fails to fulfil its contractual obligations.

The table below provides a breakdown of late payments for "Trade receivables" as a whole as well as the impairment losses recorded for disputed receivables and client defaults:

		Gross	Impairment		Gross	Impairment
In millions of euros	2016	%	2016	2015	%	2015
Not past due	277.8	83.1%	–	261.3	84.1%	–
Up to 30 days past due	25.0	7.5%	–	19.4	6.2%	–
Between 31 and 60 days past due	6.9	2.1%	–	9.5	3.1%	–
Between 61 and 180 days past due	7.1	2.1%	–	7.8	2.5%	–
More than 181 days past due	17.6	5.2%	13.9	12.8	4.1%	12.6
Total	**334.4**	**100.0%**	**13.9**	**310.8**	**100.0%**	**12.6**

5.2 Equity-accounted investees

In millions of euros	2016	2015
At 1 January	**0.7**	**1.0**
Dividends	(1.2)	(0.5)
Share of profit	1.4	0.5
Other movements	–	(0.3)
At 31 December	**0.9**	**0.7**

In view of the geopolitical environment in Yemen, at 31 December 2016 the Group maintained the full write-down of its investment in the joint venture in that country.

				Carrying amount *(in millions of euros)*	
Company	**Country**	**% interest**	**% voting rights**	**2016**	**2015**
Engage	France	25	25	0.2	0.2
Alphatest	France	49.84	49.84	0.6	0.5
Momentum	France	33.33	33.33	0.1	–
N3A	France	50	50	–	–
MPH Yemen Limited	Yemen	50	50	–	–

KEY FIGURES CONCERNING ASSOCIATES

In millions of euros	2016	2015
Revenue	**48.8**	**49.5**
Profit for the period	2.2	1.5
Total comprehensive income	**2.2**	**1.5**
Non-current assets	0.3	0.7
Current assets	24.2	23.1
Non-current liabilities	(2.1)	(2.1)
Current liabilities	(20.5)	(19.6)
Net assets	**1.9**	**2.1**

RELATED PARTY INFORMATION

The Group has defined four categories of related parties:

- joint ventures;
- the members of Assystem's Board of Directors and Assystem SA's corporate officers (see Note 5.3.3 – Share-based payments);
- HDL Development, which holds 77.23% of the Company's exercisable voting rights and provides management services to the Group;
- Radicon's minority shareholder.

The table below provides a summary of related-party transactions and balances.

In millions of euros	2016	2015
Revenue	6.3	5.6
Other operating income and expenses	2.2	0.9
Financial income	0.1	–
Trade receivables and other current assets	3.0	3.9
Trade payables and other current liabilities	(0.9)	–
Loans	0.8	0.8

The Group has recognised a financial liability for amounts owed to Radicon's minority shareholder, which totalled €3.9 million in 2016 and €4.2 million in 2015.

SNC Engage has issued guarantees representing a total of €11.6 million at 31 December 2016 which have been counter-guaranteed by its shareholders in proportion to their interests in the Company. Consequently, Assystem has guaranteed 25% of the overall amount (in proportion to its interest in Engage), corresponding to €2.9 million.

SNC Momentum has issued guarantees representing a total of €5.9 million at 31 December 2016 which have been counter-guaranteed by its shareholders in proportion to their interests in the Company. Consequently, Assystem has guaranteed 33.33% of the overall amount (in proportion to its interest in Momentum), corresponding to €2.0 million.

5.3 Payroll costs and employee benefit obligations

5.3.1 BREAKDOWN OF PAYROLL COSTS IN THE CONSOLIDATED INCOME STATEMENT

In millions of euros	2016	2015
Wages and salaries	(515.0)	(507.9)
Social security contributions	(147.4)	(136.9)
Total	**(662.4)**	**(644.8)**

5.3.2 EMPLOYEE BENEFIT OBLIGATIONS

The Group accounts for defined benefit and defined contribution post-employment benefit plans in accordance with the laws and practices of each country in which it operates.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all of the benefits relating to the services rendered by employees prior to retirement.

The actuarial risk (that benefits will cost more than expected) and the investment risk (that plan assets will be insufficient to meet expected benefits) are not borne by the employer entity.

Contributions to government plans and other defined contribution plans are recognised as an expense for the period in which they are due. No provision is recorded as the Group's obligation is limited to its contributions to the plans.

Defined benefit plans

All post-employment benefit plans other than defined contribution plans correspond to defined benefit plans.

Under defined benefit plans the entity's obligation is to provide the agreed benefits to current and former employees. The employer entity may either:

- pay contributions to a separate entity (a fund), but must pay further contributions (or pay unfunded benefits) if the fund does not hold sufficient assets to pay all of the benefits relating to the services rendered by employees; or
- pay the benefits itself, funding them out of its own assets.

Consequently, under defined benefit plans the employer entity bears both the actuarial risk and the investment risk.

In accordance with IAS 19, "Employee Benefits", actuarial valuations of post-employment benefit obligations under defined benefit plans are made using the projected unit credit method, based on assumptions for mortality rates, staff turnover and future salary projections.

The net defined benefit liability recognised at the reporting date corresponds to the present value of the defined benefit obligation – *i.e.* the present value of expected future payments required to settle the obligation resulting from employee service in the current and prior periods – less the fair value of plan assets.

Actuarial gains and losses are recognised in other comprehensive income.

The Group's employee benefit obligations consist mainly of statutory retirement bonuses payable in accordance with the Syntec collective bargaining agreement applicable in France. These bonuses correspond to vested entitlements determined based on length of service.

NET LIABILITY RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

In millions of euros	2016	2015
Present value of funded or partially-funded post-employment benefit obligations	27.6	24.9
Fair value of plan assets	(1.2)	(1.4)
Provision recognised in the statement of financial position	**26.4**	**23.5**

CHANGE IN THE NET LIABILITY RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

In millions of euros	2016	2015
Net liability at 1 January	**23.5**	**24.3**
Current service cost	1.9	2.2
Interest expense	0.4	0.4
Remeasurement of the net liability recognised in equity	1.1	(3.6)
Currency translation differences	0.1	0.2
Effect of changes in scope of consolidation	0.1	1.5
Benefits paid	(0.9)	(1.6)
Benefits paid directly by the fund	0.2	0.1
Net liability at 31 December	**26.4**	**23.5**

Current service cost is recognised under "Depreciation, amortisation and provisions for recurring operating items, net" and interest expense is recorded under "Other financial income and expenses".

The actuarial gains and losses recognised directly in other comprehensive income mainly relate to the effect of changes in the discount rate (1.5% for France and Germany in 2016 *versus* 2.5% in 2015). The composite rate applied for 2016 was determined by reference to the Bloomberg and Iboxx rates.

PRESENT VALUE OF THE POST-EMPLOYMENT BENEFIT OBLIGATION

In millions of euros	2016	2015
Present value of the post-employment benefit obligation at 1 January	**24.9**	**25.8**
Service cost	1.9	2.2
Interest expense	0.4	0.4
Remeasurement of the net liability recognised in equity	1.1	(3.6)
Currency translation differences	0.1	0.2
Effect of changes in scope of consolidation	0.1	1.5
Benefits paid	(0.9)	(1.6)
Present value of the post-employment benefit obligation at 31 December	**27.6**	**24.9**

PLAN ASSETS

In millions of euros	2016	2015
Fair value of plan assets at 1 January	**1.4**	**1.5**
Benefits paid	(0.2)	(0.1)
Fair value of plan assets at 31 December	**1.2**	**1.4**

Plan assets are mainly split between two funds representing €0.7 million and €0.5 million respectively.

ACTUARIAL ASSUMPTIONS

In %	2016	2015
France		
Discount rate	1.5%	2.5%
Projected rate of salary increases	1.5%	2.5%
Germany		
Discount rate	1.5%	2.5%
Projected rate of salary increases	2.0%	2.0%

DEFINED CONTRIBUTION PLANS

In millions of euros	2016	2015
Amount expensed for defined contribution plans	23.8	22.3

SENSITIVITY ANALYSIS

The liability recognised for statutory retirement bonuses payable in accordance with the Syntec collective bargaining agreement is calculated based on actuarial assumptions relating to the following: mortality rate, staff turnover, future salaries, discount rate and expected return on plan assets. Changes in these assumptions can impact the liability to a greater or lesser extent.

The Group has chosen to present a sensitivity analysis for the discount rate applicable for France, since any change in this assumption could significantly affect equity (net of tax):

	1% decrease	0.5% decrease	0.5% increase	1% increase
Impact on equity (in millions of euros)	(2.2)	(1.0)	0.9	1.7
Impact on equity (%)	(0.9)%	(0.4)%	0.4%	0.7%
Impact on the net liability (%)	8.3%	3.8%	(3.4)%	(6.4)%

5.3.3 SHARE-BASED PAYMENTS

In accordance with IFRS 2, "Share-based Payment", when the Group receives services from employees as consideration for share-based payments the fair value of the employee services received in exchange for the grant of the share-based payments is recognised as an expense.

The total amount to be expensed is determined by reference to the fair value of the benefits granted to the employees concerned under stock option plans or free share/performance share plans.

The expense is recognised on a straight-line basis over the vesting period. For stock options, the fair value of the options is determined using the Black & Scholes pricing model.

Although the share-based payment expense – which is recognised as a non-recurring expense in the consolidated income statement – reduces profit for the period, it has no impact on total equity.

FREE SHARE AWARDS WITH OR WITHOUT PERFORMANCE CONDITIONS

	2011 plan	2011 plan	2012 plan	2012 plan	2014 plan	2015 plan	2016 plan	2016 plan
	Number of free shares	Number of performance shares	Number of free shares	Number of performance shares	Number of free shares	Number of free shares	Number of free shares	Number of performance shares
Outstanding at 1 January 2015	**2,500**	**22,270**	**1,000**	**49,780**	**17,000**	**-**	**-**	**-**
Shares awarded during the year	–	–	–	–	–	2,500	–	–
Shares not awarded due to non-achievement of performance conditions	–	–	–	–	–	–	–	–
Shares forfeited during the year	–	–	–	–	–	–	–	–
Shares delivered during the year	(2,500)	(2,620)	(1,000)	(49,780)	–	–	–	–
Outstanding at 31 December 2015	**-**	**19,650**	**-**	**-**	**17,000**	**2,500**	**-**	**-**
Shares awarded during the year	–	–	–	–	–	–	7,000	300,300
Shares not awarded due to non-achievement of performance conditions	–	–	–	–	–	–	–	–
Shares forfeited during the year	–	(2,620)	–	–	–	–	–	–
Shares delivered during the year	–	(17,030)	–	–	(13,500)	–	–	–
Outstanding at 31 December 2016	**-**	**-**	**-**	**-**	**3,500**	**2,500**	**7,000**	**300,300**
Year of vesting*	**-**	**-**	**-**	**-**	**2018**	**2017**	**2018**	**2020**

* *The year of vesting varies depending on the beneficiaries' country of residence.*

FAIR VALUE OF FREE SHARES AWARDED WITH OR WITHOUT PERFORMANCE CONDITIONS

	2016	2015
Weighted average fair value of free shares awarded during the year *(in euros per share)*	21.68	19.40

On 4 July 2016, Assystem's Board of Directors used the authorisation given by its shareholders at the 24 May 2016 Annual General Meeting to grant an aggregate 300,300 performance shares to employees and officers of the Company. The vesting period for the shares ends in April 2020 and they will only be definitively allocated if the beneficiaries still form part of the Group on the vesting date and if the applicable performance conditions have been met.

RELATED-PARTY INFORMATION

Remuneration and benefits granted to executive directors:

In millions of euros	2016	2015
Salaries and other short-term benefits*	(1.2)	(0.7)
Directors' fees	(0.2)	(0.1)
Share-based payments	–	(0.2)
Total	**(1.4)**	**(1.0)**

* *This corresponds to the direct remuneration (including payroll taxes) paid to the members of the Board of Directors in their capacity as executive directors.*

5.4 Other operating income and expenses

In millions of euros	2016	2015
Outsourced operations and purchases for contracts	(118.1)	(98.1)
Cost of premises	(20.9)	(22.1)
Transport and travel expenses	(35.7)	(32.5)
Miscellaneous	(42.9)	(41.1)
Total	**(217.6)**	**(193.8)**

Other operating income and expenses mainly comprise IT costs, fees and commissions, and advertising and public relations costs.

5.5 Depreciation, amortisation and provisions for recurring operating items, net

In millions of euros	2016	2015
Depreciation and amortisation expense	(8.0)	(8.9)
Net change in provisions	(0.8)	(1.4)
Total	**(8.8)**	**(10.3)**

5.6 Non-recurring income and expenses

Non-recurring income and expenses comprise:

- share-based payment expense (free shares/performance shares and stock options);
- acquisition- and divestment-related expenses (external fees associated with external growth transactions and divestments);
- capital gains or losses arising on business divestments;
- income and expenses related to unusual, atypical and infrequent events, mainly comprising restructuring costs, asset impairment losses (including goodwill impairment), and other material income and expenses.

In millions of euros	2016	2015
Asset impairment	(7.0)	(7.0)
Net provision for tax dispute	–	(5.3)
Restructuring costs and provisions	(3.5)	(3.4)
Share-based payment expense (free shares/performance shares)	(1.0)	(0.3)
Company acquisition costs and other	(2.0)	(2.3)
Total	**(13.5)**	**(18.3)**

NOTE 6 NON-CURRENT ASSETS

6.1 Intangible assets

In accordance with IAS 38, "Intangible Assets", an intangible asset is recognised only if the cost of the asset can be measured reliably and it is probable that the expected future economic benefits attributable to the asset will flow to the Group.

The Group's intangible assets mainly correspond to software, which are non-current assets with a finite useful life. These assets are amortised on a straight-line basis over their useful lives, ranging between three and five years depending on the type of software concerned:

- management software: 5 years;
- production software: 3 to 5 years;
- office automation software: 1 to 3 years.

For internally-generated intangible assets, development costs are capitalised when they meet the recognition criteria in IAS 38, *i.e.* when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the project;
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

The cost of an internally-generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. Selling, administrative and other general overhead expenditure are not components of the cost of an internally-generated intangible asset. Following initial recognition, these assets are amortised over their estimated useful lives.

Intangible assets are measured at amortised cost (historical cost on initial recognition plus any amortisable costs recognised subsequently and less any accumulated amortisation and impairment losses).

In millions of euros	2016	2015
At 1 January	**3.7**	**4.6**
Additions	2.1	1.9
Effect of changes in scope of consolidation	–	0.1
Impairment losses	–	(0.5)
Amortisation	(2.3)	(2.5)
Currency translation differences	–	0.1
Other movements	0.1	–
At 31 December	**3.6**	**3.7**
Gross value at 31 December	52.2	51.2
Accumulated impairment losses at 31 December	48.6	47.5

Intangible assets primarily correspond to software used by the Group.

6.2 Property, plant and equipment

In accordance with IAS 16, an asset is classified as property, plant and equipment if it is held for use in the production or supply of goods or services, or for administrative purposes. These assets are recognised in the consolidated statement of financial position if it is likely that the future economic benefits attributable to the asset will flow to the Group and if the cost of the asset can be measured reliably.

Property, plant and equipment are depreciated on a straight-line basis over their useful lives, as follows:

- fixtures, fittings and facilities: 3 to 10 years;
- vehicles: 3 to 5 years;
- office and IT equipment: 3 to 5 years;
- furniture: 10 years.

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Subsequent expenditure is capitalised (and either included in the carrying amount of an asset or recognised as a separate component) if the IAS 16 recognition criteria are met, *i.e.* if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the expenditure can be measured reliably. Routine repair and maintenance costs are expensed in the period they are incurred.

The depreciable amount of property, plant and equipment is determined after deducting residual value if this value is deemed material. If significant parts of an item of property plant and equipment have different useful lives and therefore different depreciation periods they are accounted for as separate items (major components) of property, plant and equipment.

Assets acquired under finance leases which transfer substantially all the risks and rewards of ownership of the asset to the lessee are recognised as non-current assets in the consolidated statement of financial position.

In millions of euros	Land, buildings, and fixtures and fittings	IT equipment	Other	Total
Gross value at 1 January 2015	**18.4**	**53.3**	**9.8**	**81.5**
Accumulated depreciation and impairment losses at 1 January 2015	(10.0)	(48.0)	(5.9)	(63.9)
Carrying amount at 1 January 2015	**8.4**	**5.3**	**3.9**	**17.6**
Additions	1.6	1.8	1.5	4.9
Effect of changes in scope of consolidation	–	0.3	0.7	1.0
Depreciation	(2.1)	(3.1)	(1.2)	(6.4)
Disposals and retirements	(0.1)	(0.1)	–	(0.2)
Currency translation differences	0.3	0.2	0.1	0.6
Other movements	0.1	0.3	(0.4)	–
Gross value at 31 December 2015	**20.3**	**58.7**	**12.2**	**91.2**
Accumulated depreciation and impairment losses at 31 December 2015	(12.1)	(54.0)	(7.6)	(73.7)
Carrying amount at 31 December 2015	**8.2**	**4.7**	**4.6**	**17.5**
Additions	2.1	2.7	1.1	5.9
Effect of changes in scope of consolidation	0.5	–	0.2	0.7
Depreciation	(2.1)	(2.7)	(1.0)	(5.8)
Disposals and retirements	(0.3)	0.2	(0.3)	(0.4)
Currency translation differences	–	(0.1)	0.1	–
Other movements	0.5	(0.5)	–	–
Gross value at 31 December 2016	**23.6**	**56.7**	**12.9**	**93.2**
Accumulated depreciation and impairment losses at 31 December 2016	(14.6)	(52.5)	(8.3)	(75.4)
Carrying amount at 31 December 2016	**8.9**	**4.3**	**4.7**	**17.9**

6.3 Investment property

IAS 40 defines investment property as property held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes.

Investment property is measured at fair value and any gains or losses arising from changes in fair value are recognised directly in the income statement.

The building recognised under "Investment property" at 31 December 2016 corresponds to a fully-owned property located in Equeurdreville, France, which is measured at fair value. It was valued in February 2014 by an independent valuer who has no legal ties with the Group. In compliance with IFRS, the valuation method used was based on analysing recent transactions involving similar assets in the same market, as well as a return-based approach. Major market trends were also taken into consideration.

At 31 December 2016, the value of the investment property was €1.4 million.

There have been no significant changes in the substance of the lease contract on the property since the last valuation was performed.

6.4 Non-current financial assets

In accordance with IAS 32 and 39, financial assets are measured according to the asset category to which they belong. Regular purchases and sales of financial assets are recognised on the trade date, corresponding to the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus, in the case of financial assets not measured at fair value through profit or loss, transaction costs. Transaction costs on financial assets at fair value through profit or loss are expensed as incurred. See Note 8.3 for a description of derivative financial instruments.

AVAILABLE-FOR-SALE (AFS) FINANCIAL ASSETS

This category includes shares in non-consolidated companies. They are measured at fair value, and any gains or losses arising from changes in fair value – other than impairment losses – are recognised in other comprehensive income until the asset is derecognised. Impairment losses are recognised in the income statement. For listed shares, fair value corresponds to the market price. Shares whose fair value cannot be measured reliably are recognised at historical cost.

At each reporting date, the fair value of AFS financial assets is calculated and recorded in the statement of financial position. An impairment loss is recognised in the income statement if there is an objective indication that the asset is impaired, such as a significant or prolonged decline in value. Impairment losses recognised against AFS financial assets may only be reversed when the assets are derecognised.

Following Assystem's sale of its shares in Alyotec and ST Group, the gross value of available-for-sale financial assets was €1.4 million at 31 December 2016 and accumulated impairment losses recognised against these assets totalled €1.2 million.

OTHER NON-CURRENT FINANCIAL ASSETS

The Group's other non-current financial assets include loans and receivables, which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They typically arise when an entity provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for their long-term portion. They are initially recognised at fair value and subsequently measured at amortised cost. An impairment loss is recognised for any difference between the recoverable amount of the asset (the present value of estimated future cash flows discounted at the financial asset's original effective interest rate) and its amortised cost at the reporting date. These impairment losses are recognised in the income statement and can be reversed in a subsequent period in the event of a favourable change in circumstances.

Movements in other non-current financial assets in 2016 and 2015 can be analysed as follows:

In millions of euros	2016	2015
At 1 January	**11.8**	**10.7**
Increases	1.5	1.4
Effect of changes in scope of consolidation	0.2	–
Changes in fair value	0.3	(0.1)
Repayments	(0.1)	(0.3)
Other movements	–	0.1
At 31 December	**13.7**	**11.8**

The Group's other non-current financial assets primarily correspond to guarantee deposits granted to entities with which the Group enters into real-estate lease arrangements. These deposits are returned to the Group at the end of the lease. The Group generally enters into lease arrangements with leading real-estate market operators and therefore the corresponding credit risk is very limited.

This item also includes amounts granted as loans by the Group as its contribution to the *effort à la construction* French government housing scheme. These loans are repayable by public bodies after a 20-year period and are discounted.

6.5 Reconciliation of acquisitions of property, plant and equipment and intangible assets recorded in the consolidated statement of cash flows

In millions of euros	2016	2015
Change in operating loans and guarantee deposits	(1.5)	(1.2)
Acquisitions of intangible assets	(2.1)	(1.9)
Acquisitions of property, plant and equipment	(5.9)	(4.9)
Change in amounts due to suppliers of non-current assets	0.6	0.3
Acquisitions of property, plant and equipment and intangible assets	**(8.9)**	**(7.7)**

In millions of euros	2016	2015
Sale price of non-current assets	0.5	0.2
Change in receivables related to sales of non-current assets	–	–
Proceeds from disposals of property, plant and equipment and intangible assets	**0.5**	**0.2**

NOTE 7 EQUITY AND EARNINGS PER SHARE

7.1 Shares

	Ordinary shares	
(Number of shares)	2016	2015
At 1 January	**22,218,216**	**22,154,831**
Exercise of BSAAR stock warrants	–	63,385
Treasury shares	(1,068,442)	(680,149)
At 31 December	**21,149,774**	**21,538,067**
Number of shares issued and fully paid up	**22,218,216**	**22,218,216**
Par value *(in euros per share)*	**1.00**	**1.00**

At 31 December 2016, Assystem SA's shares broke down as follows:

- number of shares with single voting rights: 8,464,863;
- number of shares with double voting rights: 13,753,353.

Each share gives its holder the same rights to dividend payments.

7.2 Treasury shares

In accordance with IAS 32, shares in the Group's parent company held by itself or any of its subsidiaries are recognised at cost as a deduction from equity. No fair value gains or losses are recognised on these shares. Post-tax gains or losses arising on the disposal of treasury shares are recognised directly in equity.

	Treasury shares	
(Number of shares)	**2016**	**2015**
At 1 January	**680,149**	**388,117**
Purchases of treasury shares	670,111	829,777
Sales of treasury shares	(234,603)	(373,988)
Treasury shares delivered on exercise of BSAAR stock warrants and conversion of Ornane bonds	(346)	(105,057)
Treasury shares delivered to employees and officers	(30,530)	(58,700)
Shares delivered as consideration for business combinations	(16,339)	–
At 31 December	**1,068,442**	**680,149**
Value of treasury shares recognised in equity *(in millions of euros)*	**(22.7)**	**(12.3)**

7.3 Earnings per share

BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit for the period attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period.

The dividend payment made by Assystem SA for 2015 resulted in the Company being required to pay the coupons on its Odirnane bonds. Consequently, for the purpose of calculating basic earnings per share, profit for the period attributable to owners of the parent for 2015 was adjusted to exclude the Odirnane coupons.

	2016	**2015**
Profit for the period attributable to owners of the parent	31.5	27.2
Coupons on Odirnane bonds	–	(7.2)
Basic earnings attributable to owners of the parent	**31.5**	**20.0**
Weighted average number of ordinary shares outstanding during the year	21,258,072	21,595,143
Basic earnings per share *(in euros)*	**1.48**	**0.93**

DILUTED EARNINGS PER SHARE

Diluted earnings per share is calculated by adjusting (i) profit for the period attributable to owners of the parent for the impact of all dilutive potential ordinary shares, net of the related tax, and (ii) the weighted average number of ordinary shares outstanding by assuming conversion into ordinary shares of all dilutive instruments outstanding. Treasury shares deducted from consolidated equity are not taken into account in the calculation of basic or diluted earnings per share.

The Group's dilutive instruments are as follows:

- Ornane bonds;
- Odirnane bonds;
- free shares and performance shares.

Dilutive instruments are only taken into account if their dilutive impact reduces earnings per share or increases loss per share. In accordance with IAS 33, if diluted earnings per share is higher than basic earnings per share it is considered to be non-representative and is reduced to the same amount as basic earnings per share.

Diluted earnings per share for 2016 and 2015 breaks down as follows:

In millions of euros	2016	2015
Profit attributable to owners of the parent	**31.5**	–
Interest expense related to Ornane and Odirnane bonds (net of income tax)	0.4	–
Adjusted profit used to calculate diluted earnings per share	**31.9**	–
Weighted average number of ordinary shares outstanding during the year	21,258,072	–
Weighted average number of potential ordinary shares based on dilutive instruments outstanding during the year	–	–
• Free shares and/or performance shares	157,317	–
• Ornane bonds	310,053	–
• Odirnane bonds	4,301,139	–
Weighted average number of ordinary shares used to calculate diluted earnings per share	**26,026,581**	–
Diluted earnings per share *(in euros)*	**1.23**	**0.93***

* *The diluted earnings per share figure for 2015 would have been higher than basic earnings per share. Consequently, in accordance with IAS 33, diluted earnings per share for that year is considered to be the same as basic earnings per share, i.e. €0.93.*

7.4 Dividend per share

	2017*	2016	2015
Date of dividend payout from prior-year profit	By 30/06/2017	02/06/2016	23/06/2015
Date dividend payout on prior-year profit proposed to shareholders at the AGM	16/05/2017	24/05/2016	22/05/2015
Total dividend *(in millions of euros)* paid out from prior-year profit*	NC	17.0	16.2
Dividend per share *(in euros)* paid out from prior-year profit	1.00	0.80	0.75

* *Subject to shareholder approval at the AGM.*

NOTE 8 FINANCING AND FINANCIAL INSTRUMENTS

8.1 Cash and cash equivalents

The "Cash and cash equivalents" line in the statement of financial position includes cash (cash in hand and demand deposits) and cash equivalents (highly liquid short-term investments readily convertible into a known amount of cash and subject to an insignificant risk of a change in value).

Cash and cash equivalents do not include investments in listed shares, investments with an initial maturity of more than three months and no option of early divestment, and bank accounts subject to restrictions (blocked accounts).

Net cash and cash equivalents presented in the statement of cash flows corresponds to cash and cash equivalents less bank overdrafts.

In millions of euros	31/12/2016	31/12/2015
Cash	41.3	36.2
Cash equivalents	44.1	197.6
Total	**85.4**	**233.8**

The term accounts held by the Group correspond to cash equivalents within the meaning of IAS 7, "Statement of Cash Flows". No restrictions have been placed on the use of the Group's bank accounts.

Most of the term accounts are centralised at the level of Assystem SA. The buybacks of Ornane and Odirnane bonds were partly financed by the use of cash investments.

A reconciliation between cash and cash equivalents presented in the consolidated statement of cash flows and the statement of financial position is shown in the table below.

In millions of euros	31/12/2016	31/12/2015
Cash and cash equivalents	233.8	252.2
Bank overdrafts	(0.4)	(1.7)
Net cash and cash equivalents at beginning of year	**233.4**	**250.5**
Cash and cash equivalents	85.4	233.8
Bank overdrafts	(1.0)	(0.4)
Net cash and cash equivalents at year-end	**84.4**	**233.4**

8.2 Bond debt and other financial liabilities

Debt and other financial liabilities are initially recognised at fair value less transaction costs, and are subsequently measured at amortised cost determined using the effective interest method. They are classified as "current" when the Group is required to settle them within twelve months after the reporting date and as "non-current" when the settlement is due beyond those twelve months.

BOND DEBT

The characteristics of the Odirnane bonds led the Group to initially recognise them as equity instruments until the successive buybacks carried out in the second half of 2016 (see Note 2 – Significant events of the year). The Odirnane bonds still outstanding after these buybacks – amounting to €14.3 million (including accrued coupons) – were reclassified under short-term bond debt at 31 December 2016. All of these bonds were redeemed by 6 March 2017.

In millions of euros	2016	2015
1 January	**26.4**	**25.6**
Ornane redemptions	(27.1)	–
Amortised cost	0.8	0.8
Reclassification of outstanding Odirnane bonds	14.0	–
Accrued coupons on outstanding Odirnane bonds	0.3	–
31 December	**14.4**	**26.4**

The redemption value of the Ornane bonds corresponds to their face value (excluding the premium paid on their buyback).

OTHER LONG- AND SHORT-TERM DEBT AND NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

In millions of euros	1 Jan. 2016	Increases	Repayments	Currency translation differences	Change in fair value	Effect of wchanges in scope of consolidation	Other movements	31 Dec. 2016
Bank borrowings	–	–	–	–	–	0.3	–	0.3
Sundry financial liabilities	4.5	–	(0.6)	0.2	–	–	–	4.1
Fair value of derivatives	2.1	–	–	–	(2.1)	–	–	–
Total non-current financial liabilities	**6.6**	**–**	**(0.6)**	**0.2**	**(2.1)**	**0.3**	**–**	**4.4**
Bank borrowings	0.5	80.0	(0.1)	–	–	0.1	–	80.5
Sundry financial liabilities	1.7	–	(0.1)	–	1.0	2.4	(2.8)	2.2
Total current financial liabilities	**2.2**	**80.0**	**(0.2)**	**–**	**1.0**	**2.5**	**(2.8)**	**82.7**
Bank borrowings	0.5	80.0	(0.1)	–	–	0.4	–	80.8
Sundry financial liabilities	6.2	–	(0.7)	0.2	1.0	2.4	(2.8)	6.3
Fair value of derivatives	2.1	–	–	–	(2.1)	–	–	–
Total	**8.8**	**80.0**	**(0.8)**	**0.2**	**(1.1)**	**2.8**	**(2.8)**	**87.1**

The buybacks of the Odirnane bonds were partly financed by drawing down a net €80 million under the Group's revolving credit facility. In January 2017 Assystem entered into a new €280 million financing arrangement with a pool of banks, comprising an €80 million term loan and a €200 million revolving credit facility (see Note 14 – Significant events after the reporting date). Consequently, the drawdown on the revolving credit facility included in "Other short-term debt and current financial liabilities" at 31 December 2016 was repaid in early 2017.

Other movements in "Sundry financial liabilities" primarily reflected:

- the takeover by the Company of a €2.2 million shareholder's loan in connection with the acquisition of Aerotec in the GPS division (see Note 3.2 – Business combinations);
- the payment of €1.1 million in coupons on the Ornane bonds, for which a provision had been recognised at 31 December 2015.

8.3 Derivative instruments

The Group uses derivative instruments to manage and reduce its exposure to changes in interest rates and foreign exchange rates.

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured at fair value at each reporting date. The method of recognising the resulting fair value gains or losses depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the hedged item.

On inception of a hedge, the Group documents the relationship between the hedged item and the hedging instrument. The Group also documents its estimates both on inception and prospectively to determine the effectiveness of the hedge in offsetting changes in fair value or cash flows attributable to the hedged risk.

FAIR VALUE HEDGES

Fair value hedges are used to hedge the Group's exposure to changes in fair value of a recognised asset or liability (or an identified portion of such an asset or liability) or a firm commitment to purchase or sell an asset at a pre-defined price, that is attributable to a particular risk and could affect profit. Changes in fair value are recognised in the income statement.

CASH FLOW HEDGES

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit.

The Group applies cash flow hedge accounting when the following conditions are met:

- there is formal designation and documentation of the hedging relationship;
- the hedge is highly effective; and
- the forecast transaction that is the subject of the hedge is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in the income statement. If the hedging instrument expires, or is sold, cancelled or exercised, the gain or loss initially recognised in other comprehensive income continues to be recorded separately in other comprehensive income until the forecast transaction occurs. If the commitment no longer exists or the forecast transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that had been recognised directly in other comprehensive income is reclassified to profit.

CURRENCY DERIVATIVES

During 2016 the Group pursued its currency hedging strategy (see Section 5.3 – Liquidity and market risk, in Chapter 5 of this Registration Document) by setting up new hedges comprising currency forwards and swaps.

At 31 December 2016, the Group's currency derivatives had a negative fair value of €0.8 million, which was recorded under "Other short-term debt and current financial liabilities" (compared with a positive €0.2 million recorded under "Other current assets" at 31 December 2015).

The application of hedge accounting to these derivatives resulted in the recognition of a €1.0 million fair value loss in other comprehensive income in 2016.

8.4 Net debt

Cash and debt consist of (i) cash and cash equivalents and current and non-current derivatives (included in other financial assets) on the assets side of the statement of financial position, and (ii) bond debt, other debt and financial liabilities, and the fair value of derivatives on the liabilities side.

Net debt corresponds to gross debt (bond debt, other long- and short-term debt and current and non-current financial liabilities and derivatives recorded under current and non-current liabilities) less cash and cash equivalents and derivatives recorded under current and non-current assets.

Net debt breaks down as follows:

		Maturity schedule					
In millions of euros	At 31 December 2016	2017	2018	2019	2020	2021	Beyond 5 years
Bond debt	14.4	14.4	–	–	–	–	–
Bank borrowings	80.8	80.5	0.3	–	–	–	–
Sundry financial liabilities	6.3	2.2	0.7	0.6	0.6	0.6	1.6
Gross debt	**101.5**	**97.1**	**1.0**	**0.6**	**0.6**	**0.6**	**1.6**
Cash and cash equivalents	85.4	85.4	–	–	–	–	–
Cash, cash equivalents and derivatives recorded under assets	**85.4**	**85.4**	**–**	**–**	**–**	**–**	**–**
Net debt	**16.1**	**11.7**	**1.0**	**0.6**	**0.6**	**0.6**	**1.6**

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The table below shows a breakdown of net debt by currency, converted at the closing rates:

In millions of euros	At 31 December 2016	Euro	Pound sterling	US dollar	Other currencies
Net debt	**16.1**	**31.2**	**(7.4)**	**(3.0)**	**(4.7)**

8.5 Financial income and expenses

NET FINANCIAL INCOME (EXPENSE) ON CASH AND DEBT

"Net financial income (expense) on cash and debt" corresponds to all income and expenses arising during the period on items making up net debt, including gains and losses on interest rate and currency hedges on debt.

Changes in the fair value of the above-mentioned categories of financial assets and liabilities are not included in this line in the income statement and instead are recognised in "Other financial income and expenses".

In millions of euros	2016	2015
Bond debt - Ornane and Odirnane	(0.6)	(1.1)
Medium- and long-term credit facilities	(1.4)	(1.0)
Interest expense on debt	**(2.0)**	**(2.1)**
Income from cash investments	1.1	1.9
Foreign exchange gains	0.1	4.2
Net financial income (expense) on cash and debt	**(0.8)**	**4.0**

OTHER FINANCIAL INCOME AND EXPENSES

Other financial income and expenses correspond to income and expenses that are non-operational (*e.g.* financial income arising from the main business of the Company, a subsidiary or a division or financial income associated with a commercial activity) and which are not included in "Net financial income (expense) on cash and debt". They consist mainly of dividends from non-consolidated companies, impairment of AFS financial assets, gains and losses on disposals of AFS financial assets, impairment and losses on disposals of other current and non-current financial assets, the effect of discounting provisions, changes in the fair value of financial assets, financial liabilities and Ornane bonds, foreign exchange gains and losses on operating assets and liabilities, and miscellaneous financial income and expenses.

In millions of euros	2016	2015
Effect of discounting	(0.1)	(0.6)
Amortised cost of financial liabilities	(1.8)	(0.7)
Net expense related to buybacks of Ornane bonds	(2.2)	–
Foreign exchange gains and losses	1.2	–
Net gain (loss) on financial liabilities at fair value through profit or loss	0.2	0.3
Miscellaneous financial income and expenses	(0.1)	(0.6)
Change in fair value of the derivative embedded in Ornane bonds	–	(1.4)
Total other financial income and expenses	**(2.8)**	**(3.0)**

8.6 Financial risk management

The Group's financial risk management policy is described in detail in Chapter 5 – Risk factors.

This note sets out the figures related to financial risk management.

EXPOSURE TO RISKS RELATED TO THE TRANSLATION INTO EUROS OF THE FINANCIAL STATEMENTS OF FOREIGN SUBSIDIARIES DENOMINATED IN LOCAL CURRENCY

The Group is exposed to risks related to the translation into euros of the financial statements of foreign subsidiaries denominated in local currency. These risks mainly concern the EUR/GBP, EUR/USD, EUR/NGN and EUR/SAR exchange rates (at the date of this Registration Document, the SAR was pegged to the USD at a fixed rate).

The Group's main risk exposure in this respect concerns the translation into euros of financial statements denominated in GBP. The net assets of UK subsidiaries denominated in GBP are set out in the table below.

In millions of GBP	
Non-current assets	9.9
Current assets	36.7
Total assets	**46.6**
Non-current liabilities	1.7
Current liabilities	15.8
Total liabilities	**17.5**
Net assets	**29.1**

The year-on-year change in the GBP/EUR exchange rate was as follows:

1 GBP = x EUR	2016	2015	Year-on-year change (%)
Year-end exchange rate	1.1679	1.3625	(14%)

RESIDUAL CONTRACTUAL MATURITIES

The residual contractual maturities of the Group's financial liabilities break down as follows (including interest payments). The contractual cash flows presented – which cover coupons, interest payments and redemptions/repayments – have not been discounted.

In millions of euros	Carrying amount at 31/12/2016	Contractual cash flows	Due within 1 year	Due in 1-5 years	Due beyond 5 years
Bond debt	14.4	14.4	14.4	–	–
Bank borrowings	80.8	80.8	80.5	0.3	–
Sundry financial liabilities	6.3	6.5	2.2	2.7	1.6
Current and non-current liabilities related to share acquisitions	18.5	32.6	4.4	8.7	19.5
Other non-current liabilities	5.9	9.6	–	5.9	3.7
Trade payables	66.4	66.4	66.4	–	–
Other current liabilities[(1)]	10.1	10.1	10.1	–	–
Operating leases[(2)]	–	44.4	19.4	24.3	0.7
Total contractual obligations	202.4	264.8	197.4	41.9	25.5

(1) Excluding accrued taxes and payroll costs and deferred income.
(2) Off-balance sheet commitments.

EARLY REPAYMENT RISKS ARISING FROM COVENANTS

The new financing set up to replace the Group's revolving credit facility contains a covenant based on the consolidated gearing ratio (consolidated net debt at the test date/EBITDA for the past 12 months as adjusted for acquisitions and divestments). This ratio is measured at the end of each half-year period (with the first test taking place at 31 December 2016), and must not exceed 2.75 at end-December and 3.0 at end-June. If the covenant is breached, a qualified majority of lenders (representing at least two thirds of the lending commitments) may demand early repayment of the corresponding borrowings. At 31 December 2016, the Group's gearing ratio was below the ceiling specified in the covenant.

NOTE 9 PROVISIONS AND CONTINGENT LIABILITIES

In accordance with IAS 37, a provision is recorded when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the obligation can be measured reliably.

Where the effect of the time value of money is material, provisions are discounted using a discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a financial expense.

9.1 Provisions

In millions of euros	01/01/2016	Additions	Reversals (used provisions)	Reversals (unused provisions)	Other movements	31/12/2016
Restructuring costs	0.3	–	–	–	(0.2)	0.1
Employee-related risks and tax risks	6.8	–	–	–	0.5	7.3
Other	0.2	0.1	–	–	(0.1)	0.2
Total long-term provisions	**7.3**	**0.1**	**–**	**–**	**0.2**	**7.6**
Guarantees for fixed-fee projects and losses on completion	1.0	0.6	(0.2)	(0.8)	–	0.6
Restructuring costs	1.0	1.3	(1.7)	(0.4)	0.2	0.4
Employee-related risks and tax risks	2.9	1.5	(1.1)	(0.6)	0.5	3.2
Other	2.1	1.8	(0.3)	(0.7)	0.1	3.0
Total short-term provisions	**7.0**	**5.2**	**(3.3)**	**(2.5)**	**0.8**	**7.2**
Guarantees for fixed-fee projects and losses on completion	1.0	0.6	(0.2)	(0.8)	–	0.6
Restructuring costs	1.3	1.3	(1.7)	(0.4)	–	0.5
Employee-related risks and tax risks	9.7	1.5	(1.1)	(0.6)	1.0	10.5
Other	2.3	1.9	(0.3)	(0.7)	–	3.2
Total provisions	**14.3**	**5.3**	**(3.3)**	**(2.5)**	**1.0**	**14.8**

9.2 Contingent liabilities

ASG LEGAL DISPUTE

ASG is involved in a legal dispute with Acergy (since renamed Subsea 7) and Iska Marine concerning a fire that occurred in January 2010 on board a ship – the Acergy Falcon – which was dry-docked in Brest for maintenance at the time. There were no significant developments in this case during 2016. The only noteworthy facts during the year were of a procedural nature as the proceedings concerning the merits of the case were re-listed with the Brest Commercial Court, which ordered that all of the pending cases related to this same incident should be joined and heard together. As in prior periods, Assystem still considers that there is no evidence that ASG was at fault or that it will necessarily be held fully or partially liable. In addition, as in previous periods, the Group confirms that in the event ASG is held liable, this claim would be covered under the Group's third-party liability insurance policies.

TAX AUDIT

France

In late 2014 Assystem France received notification of a €13.5 million tax reassessment relating to research tax credits. Assystem considers that this reassessment is based on a general position taken by the French tax authorities which is applicable to all of the French companies concerned. Assystem is contesting the grounds of the reassessment in their entirety. However, in view of new case law in 2015, and based on the opinions of legal experts, the Group set aside a €7.3 million provision in its 2015 financial statements. At 31 December 2016 Assystem had not yet received a payment notice from the tax authorities for the reassessed amount and the valuation of the related risk was unchanged compared with 31 December 2015.

At the date this Registration Document was filed, the Company was not aware of any other governmental, legal or arbitration proceedings (including any pending or potential proceedings), that could have, or have had in the last 12 months, a significant impact on the financial situation or profitability of the Company or the Group.

NOTE 10 LIABILITIES RELATED TO SHARE ACQUISITIONS (CURRENT AND NON-CURRENT) AND OTHER NON-CURRENT LIABILITIES

In some cases the Group grants put options to minority shareholders of its subsidiaries in relation to their non-controlling interests held in those subsidiaries. The exercise price of these options may be fixed or based on a pre-determined formula.

Where such put options are granted, the Group recognises a related financial liability. This liability is initially recognised at the present value of the exercise price and at the end of subsequent reporting periods it is measured by reference to the fair value of the shares that would potentially have to be purchased if the exercise price is based on fair value. Subsequent changes in the fair value of the put options are recognised in financial income or expenses.

The Group also recognises a non-current liability for the discounted amounts relating to commitments to pay dividends to third-party shareholders.

The amount recorded in the consolidated financial statements at 31 December 2016 for put options written over non-controlling interests totalled €18.5 million (breaking down as €4.4 million recorded under current liabilities and €14.1 million under non-current liabilities).

The majority of the put options granted by the Group relate to the acquisitions of Aerotec Concept (€4.9 million) and Envy (€9.2 million).

The discounted amounts relating to commitments to pay dividends to third-party shareholders are recorded under "Other non-current liabilities" and totalled €5.9 million at 31 December 2016.

NOTE 11 ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND LIABILITIES

11.1 Accounting classification of financial assets and liabilities

FINANCIAL ASSETS

The table below shows the carrying amounts and fair values of the Group's financial assets over the past two years:

	2016					2015
In millions of euros	**Carrying amount**	**Available-for-sale financial assets**	**Financial assets at amortised cost**	**Financial assets at fair value through profit or loss**	**Fair value**	**Carrying amount**
Investment property	1.4	–	–	1.4	1.4	1.4
Available-for-sale financial assets	0.2	0.2	–	–	0.2	0.2
Other financial assets	13.7	–	13.7	–	13.7	11.8
Trade receivables	320.1	–	320.1	–	320.1	298.2
Other receivables*	4.9	–	4.9	–	4.9	5.5
Other current assets	0.3	–	0.3	–	0.3	0.5
Cash and cash equivalents	85.4	–	85.4	–	85.4	233.8
Total	**426.0**	**0.2**	**424.4**	**1.4**	**426.0**	**551.4**

* *Excluding employee-related receivables, tax receivables and prepaid expenses.*

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FINANCIAL LIABILITIES

The table below shows the carrying amounts and fair values of the Group's financial liabilities over the past two years:

	2016					2015
In millions of euros	Carrying amount	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Derivatives	Fair value	Carrying amount
Bond debt	14.4	14.4	–	–	14.4	26.4
Other debt and current and non-current financial liabilities	87.1	86.3	–	0.8	87.1	6.7
Fair value of derivatives	–	–	–	–	–	2.1
Current and non-current liabilities related to share acquisitions	18.5	–	18.5	–	18.5	4.6
Other non-current liabilities	5.9	–	5.9	–	5.9	–
Trade payables	66.4	66.4	–	–	66.4	55.3
Due to suppliers of non-current assets	1.5	1.5	–	–	1.5	0.9
Other current liabilities*	10.1	10.1	–	–	10.1	7.4
Total	**203.9**	**178.7**	**24.4**	**0.8**	**203.9**	**103.4**

* *Excluding deferred income.*

11.2 Fair value hierarchy

The Group uses the fair value hierarchy established in IFRS which categorises financial instruments into three levels based on the inputs to valuation techniques used to measure their fair value as recognised in the statement of financial position. These levels are as follows:

- level 1: financial instruments for which there are quoted prices in an active market;
- level 2: financial instruments whose fair value measurement is based on observable market inputs other than quoted prices included in level 1;
- level 3: financial instruments whose inputs are unobservable (*i.e.* inputs whose value does not result from the price of observable market transactions for the same instrument or from observable market data available at the reporting date) or inputs which are only partially observable. This level notably applies to unlisted equity securities, which are valued at their purchase price plus transaction costs as there is no active market for them.

At 31 December 2016, the fair value hierarchy levels for the Group's financial instruments were as follows:

	2016			
In millions of euros	Level 1 – Market price	Level 2 – Observable market inputs	Level 3 – Unobservable inputs	Total
Investment property	–	–	1.4	1.4
Available-for-sale financial assets	–	–	0.2	0.2
Total	**-**	**-**	**1.6**	**1.6**
Currency derivatives	–	0.8	–	0.8
Current and non-current liabilities related to share acquisitions	–	–	18.5	18.5
Other non-current liabilities	–	–	5.9	5.9
Total	**-**	**0.8**	**24.4**	**25.2**

NOTE 12 INCOME TAX

12.1 Income tax recognised during the year

In millions of euros	2016	2015
Current tax	(13.2)	(12.3)
Deferred taxes	(4.5)	(0.8)
Total recognised in the income statement	**(17.7)**	**(13.1)**
Tax payable on treasury shares	(0.2)	0.5
Tax payable on Odirnane buybacks	10.0	–
Tax recognised in other comprehensive income	0.8	(1.3)
Total recognised directly in equity	**10.6**	**(0.8)**
Current tax	(3.4)	(11.8)
Deferred taxes	(3.7)	(2.1)
Total for the year	**(7.1)**	**(13.9)**

12.2 Tax proof

The table below reconciles the Group's actual income tax expense to the theoretical income tax expense based on the tax rate applicable to the profit of consolidated companies:

In millions of euros	2016	2015
Profit before tax from continuing operations (excluding share of profit of equity-accounted investees)	48.4	40.0
Theoretical income tax rate	34.43%	38.00%
Theoretical income tax expense	**(16.7)**	**(15.2)**
Permanent differences	6.5	6.4
Differences arising from applying different taxation rates	2.2	2.1
Other taxes	(7.6)	(6.0)
Income or expense relating to changes in tax rates or the imposition of new taxes	(1.1)	(0.9)
Adjustments recognised during the year for prior years	(0.9)	0.5
Benefits arising from tax losses and temporary differences not recognised in prior years	0.2	0.5
Impact of tax losses and temporary differences not used during the year	(0.3)	(0.5)
Total adjustments	**(1.0)**	**2.1**
Actual income tax expense	**(17.7)**	**(13.1)**
Profit before tax from continuing operations (excluding share of profit of equity-accounted investees)	48.4	40.0
Goodwill impairment	7.0	7.0
Profit before tax from continuing operations (excluding share of profit of equity-accounted investees and goodwill impairment)	**55.4**	**47.0**
Effective tax rate excluding impact of goodwill impairment	**31.95%**	**27.87%**

The amount shown under "Other taxes" mainly comprises the Corporate Value-Added Contribution (CVAE) for French subsidiaries.

12.3 Deferred taxes

Deferred taxes are recognised using the liability method for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences, apart from in the exceptional cases referred to in IAS 12.

Deferred tax assets are recognised for the carryforward of unused tax losses and unused tax credits and deductible temporary differences only to the extent that it is probable that the Group will have sufficient future taxable profit against which the unused tax losses, tax credits or temporary differences can be utilised.

The following elements are taken into account when estimating whether the Group will have sufficient future taxable profit to recover deferred tax assets:

- forecasts of future taxable profits;
- non-recurring expenses included in past losses and which will not be incurred again in the future;
- past history of taxable profit for prior years.

A deferred tax liability is recognised for taxable temporary differences relating to equity-accounted investees even if it is probable that there will be undistributed profits (as the Group does not control the investee and therefore cannot determine its profit distribution policy), unless there is an agreement requiring that the profits of the equity-accounted investee will not be distributed in the foreseeable future.

When a deferred tax asset or liability relates to an item that is recognised directly in equity, then the related deferred tax is also recognised directly in equity.

Deferred tax assets and liabilities are offset only when the Group has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority. Deferred tax assets and liabilities are not discounted.

Deferred taxes presented in the statement of financial position are grouped by tax units. However, the table below uses the presentation by type of deferred tax.

NET DEFERRED TAXES PRESENTED IN THE STATEMENT OF FINANCIAL POSITION

In millions of euros	2016	2015
Deferred tax assets		
Recoverable within 1 year	4.7	4.9
Recoverable beyond 1 year	13.7	7.4
	18.4	12.3
Deferred tax liabilities		
Due within 1 year	0.6	0.7
Due beyond 1 year	0.8	1.1
	1.4	1.8
Net deferred tax assets	**17.0**	**10.5**
of which recoverable within one year	4.1	4.2
of which recoverable beyond one year	12.9	6.3

MOVEMENTS IN DEFERRED TAX ASSETS AND LIABILITIES BREAK DOWN AS FOLLOWS:

In millions of euros	Employee benefit obligations	Tax loss carryforwards	Other	Unrecognised deferred tax assets*	Deferred tax assets (a)	Deferred tax liabilities (b)	Net deferred tax assets (a-b)
At 31 December 2014	**7.6**	**3.9**	**4.4**	**(2.7)**	**13.2**	**(2.2)**	**11.0**
Effect of changes in scope of consolidation	–	–	1.0	–	1.0	–	1.0
Year-on-year changes recognised in the income statement	(0.4)	(0.6)	(0.6)	0.6	(1.0)	–	(1.0)
Deferred taxes recognised in other comprehensive income	(1.2)	–	(0.1)	–	(1.3)	0.2	(1.1)
Deferred taxes recognised in equity	–	–	–	–	–	0.5	0.5
Currency translation differences	–	–	0.1	–	0.1	–	0.1
Other	–	–	0.3	–	0.3	(0.3)	–
At 31 December 2015	**6.0**	**3.3**	**5.1**	**(2.1)**	**12.3**	**(1.8)**	**10.5**
Effect of changes in scope of consolidation	–	0.2	0.3	(0.1)	0.4	–	0.4
Year-on-year changes recognised in the income statement	(0.5)	7.8	(12.1)	(0.1)	(3.2)	0.4	(4.5)
Deferred taxes recognised in other comprehensive income	0.4	–	0.4	–	0.8	–	0.8
Deferred taxes recognised in equity	–	(0.5)	10.3	–	9.8	–	9.8
At 31 December 2016	**5.9**	**10.8**	**4.0**	**(2.3)**	**18.4**	**(1.4)**	**17.0**

* *Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised but whose recoverability is probable.*

During 2016 the French tax group recorded a tax loss for which a €7.7 million deferred tax asset was recognised based on the probability of its recoverability in the short- and medium-term.

The €10.3 million reclassification from "Year-on-year changes recognised in the income statement" to "Deferred taxes recognised in other comprehensive income" relates to the buybacks of Ordinane bonds that took place in 2016.

Other deferred tax assets mainly concerned employee profit-sharing, depreciation and amortisation and derivative instruments.

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NOTE 13 OFF-BALANCE SHEET COMMITMENTS

At 31 December 2016, Management considered that there were no existing off-balance sheet commitments, other than those described below, that would be likely to have a material impact on the current or future financial position of the Assystem Group.

13.1 Operating leases

The table below shows minimum future lease payments due under non-cancellable operating leases:

In millions of euros	Due in less than 1 year	Due in 1 to 5 years	Due beyond 5 years	Total
Minimum future lease payments at 31 December 2016	**19.4**	**24.3**	**0.7**	**44.4**
Real estate	13.1	17.2	0.7	31.0
Other	6.3	7.1	–	13.4
Minimum future lease payments at 31 December 2015	**14.8**	**30.9**	**4.0**	**49.7**
Real estate	10.6	24.7	4.0	39.3
Other	4.2	6.2	–	10.4

13.2 Other commitments

	Commitments given		Commitments received		
In millions of euros	Deposits, guarantees and sureties	Collateral	Deposits, guarantees and sureties	Guarantees given for payments relating to the sale of securities	Unused credit facilities
Holding company	5.3	–	–	–	40.0
France	2.9	–	–	–	–
United Kingdom	3.4	–	–	–	–
Germany	1.7	–	–	–	–
AMEA	6.7	–	–	–	–
Other	0.7	–	–	–	–
Total	**20.7**	**-**	**-**	**-**	**40.0**

NOTE 14 SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 24 January 2017 Assystem entered into a new €280 million financing arrangement with a pool of banks, comprising (i) an €80 million term loan redeemable at maturity in January 2022 and (ii) a €200 million five-year revolving credit facility with two one-year extension options (subject to the lenders' agreement). Consequently, the €80 million drawn down under the previous revolving credit facility, which was included in "Other short-term debt and current financial liabilities" at 31 December 2016, has been repaid. The new financing agreement includes a covenant, which is described in Note 8.6 – Financial risk management.

The Odirnane bonds that remained outstanding at 31 December 2016 (representing 8.8% of the original issue) have been redeemed in full in cash, without any Assystem shares allocated to their holders. The cost of these redemptions, including accrued coupons, totalled €14.35 million, which was paid between late February and 6 March 2017.

6.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF ASSYSTEM SA FOR THE YEAR ENDED 31 DECEMBER 2016

This is a free translation into English of the Statutory Auditors' report on the consolidated financial statements issued in the French language and is provided solely for the convenience of English speaking users. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report also includes information relating to the specific verification of information given in the management report.

This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we hereby report to you, for the year ended 31 December 2016, on:

- the audit of the accompanying consolidated financial statements of Assystem SA;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2016 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

- the Group performs impairment tests on goodwill at least annually using the methods and procedures set out in Note 3 – Consolidation, business combinations and goodwill in the Section 3.3 Goodwill, and 3.4 Impairment testing to the consolidated financial statements. We examined the methods and procedures used for implementing the impairment test as well as the assumptions and calculations made, and verified that the Note 3 to the consolidated financial statements discloses the appropriate information;
- the Group recognises income from its long-term contracts using the percentage of completion method on the basis of the best available estimates of the final outcome of the contracts, as stated in Note 5 – Working capital requirement to the consolidated financial statements. We have assessed the assumptions used by the Group companies in making these estimates and reviewed the calculations made;
- Note 9 – Provisions and contingent liabilities to the consolidated financial statements describes the nature of the main disputes & litigations that the Company is exposed to and the methods and procedures used by the Company to estimate the amount of the relevant provisions. Our work consisted in evaluating the data used and assumptions made, reviewing the calculations carried out by the Company, examining the procedures used by Management for adopting these estimates, and verifying that Note 9 makes the required disclosure.

As stated in Note 1 – Reporting entity and basis of preparation under Section "Main sources of estimation uncertainty" to consolidated financial statements, estimations, assumptions and assessments are based on information available to date or the existing circumstances at the closing date, that may vary in the future from expected figures.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law, we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris la Défense et Neuilly-sur-Seine, 30 March 2017

The Statutory Auditors:

French original signed by

KPMG Audit *Division of KPMG SA*	Deloitte & Associés
Éric ROPERT *Partner*	Albert AÏDAN *Partner*

6.3 PARENT COMPANY FINANCIAL STATEMENTS

6.3.1 BALANCE SHEET

ASSETS

	2016			2015
In thousands of euros	Gross	Depreciation, amortisation and provisions	Net	Net
Intangible assets	**747**	**698**	**49**	**99**
Property, plant and equipment	**4,446**	**3,578**	**868**	**994**
Shares in subsidiaries and affiliates	364,289	22,630	341,659	314,480
Loans	39,522	–	39,522	45,116
Other long-term investments	22,739	–	22,739	12,318
Long-term investments	**426,550**	**22,630**	**403,920**	**371,914**
Fixed assets	**431,743**	**26,906**	**404,837**	**373,007**
Operating receivables	54,157	–	54,157	46,395
Intra-Group receivables	5,058	838	4,220	8,253
Marketable securities	8,290	–	8,290	165,411
Cash at bank and on hand	49,917	–	49,917	37,015
Prepaid expenses	205	–	205	95
Unrealised foreign exchange losses	3,567	–	3,567	902
Current assets	**121,194**	**838**	**120,356**	**258,071**
Total assets	**552,937**	**27,744**	**525,193**	**631,078**

EQUITY AND LIABILITIES

In thousands of euros	2016	2015
Share capital	**22,218**	**22,218**
Share premium	79,964	80,264
Legal reserve	2,222	2,191
Untaxed reserves and other reserves	4,458	4,158
Retained earnings	211,980	135,791
Profit (loss) for the period	(16,350)	93,213
Total equity	304,492	337,835
Provisions for contingencies and charges	**17,718**	**1,941**
Convertible bonds	14,385	191,587
Bank borrowings	80,894	163
Other borrowings and financial liabilities	95,605	87,824
Trade payables	8,270	8,287
Accrued taxes and payroll costs	2,094	2,271
Due to suppliers of fixed assets	1	1
Other payables	1,146	497
Deferred income	36	–
Unrealised foreign exchange gains	552	672
Total liabilities	**202,983**	**291,302**
Total equity and liabilities	**525,193**	**631,078**

6.3.2 INCOME STATEMENT

In thousands of euros	2016	2015
Revenue	**11,974**	**11,344**
Reversals of provisions; expense transfers	220	1,031
Operating income	12,194	12,375
Purchases and external charges	(15,391)	(17,111)
Taxes other than on income	(225)	(338)
Wages and social security contributions	(954)	(2,047)
Directors' fees	(233)	(186)
Other operating expenses	(199)	–
Depreciation, amortisation and provisions	(208)	(270)
Operating expenses	(17,210)	(19,952)
Operating profit (loss)	**(5,016)**	**(7,577)**
Financial income	48,728	118,223
Financial expenses	(33,154)	(16,782)
Net financial income	15,574	101,441
Profit from recurring operations	**10,558**	**93,864**
Net non-recurring expense	(34,052)	(5,966)
Income tax	7,144	5,315
Profit (loss) for the period	**(16,350)**	**93,213**

6.3.3 NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

The notes below relate to the balance sheet at 31 December 2016 – prior to the appropriation of the Company's results – and the income statement for the year then ended. The Company ended the year with total assets of €525,193 thousand and a loss for the period amounting to €16,350 thousand.

The financial year covered a period of twelve months from 1 January to 31 December 2016.

All amounts are presented in thousands of euros unless otherwise specified.

CONTENTS

NOTE 1 SIGNIFICANT EVENTS OF THE YEAR

Changes in holdings in subsidiaries and affiliates

ACQUISITIONS OF SHARES IN NEW SUBSIDIARIES

On 21 June 2016, Assystem SA acquired 51% of the shares in Envy for €14,018 thousand. This acquisition enabled the Group to consolidate its skills and client portfolio in the international nuclear sector.

Also during 2016, Assystem SA acquired the entire capital of Silver Atena UK Ltd (which was previously owned by Assystem Deutschland Holding) for €14,561 thousand.

ACQUISITION OF ADDITIONAL SHARES IN EXISTING SUBSIDIARIES

On 5 April 2016, Assystem SA took up 265 shares issued by its French subsidiary, Assystem Investments. The shares had a par value of €20 each and the total cost of the transaction was €5 thousand.

On 7 November and 16 December 2016, Assystem SA took up shares issued by its subsidiaries ASM Technologies and Silver Atena UK Ltd, for €773 thousand and €1 million respectively. These shares were paid up by capitalising receivables.

SALE OF SHARES IN SUBSIDIARIES

On 29 April 2016, Assystem SA sold 130 shares of its subsidiary Eurosyn (representing 5.20% of the capital) to H2D Invest for €207 thousand.

Treasury shares

At 31 December 2016, the fair value of Assystem's treasury shares was calculated based on the average market price of Assystem's shares for the last month of the year. As this average market price was higher than the average purchase price of the treasury shares, no provision for impairment was recognised against these shares at 31 December 2016.

Two free share/performance share plans were set up in 2016 for employees of Group companies. This led to the recognition of a €6,536 thousand provision in the financial statements, with the same amount recognised in accrued income.

Change in the Assystem Group's ownership structure

The Assystem Group is controlled by HDL Development[1], which held 60.66% of the Company's capital at 31 December 2016 and 77.23% of its exercisable voting rights.

Convertible bonds

At 31 December 2016, the amount of the Company's bond debt (excluding accrued coupons) was as follows:

- €14 million related to Odirnane bonds (compared with €160 million at 31 December 2015);
- €83 thousand related to Ornane bonds (compared with €27.2 million at 31 December 2015).

BUYBACK OF BONDS REDEEMABLE IN CASH AND/OR IN NEW AND/OR EXISTING SHARES WITH A MATURITY DATE OF 1 JANUARY 2017 ("ORNANE 2017 BONDS") AND SUBSEQUENT REPURCHASE PROCEDURE

During the first half of 2016, Assystem bought back a total of 1,230,764 of its Ornane 2017 bonds for €31.5 million (excluding accrued coupons), representing 29% of the Ornane 2017 bonds issued in July 2011. The aggregate face value of the Ornane bonds bought back amounted to €27.1 million.

These buybacks resulted in the recognition of a €4.6 million non-recurring expense.

A total of 337 Ornane bonds were converted into 346 Assystem shares on 9 September and 17 October 2016.

At 31 December 2016, 3,757 Ornane bonds remained outstanding, representing an aggregate value of €0.1 million. They were recognised in "Convertible bonds" in the Company's balance sheet.

BUYBACK OF PERPETUAL BONDS REEDEMABLE IN CASH AND/OR IN NEW AND/OR EXISTING SHARES ("ODIRNANE BONDS") AND SUBSEQUENT REPURCHASE PROCEDURE

Through successive buybacks carried out in the second half of 2016, Assystem SA redeemed 5,111,972 Odirnane bonds representing a total amount of €176.9 million (including accrued coupons).

At 31 December 2016, 490,268 Odirnane bonds remained outstanding (representing 8.8% of the original issue). These outstanding bonds were redeemed between end-February and 6 March 2017 (see "Significant events after the reporting date" below).

Available bank borrowings

At 31 December 2016, the Company still had access to a €120 million revolving credit facility set up in order to finance the Group's general funding requirements. A total of €80 million had been drawn down under this facility at that date, which was used to partly finance the redemption of the Odirnane bonds.

In January 2017 Assystem entered into a new €280 million financing arrangement with a pool of banks, comprising an €80 million term

(1) HDL Development is 68.90%-controlled by HDL, which itself is controlled as follows: (i) 73.01% by Dominique Louis (Chairman and CEO of Assystem), (ii) 20.25% by the company Salvepar, (iii) 3.37% by the Tikehau Capital Partners fund, and (iv) 3.37% by the Tikehau Preferred Capital fund. The remaining ownership interests in HDL Development are held by the following parties: CEFID (15.81%), H2DA (12.58%), EEC (0.73%), Gérard Brescon (0.48%), David Bradley (0.42%), Dominique Louis (0.39%), Michel Combes (0.21%) and Stéphane Aubarbier (0.48%).

loan and a €200 million revolving credit facility (see "Significant events after the reporting date" below). Consequently, the drawdown on the revolving credit facility included in "Bank borrowings" at 31 December 2016 was repaid in early 2017.

Changes in share capital and issue premiums

The Company's share capital totalled €22,218,216 at 31 December 2016, unchanged from 31 December 2015.

Significant events after the reporting date

On 24 January 2017 Assystem entered into a new €280 million financing arrangement with a pool of banks, comprising (i) an €80 million term loan redeemable at maturity in January 2022 and (ii) a €200 million five-year revolving credit facility with two one-year extension options (subject to the lenders' agreement).

The related financing agreement contains a covenant based on the consolidated gearing ratio (consolidated net debt at the test date/ EBITDA for the past 12 months as adjusted for acquisitions and divestments). This ratio is measured at the end of each half-year period (with the first test taking place at 31 December 2016), and must not exceed 2.75 at end-December and 3.0 at end-June. If the covenant is breached, a qualified majority of lenders (representing at least two thirds of the lending commitments) may demand early repayment of the corresponding borrowings. At 31 December 2016, the Group's gearing ratio was below the ceiling specified in the covenant.

The Odirnane bonds that remained outstanding at 31 December 2016 (representing 8.8% of the original issue) have been redeemed in full in cash, without any Assystem shares allocated to their holders. The cost of these redemptions, including accrued coupons, totalled €14.35 million, which was paid between late February and 6 March 2017.

Risk factors

ASG LEGAL DISPUTE

ASG is involved in a legal dispute with Acergy (since renamed Subsea 7) and Iska Marine concerning a fire that occurred in January 2010 on board a ship – the Acergy Falcon – which was dry-docked in Brest for maintenance at the time. There were no significant developments in this case during 2016. The only noteworthy facts during the year were of a procedural nature as the proceedings concerning the merits of the case were re-listed with the Brest Commercial Court, which ordered that all of the pending cases related to this same incident should be joined and heard together. As in prior periods, Assystem still considers that there is no evidence that ASG was at fault or that it will necessarily be held fully or partially liable. In addition, as in previous periods, the Group confirms that in the event ASG is held liable, this claim would be covered under the Group's third-party liability insurance policies.

TAX AUDIT

In late 2014 Assystem France received notification of a €13.5 million tax reassessment relating to research tax credits. Assystem considers that this reassessment is based on a general position taken by the French tax authorities which is applicable to all of the French companies concerned. Assystem is contesting the grounds of the reassessment in their entirety. However, in view of new case law in 2015, and based on the opinions of legal experts, the Group set aside a €7.3 million provision in its 2015 financial statements. At 31 December 2016 Assystem had not yet received a payment notice from the tax authorities for the reassessed amount and the valuation of the related risk was unchanged compared with 31 December 2015. The risk related to this litigation was transferred from Assystem France to Assystem SA on 30 December 2016 (see Note 5 – Provisions).

NOTE 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation and summary of significant accounting policies

Assystem's parent company financial statements for the year ended 31 December 2016 have been prepared in accordance with French generally accepted accounting principles including the principle of segregation of accounting periods. They are presented on a going concern basis and accounting policies have been applied consistently from one year to the next.

Accounting entries are based on the historical cost convention.

Fixed assets

Property, plant and equipment are stated at cost, corresponding to either purchase cost (including incidental expenses but excluding transaction costs), or production cost.

Interest on borrowings specifically used to finance property, plant and equipment is not included in production cost.

Intangible assets are carried at cost, excluding financial expenses, which are not capitalised.

Depreciation and amortisation is determined on a straight-line basis over the estimated useful lives of the assets concerned as follows:

Software	1 to 5 years
Patents	4 years
Fixtures and fittings	5 to 10 years
Vehicles	3 to 5 years
Office equipment	3 to 5 years
Office furniture	5 to 10 years
Buildings	20 years

Shares in subsidiaries and affiliates

Shares in subsidiaries and affiliates are stated at historical cost or contribution value.

Disposals of these shares are measured on the basis of cost price and capital gains or losses are calculated using the book value of the shares sold.

A provision for impairment in value is recognised when the purchase cost of the shares is higher than their value in use, which is assessed independently based on either:

- projected future cash flows; or
- the multiples method, using comparisons with other companies operating in the same sector.

If there is no available data, value in use is calculated based on Assystem's equity in the underlying net assets of the entities concerned.

Main sources of estimation uncertainty

The preparation of financial statements involves the use of estimates and assumptions that may affect the carrying amounts of certain items in the balance sheet and/or income statement as well as the disclosures in the notes.

Assystem regularly reviews these estimates and assumptions and adjusts them where necessary to take into account past experience and other factors believed to be reasonable in light of the prevailing economic conditions.

As the estimates, assumptions and judgements applied are based on the information available or circumstances existing on the date when the financial statements were prepared they may not reflect actual future events.

The main estimates made concern provisions for contingencies and charges, and the assumptions applied mostly relate to the preparation of business plans used for assessing the value of shares in subsidiaries and affiliates.

Transaction costs on acquisitions of shares in subsidiaries and affiliates

These costs are expensed as incurred. For tax purposes, they are added back in the year in which the shares are acquired and then deducted over a period of five years as from the acquisition date.

Other long-term investments

Other long-term investments are recognised at their nominal value.

Receivables

Receivables and payables are stated at nominal value. Provisions are recorded to cover any risk of non-recovery of receivables. The majority of the receivables recognised by the Company correspond to amounts due from related companies.

Debt issuance costs

Debt issuance costs are fully expensed in the year in which they are incurred.

Marketable securities

Marketable securities are stated at the lower of cost (excluding incidental expenses) and fair value.

Foreign currency transactions

Income and expenses denominated in foreign currency are translated into euros using the transaction-date exchange rates. Payables, receivables and cash and cash equivalents denominated in foreign currency are translated using the exchange rates prevailing at the year end. Foreign exchange gains and losses resulting from the translation of these assets and liabilities at year-end exchange rates are recognised in the balance sheet under "Unrealised foreign exchange gains" or "Unrealised foreign exchange losses". A provision for contingencies is recognised for the full amount of any unrealised foreign exchange losses that are not offset by unrealised foreign exchange gains.

Provisions for contingencies and charges

Provisions for contingencies and charges are recognised in compliance with French GAAP.

Provisions for risks relating to subsidiaries

A provision is recognised for subsidiaries in relation to which the Company is exposed to a risk.

NOTE 3 NOTES TO THE BALANCE SHEET AND INCOME STATEMENT

3.1 Change in the gross value of fixed assets

In thousands of euros	Gross value at beginning of year	Increase in gross value	Decrease in gross value	Gross value at year-end
Intangible assets	743	27	23	747
Property, plant and equipment	4,423	43	20	4,446
Long-term investments	393,889	55,374	22,713	426,550
Total	**399,055**	**55,444**	**22,756**	**431,743**

At 31 December 2016, intangible assets broke down as €704 thousand in software, €15 thousand corresponding to a fully-amortised patent and €28 thousand in goodwill. The €27 thousand year-on-year increase in intangible assets relates to the purchase of new software.

Property, plant and equipment broke down as €3,499 thousand in buildings, fixtures and fittings, €696 thousand in office furniture and equipment and €251 thousand in works of art.

Year-on-year changes in long-term investments primarily relate to the purchases of shares in subsidiaries and affiliates referred to in Note 1 above, as well as new loans granted to subsidiaries and the treasury share transactions described in Section 3.2 below.

3.2 Long-term investments

Movements in long-term investments were as follows:

In thousands of euros	Gross value at beginning of year	Increase in gross value	Decrease in gross value	Gross value at year-end
Shares in subsidiaries and affiliates(1)	334,563	30,358	632	364,289
Loans to subsidiaries and affiliates(2)	47,007	8,547	16,032	39,522
Deposits and guarantees	11	–	–	11
Treasury shares	12,309	15,677	5,258	22,728
Total	**393,890**	**54,582**	**21,922**	**426,550**

(1) The year-on-year increase in "Shares in subsidiaries and affiliates" was due to:
- *the acquisition from Assystem Deutschland Holding of all of the shares in Silver Atena UK Ltd (€14,561 thousand) and the purchase of new shares issued by Silver Atena UK Ltd (€1 million);*
- *the acquisition of 51% of Envy (€14,018 thousand);*
- *the acquisition of new shares issued by ASM Technologies, paid up by capitalising receivables (€773 thousand);*
- *the purchase of new shares issued by Assystem Investissements, paid up in cash (€6 thousand).*

The year-on-year decrease relates to:
- *the liquidation of Extra Capital (whose shares had a gross value of €632 thousand).*

(2) The following loans were granted to Group subsidiaries during 2016:
- *€3,319 thousand to Assystem UK;*
- *€170 thousand to Assystem US;*
- *€2,059 thousand to Assystem Polynésie;*
- *€1,606 thousand to Assystem Nouvelle-Calédonie;*
- *€100 thousand to Assystem Shanghai.*

The total amount of loan repayments during 2016 came to €11,898 thousand.

The amounts shown above were translated into euros using the exchange rates prevailing on the inception dates of the loans. The impact of translating these loans using year-end exchange rates corresponded to an aggregate €2,841 thousand.

The table below shows a summary of movements in treasury shares during 2016:

Treasury share transactions *(in thousands of euros)*	Number of shares	Value
Number of treasury shares at 31 December 2015	680,149	12,309
Purchases	670,111	15,677
Sales	(281,818)	(5,258)
Number of treasury shares at 31 December 2016	1,068,442	22,728

3.3 Change in depreciation and amortisation

In thousands of euros	Amount at beginning of year	Increases	Decreases	Amount at year-end
Amortisation				
Other intangible assets	616	55	–	671
Sub-total	616	55	–	671
Depreciation				
Buildings on own land	1,884	–	–	1,884
Other buildings, fixtures and fittings	346	32	–	378
General fixtures	516	86	–	602
Vehicles	–	–	–	–
Furniture, IT and office equipment	495	35	3	527
Sub-total	3,241	153	3	3,391
Total	**3,857**	**208**	**3**	**4,062**

NOTE 4 LIST OF SUBSIDIARIES AND AFFILIATES

In thousands of euros	Share capital	Other equity (including profit (loss) for 2016)	% ownership interest	Gross book value of shares held	Net book value of shares held	Loans and advances granted (excluding tax consolidation, current accounts and intra-Group term accounts)	2016 net revenue	2016 profit (loss)	Dividends received	Provisions recognised against shares	Provisions recognised for intra-Group current accounts and loans	Provisions recognised for risks relating to subsidiaries
1- Subsidiaries (over 50%-owned)												
Eurosyn	40	2,004	62.08%	1	1	–	7,352	1,404	738	–	–	–
Assystem Deutschland Holding GmbH	25	36,755	100%	33,585	33,585	5,200	–	1,906	–	–	–	–
Assystem Iberia	2,465	3,688	100%	10,447	10,447	1,900	11,241	1,106	–	–	–	
Assystem Portugal	155	153	100%	505	505	–	2,520	124	–	–	–	–
Assystem Italia	200	(139)	100%	1,720	–	108	–	33	–	1,720	108	139
Assystem Canada	8,780	2,609	100%	8,271	3,233	–	5,889	121	–	5,038	–	–
ASG	76	319	100%	432	317	–	–	(56)	–	115	–	–
Assystem France	26,655	118,753	100%	126,544	126,544	–	322,135	10,715	–	–	–	–
Assystem Engineering and Operation Services	3,217	51,190	100%	97,058	97,058	–	224,148	12,671	–	–	–	–
Assystem Romania	1	6,593	100%	1,201	1,201	–	26,343	4,166	3,000	–	–	–
SCI du Pont Noir	322	331	100%	1,065	1,065	–	–	(30)	–	–	–	–
Assystem International	700	824	100%	2,240	824	–	–	34	–	1,416	–	–
Assystem UK	474	29,357	100%	19,084	19,084	35,192	94,820	292	5,149	–	–	–
Assystem Belgium	19	681	99.99%	18	18	–	9,128	(91)	164	–	–	–
MPH Global Services	15,805	26,961	84.86%	27,821	27,821	–	–	508	–	–	–	–
Assystem Expert	15	9	100%	40	6	–	–	(3)	–	34	–	–
ASM Technologies	560	547	100%	787	547	–	136	(35)	–	240	–	–
Assystem Brime Engineering Consulting	1,343	-130	100%	1,041	–	100	–	(186)	–	1,041	–	130
Assystem Australia	–	(343)	100%	–	–	372	–	3	–	–	343	–
Assystem Avenir	40	22	100%	33	22	–	–	(5)	–	11		–
Assystem Maroc SAS	27	132	0.03%	–	–	–	244	64	–	–	–	–
Assystem US	1	(457)	100%	1	1	941	2,896	(82)	–	–	–	–
Assystem Switzerland	81	81	100%	83	83	747	3,423	94	–	–	–	–
Eradma	NC	NC	4.04%	120	120	–	NC	NC	–	–	–	–
Assystem Solutions DMCC	26	(386)	100%	20	–	2,954	–	(257)	–	20	386	–
ATIM	81	429	100%	81	81	–	–	360	–	–	–	–
Assystem Investissements	15	5	100%	15	5	–	–	(5)	–	10	–	–
Plast Concept	120	2,353	40%	2,498	2,498	–	5,957	1,267	342	–	–	–
Silver Atena UK Ltd	1,010	1,010	100%	15,561	2,576	–	–	–	13,548	12,985	–	–
Envy	469	4,938	51%	14,018	14,018	–	6,525	2,550	–	–	–	–
				364,289	**341,659**	**47,514**			**22,941**	**22,630**	**837**	**269**

Assystem has set aside provisions for impairment in value against the shares held in certain subsidiaries following impairment tests carried out at 31 December 2016 in accordance with the accounting policies described above.

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NOTE 5 PROVISIONS

In thousands of euros	Amount at beginning of year	Increases	Decreases	Amount at year-end
Provisions for foreign exchange losses	902	3,567	902	3,567
Other provisions for contingencies and charges(1)	1,039	13,948	836	14,151
Total provisions for contingencies and charges	**1,941**	**17,515**	**1,738**	**17,718**
Provisions for impairment in value of intangible assets	28	–	–	28
Provisions for impairment in value of property, plant and equipment	188	–	2	186
Provisions for shares in subsidiaries and affiliates(2)	20,084	13,280	10,734	22,630
Provisions for loans(3)	1,891	–	1,891	–
Provisions for treasury shares	–	–	–	–
Sub-total: Provisions for fixed assets	22,191	13,280	12,627	22,844
Provisions for impairment in value of trade receivables	199	–	199	–
Provisions for impairment in value of intra-Group receivables(4)	406	432	–	838
Provisions for impairment in value of sundry debtors(5)	391	–	391	–
Sub-total: Provisions for current assets	996	432	590	838
Total provisions for impairment in value	**23,187**	**13,712**	**13,217**	**23,682**
Total provisions	**25,128**	**31,227**	**14,955**	**41,400**

(1) Additions to and reversals of provisions for contingencies and charges in 2016 break down as follows:

- *a €7.3 million addition to provisions for tax risks. On 30 December 2016, Assystem SA and Assystem France signed a framework agreement relating to research tax credits for the years 2010 to 2016. This agreement provided for Assystem SA to assume all of the financial risks and the risks relating to any other disputes arising in relation to these research tax credits, effective from 31 December 2016. Consequently, Assystem SA has undertaken to assume all of the related financial consequences and has waived any related rights of recourse against Assystem France with regard to claiming compensation, which it would be entitled to do in the event of any dispute. As consideration for this waiver of potential compensation, on 31 December 2016 Assystem France paid to Assystem SA an initial indemnity of €7.3 million (which may be subsequently increased by a further €5.0 million). This amount was recorded as income for 2016. In parallel, Assystem SA recorded a €7.3 million provision for contingencies and charges on the liabilities side of its balance sheet;*
- *a €6,631 thousand addition concerning the costs that the Company will incur as a result of its outstanding free share/performance share plans (of which €6,536 thousand will be rebilled to the Group subsidiaries whose employees are beneficiaries under these plans);*
- *an €836 thousand reversal concerning the costs incurred by the Company during 2016 for shares delivered under free share plans;*
- *a €67 thousand addition to provisions for risks relating to subsidiaries concerning Assystem Italy.*

(2) The main additions to provisions for shares in subsidiaries and affiliates concerned the following companies:

- *ASG: €56 thousand;*
- *ASM Technologies: €226 thousand;*
- *Silver Atena UK Ltd: €12,985 thousand.*

Reversals of provisions for shares in subsidiaries and affiliates related to the following companies:

- *Extra Capital: €632 thousand, following this company's liquidation;*
- *Assystem Iberia: €7,712 thousand;*
- *Assystem Portugal: €505 thousand;*
- *Assystem Canada: €1,435 thousand;*
- *Assystem International: €438 thousand;*
- *ATIM: €12 thousand.*

(3) The provision recognised previously to write down a loan to a Canadian subsidiary was reversed in full in 2016 following this company's liquidation.

(4) Additions to provisions for impairment of intra-Group receivables concerned the following companies in 2016:

- *Assystem Solutions DMCC (€386 thousand);*
- *Assystem Australia (€46 thousand).*

(5) This provision reversal concerns dividends not received from a Moroccan subsidiary as the receivable owed to the Company was used to increase this subsidiary's capital during the year.

NOTE 6 RECEIVABLES

In thousands of euros	Gross amount	Due within one year	Due beyond one year
Receivables recognised as fixed assets			
Loans	39,522	–	39,522
Other long-term investments	11	–	11
Treasury shares(1)	22,728	22,728	–
Sub-total	62,261	22,728	39,533
Operating receivables			
Trade receivables	5,202	5,202	–
Prepaid and recoverable payroll taxes	145	145	–
Prepayments to suppliers	6	6	–
Prepaid and recoverable income tax	39,521	13,162	26,359
Prepaid and recoverable VAT	1,087	1,087	–
Sundry debtors(2)	8,196	1,660	6,536
Sub-total	54,157	21,262	32,895
Intra-Group receivables	5,058	5,140	–
Prepaid expenses(3)	205	205	–
Total	**121,681**	**49,335**	**72,428**

(1) Representing 1,068,442 Assystem SA shares.
(2) Including €6,536 thousand in accrued income related to the free share/performance share plans set up for employees of Group subsidiaries.
(3) Prepaid expenses mainly comprise rental payments.

NOTE 7 ACCRUED INCOME

- Accrued trade receivables: €4,207 thousand.
- Tax receivables: €1,012 thousand.
- Employee-related receivables: €145 thousand.
- Sundry debtors: €6,536 thousand.
- Accrued interest receivable: €69 thousand.

NOTE 8 BREAKDOWN OF MARKETABLE SECURITIES

Category *(in thousands of euros)*	Beginning of year	Purchases	Sales	Year-end
Term accounts	131,805	53,453	176,968	8,290
Units in UCITS	33,606	93,775	127,381	–
Total	**165,411**	**147,228**	**304,349**	**8,290**

The portfolio is valued at purchase price.

NOTE 9 PREPAID EXPENSES AND DEFERRED INCOME

Prepaid expenses and deferred income only relate to operating activities.

NOTE 10 SHARE CAPITAL

The Company's share capital totalled €22,218,216 at 31 December 2016, made up of shares with a par value of €1 each.

Composition of share capital

	Number of shares
1 – Shares outstanding at beginning of year	22,218,216
2 – New shares issued during the year	–
3 – Shares cancelled during the year	–
4 – Shares outstanding at year-end	22,218,216

Statement of changes in equity

In thousands of euros	2016	2015
Amount at beginning of year	**337,835**	**260,144**
Profit (loss) for the period	(16,350)	93,213
Dividend payouts/contribution premium repayments	(16,993)	(16,226)
Changes in capital		
• increase	–	63
Changes in share premium account, reserves, retained earnings and untaxed provisions	–	–
• increase	–	640
Amount at year-end*	**304,492**	**337,835**

* *Including €84,422 thousand in premiums and reserves other than the legal reserve, representing an amount almost 4 times higher than the purchase cost of the treasury shares owned.*

NOTE 11 OTHER DISCLOSURES

Excluding the Ornane bonds which were redeemed on 1 January 2017 and the Odirnane bonds which were redeemed by 6 March 2017, at 31 December 2016 the Company's potentially dilutive instruments corresponded to the 313,000 shares not yet delivered under outstanding free share/performance share plans.

NOTE 12 LIABILITIES

In thousands of euros	Gross amount	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
Convertible bonds	14,385	14,385	–	–
Bank borrowings	80,894	80,894	–	–
Deposits and guarantees received	31	31	–	–
Intra-Group financial liabilities	95,574	95,574	–	–
Trade payables	8,270	8,270	–	–
Employee-related liabilities	372	372	–	–
Accrued payroll taxes	290	290	–	–
Accrued income taxes	876	876	–	–
Other accrued taxes	556	556	–	–
Due to suppliers of fixed assets	1	1	–	–
Other payables	1,146	1,146	–	–
Deferred income	36	36	–	–
Unrealised foreign exchange gains	552	552	–	–
Total liabilities	**202,983**	**202,983**	**–**	**–**

Intra-Group financial liabilities primarily relate to cash pooling current accounts, for which corresponding assets are recorded under cash and cash equivalents in the balance sheet. Assystem SA is the head of the Group's cash pool and centralises the euro-denominated cash of certain subsidiaries.

In thousands of euros	Beginning of year	Increases	Decreases	Year-end
Ornane bonds	27,167	–	27,084	83
Odirnane bonds	160,000	–	145,998	14,002
Sub-total	187,167	–	173,082	14,085
Accrued coupons	4,420	300	4,420	300
Total convertible bonds	**191,587**	**300**	**177,502**	**14,385**
Revolving credit facility	–	80,000	–	80,000
Bank overdrafts	148	8	148	8
Accrued interest	15	85	15	85
Treasury instruments	–	801	–	801
Total bank borrowings	**163**	**80,894**	**163**	**80,894**
Deposits and guarantees received	31	–	–	31
Current accounts with subsidiaries	87,792	7,782	–	95,574
Total other borrowings and financial liabilities	**87,823**	**7,782**	**–**	**95,605**

Debt-related income and expenses *(in thousands of euros)*	Expenses	Income
Interest on bond debt:		
Ornane bonds	(4)	–
Odirnane bonds	(4,158)	–
Interest on bank borrowings	(162)	–
Income and expenses related to Group cash management*	(79)	713

* *Financial income and expenses relating to interest on current accounts with subsidiaries and intra-Group cash pooling.*

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NOTE 13 DEFERRED CHARGES

- Accrued trade payables: €7,773 thousand.
- Accrued taxes and payroll costs: €1,638 thousand.
- Accrued interest on borrowings: €386 thousand.

NOTE 14 OFF-BALANCE SHEET COMMITMENTS

Commitments given/received

Commitments given *(in thousands of euros)*	**Amount**
Sureties and guarantees	5,355
Commitments received	**Amount**
Unused revolving credit facility	40,000

Reciprocal commitments

		Payments due by period		
Obligations *(in thousands of euros)*	**Total**	**Due within 1 year**	**Due in 1 to 5 years**	**Due beyond 5 years**
Operating leases				
• vehicles	36	30	6	–
• premises	860	430	430	–
Total	**896**	**460**	**436**	**-**

Derivative financial instruments

The Company uses currency hedges (mainly in the form of forward sales or purchases) in order to safeguard its operating margins on major contracts denominated in foreign currency. It also uses currency swaps to hedge significant intra-Group financing in foreign currency.

The accounting principles applicable in France for forward financial instruments and hedging transactions were amended by way of ANC Regulation 2015-02 dated 2 July 2015. Assystem elected to early adopt this regulation at 31 December 2016.

The re-measurement in the balance sheet of all of Assystem's forward sale contracts at end-2016 resulted in an €801 thousand liability, recognised under treasury instruments.

NOTE 15 REVENUE

Revenue comprises income received for administrative, management and specialist services, which are mainly provided to Assystem Group subsidiaries.

It would not be relevant to provide a breakdown of revenue by business segment or by geographic region.

NOTE 16 AVERAGE HEADCOUNT

Assystem SA's executives do not have employment contracts and instead receive remuneration in their capacity as Company officers (see Chapter 2 – Corporate governance).

NOTE 17 EXPENSE TRANSFERS

- Miscellaneous reimbursements: €2 thousand.
- Benefits in kind: €17 thousand.

NOTE 18 FINANCIAL INCOME AND EXPENSES

In thousands of euros	31/12/2016
Financial income from investments in subsidiaries and affiliates	**22,974**
Dividends received	22,974
Income from other securities and receivables recognised as fixed assets	**850**
Loan interest	850
Other interest income	**7,742**
Income from marketable securities	3
Income related to Group cash management	713
Other financial income(1)	7,026
Provision reversals and expense transfers	**14,122**
Reversal of provisions for foreign exchange losses	902
Reversal of provisions for long-term investments(2)	13,220
Positive foreign exchange differences	**2,114**
Foreign exchange gains	2,114
Net proceeds from sales of marketable securities and interest on term accounts	**926**
Net proceeds from sales of marketable securities and interest on term accounts	926
Total financial income	**48,728**
Amortisation and provisions recognised under financial expenses	**(23,976)**
Additions to provisions for contingencies and charges relating to financial assets(2)	(20,409)
Additions to provisions for foreign exchange losses	(3,567)
Interest expense	**(6,147)**
Interest on borrowings	(162)
Interest on bond debt:	(4,162)
Ornane bonds	(4)
Odirnane bonds	(4,158)
Expenses related to Group cash management	(79)
Other financial expenses(3)	(1,744)
Negative foreign exchange differences	**(3,031)**
Foreign exchange losses	(3,031)
Total financial expenses	**(33,154)**
Net financial income	**15,574**

(1) Including €6,536 thousand concerning the future rebilling of costs related to the free share/performance share plans set up for employees of Group subsidiaries (the expense recognised by Assystem SA has been recorded as an addition to provisions for financial contingencies and charges).
(2) These amounts correspond to additions to and reversals of (i) provisions recognised for the Company's treasury share portfolio and (ii) provisions for impairment in value of shares in subsidiaries and subsidiaries' current accounts (see Note 5 above).
(3) Including a €1,139 thousand write-down of a loan granted to Avance Service Réseaux.

NOTE 19 NON-RECURRING INCOME AND EXPENSES

In thousands of euros	2016
Non-recurring income from capital transactions	1,586
Proceeds from disposals of property, plant and equipment	2
Proceeds from disposals of long-term investments(1)	207
Gains on sales of treasury shares	1,377
Other non-recurring income(2)	7,250
Total non-recurring income	**8,836**
Non-recurring expenses on management transactions	(11)
Other non-recurring management expenses(2)	(11)
Non-recurring expenses on capital transactions	(35,627)
Losses on sales of treasury shares and Ornane and Odirnane buybacks(3)	(35,627)
Exceptional addition to provisions for claims and litigation(2)	(7,250)
Total non-recurring expenses	**(42,888)**
Net non-recurring expense	**(34,052)**

(1) Including €207 thousand in proceeds from the sale of Eurosyn shares.
(2) Including the indemnity received from Assystem France related to research tax credits and the corresponding provision expense (see Note 5 – Provisions).
(3) Including €35,018 thousand related to the buybacks of Ornane and Odirnane bonds.

NOTE 20 INCOME TAX

In thousands of euros	Before tax	Tax	After tax
Profit from recurring operations	10,558	2,676	13,234
Net non-recurring expense	(34,052)	4,468	(29,584)
Profit (loss) for the period	(23,494)	7,144	(16,350)

Analysis of income tax

The breakdown of income tax between the portion related to profit from recurring operations and the portion related to non-recurring items was determined by applying a theoretical income tax rate of 34.43% to the Company's results for the period. The effect of tax consolidation has been included in the portion related to non-recurring items.

Tax consolidation

Assystem is the head of a tax group that includes the following entities: Assystem France, Assystem Engineering and Operation Services, SCI Pont Noir, Assystem Régions, ASG, Athos Aéronautique, Assystem International, Insiema, Assystem Expert, Assystem Avenir, Assystem Investissements and Sud Aviation Services.

Under the tax consolidation agreement, the methods for calculating the income tax due by each entity in the tax group are determined based on the applicable tax rules in force at the reporting date and as if each entity were taxed on a stand-alone basis.

Deferred taxes

Deferred tax liabilities (calculated at a rate of 34.43%) *(in thousands of euros)*	2016 tax base	Amount of tax
Deferred charges	–	–
Total	**–**	**–**

Deferred tax assets (calculated at a rate of 34.43%)	2016 tax base	Amount of tax
Unrealised foreign exchange gains	552	(190)
Provisions for impairment in value	187	(64)
Acquisition-related expenses	616	(212)
Other expenses	21,599	(7,437)
Total	**22,954**	**(7,903)**

The Company's tax loss amounted to €21,399 thousand in 2016 and was primarily due to the loss incurred on the buybacks of Ornane and Odirnane bonds, recorded under non-recurring expenses on capital transactions.

NOTE 21 RELATED-PARTY TRANSACTIONS AND BALANCES

In thousands of euros	Gross amount
Shares in subsidiaries and affiliates	364,169
Loans	39,524
Trade receivables	4,948
Called, unpaid capital	(1)
Other borrowings and financial liabilities	(95,574)
Trade payables	(5,471)
Other payables	(592)
Financial income from investments in subsidiaries and affiliates	22,974
Other financial income	1,563
Financial expenses	(79)

Assystem has not identified any other transactions with related parties that were entered into on non-arm's length terms or which could materially impact the financial statements.

Consequently, no additional disclosures are required pursuant to Article R. 123-198 11 of the French Commercial Code.

NOTE 22 INFORMATION ON THE CONSOLIDATING ENTITY

Assystem SA is the consolidating parent company of the Assystem Group.

6.3.4 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF ASSYSTEM SA FOR THE YEAR ENDED 31 DECEMBER 2016

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking users. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended 31 December 2016

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we hereby report to you, for the year ended 31 December 2016, on:

- the audit of the accompanying financial statements of Assystem SA;
- the justification of our assessments;
- the specific verification and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2016 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. Justification of our assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial Code *(Code de Commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

- regarding the valuation and calculation of valuation allowance of the investments, whose principles are described in Note 2 – Basis of preparation and summary of significant accounting policies – section "Shares in subsidiaries and affiliates" to the financial statements, we have reviewed, in assessing the accounting rules and principles followed by the Company, the methods for implementing the impairment tests and assumptions made, and verified that Note 2 to the financial statements discloses the appropriate information;
- Section "Risk factors" in Note 1 – Significant events of the year to the financial statements describes the nature of the main disputes and litigations that the Company is exposed to and the methods and procedures used by the Company to estimate the amount of the relevant provisions. Our work consisted in evaluating the data used and assumptions made, reviewing the calculations carried out by the Company, examining the procedures used by Management for adopting these estimates, and verifying that Note 1 makes the required disclosure.

As stated in Note 2 – Basis of preparation and summary of significant accounting policies under Section "Main sources of estimation uncertainty" to the financial statements, estimations, assumptions and assessments are based on information available to date or the existing circumstances at the closing date, that may vary in the future from expected figures.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific procedures and disclosures

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of Board of Directors and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code *(Code de Commerce)* relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Paris la Défense et Neuilly-sur-Seine, 30 March 2017

The Statutory Auditors:

French original signed by

KPMG Audit *Division of KPMG SA*	Deloitte & Associés
Éric ROPERT *Partner*	Albert AÏDAN *Partner*

6.3.5 STATUTORY AUDITORS' REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

This is a free translation into English of the Statutory Auditors' special report on regulated agreements with third parties that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

General Meeting called to approve the financial statements for the year ended 31 December 2016

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report to you on regulated agreements.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code *(Code de Commerce)*, to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R. 225-31 of the French Commercial Code relating to the implementation during the past year of agreements previously approved by the Shareholders' Meeting, if any.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors *(Compagnie Nationale des Commissaires aux Comptes)* relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

Agreements submitted to the approval of the Shareholders' Meeting

We hereby inform you that we have not been advised of any agreement authorized during the year to be submitted to the approval of the Shareholders' Meeting pursuant to Article R. 225-31 of the French Commercial Code.

Prior-year agreements not approved by the Shareholders' Meeting

We hereby inform you of the following agreements, authorized during the year ended 2015, which were presented in our special report on regulated agreements for fiscal year 2015 and which were not approved by the Shareholders' Meeting voting on the financial statements for fiscal year 2015, considering insufficient *quorum*.

RIDER NO. 1 TO THE AGREEMENT BETWEEN HDL DEVELOPMENT SAS AND ASSYSTEM SA FOR THE REBILLING OF SERVICES FOR STRATEGY DEFINITION, ORGANISATION AND CONTROL OF THE ASSYSTEM GROUP

- Interested parties: Dominique Louis, Chairman of the Board of Directors of your Company and Chairman of HDL Development SAS and Salvepar SA, director of HDL Development SAS and of your Company;
- Nature and terms and conditions: At its meeting of 6 March 2015, your Board of Directors authorized the signing of Rider 1 to the agreement between HDL Development SAS and Assystem SA for the rebilling of services for strategy definition, management, organization and control of the Assystem Group provided by HDL SAS for HDL Development SAS. Your Board of Directors has justified the signing of this agreement stating the importance of the strategic service performance provided. This service performance is remunerated according to the following terms and conditions:
  - a fixed fee amounting to €348,000;
  - a variable fee based on (i) Assystem's consolidated EBITA (50% weighting) and (ii) Assystem's free cash flow (50% weighting). The amount payable based on each of these criteria will be determined by linear interpolation between a floor (*i.e.* the level below which the criterion is deemed not to have been met) and a cap (*i.e.* the level at which the criterion is deemed to have been fully met).

At its meeting of 7 March 2017, your Board of Directors approved the variable fee due to HDL SAS for an amount of €817,800 at 31 December 2016.

The remuneration paid by your Company under the present agreement amounts to €1,165,800.

Agreements previously approved by the Shareholders' Meeting

AGREEMENTS APPROVED IN PRIOR YEARS

In addition, we have been informed of the following agreements, approved by Shareholders' Meetings of 24 May 2016, which were not performed during the year.

- Interested party: Philippe Chevallier, Chief Financial Officer of your Company;
- Nature and terms and conditions: At its meeting of 9 March 2016, your Board of Directors approved severance pay of €500,000 to Philippe Chevallier, Chief Financial Officer since 5 June 2016, in the event of his dismissal without reason before the General Meeting called in 2020 to approve the financial statements for 2019.

This severance pay is conditional on:

- the certification, without qualifications and within the legal deadlines, of the consolidated financial statements throughout his term;
- reaching an average ROCE (after normative tax rate) of at least 6% over the last three financial years.

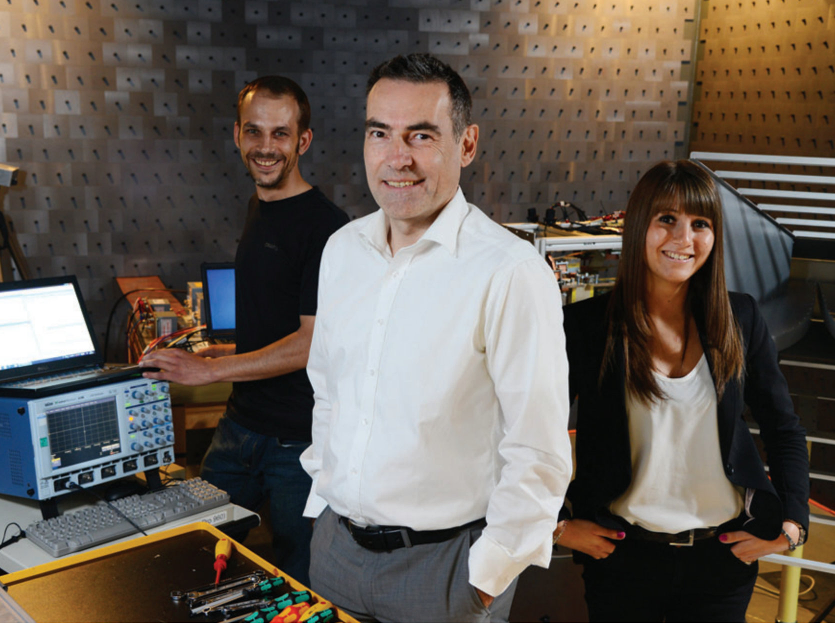
It is noteworthy that the severance payment will not be owed in the event of gross negligence or misconduct.

Paris la Défense et Neuilly-sur-Seine, 30 March 2017

The Statutory Auditors:

French original signed by

KPMG Audit *Division of KPMG SA* Éric ROPERT *Partner*	Deloitte & Associés Albert AÏDAN *Partner*



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INFORMATION ABOUT THE COMPANY AND ITS SHARE CAPITAL

Further information on the Company's businesses and strategy is provided in Chapter 1 of this Registration Document.

7.1 GENERAL INFORMATION ABOUT THE ISSUER

Company name and address

Company name: Assystem

Registered office: 70, boulevard de Courcelles, 75017 Paris, France

Telephone: + 33 (0)1 55 65 03 00

Fax: + 33 (0)1 55 65 00 49

www.assystem.com

All of Assystem's corporate documents may be consulted free of charge at the Company's registered office.

Statutory Auditors

The Company has two Statutory Auditors appointed in compliance with Article L. 225-228 of the French Commercial Code.

Date of incorporation and term

Date of incorporation: 26 April 1997

Expiry date of Company's term: 27 May 2096

Registration particulars

The Company is registered with the Paris Trade and Companies Registry under number 412 076 937. Its French business identifier (NAF) code is 7010 Z (head office activities).

Legal form and applicable legislation

At the Combined Ordinary and Extraordinary General Meeting held on 22 May 2014, the shareholders modified the Company's administration and management structure.

Originally incorporated in the form of a *société anonyme* (public limited company) with a Management Board and a Supervisory Board, as from 22 May 2014 Assystem adopted the form of a *société anonyme* with a Board of Directors, governed by the provisions of Book II of the French Commercial Code and by its Articles of Association (see Chapter 2 of this Registration Document).

Corporate purpose

As set out in Article 2 of its Articles of Association, the Company's corporate purpose can be summarised as follows:

- acquiring equity interests – by way of subscription, contribution, purchase or otherwise – and exercising any and all associated rights, in any enterprise operating in a technological, technical, IT, electronic or mechanical field, and more specifically:
  - consultancy, research and engineering,
  - training, support and maintenance,
  - systems and network operation and facilities management;
- developing and distributing products, equipment, hardware and software;
- effectively leading the Group and determining its overall strategy;
- participating in any operation related to its corporate purpose, by creating new companies, subscribing for or purchasing shares, taking part in mergers or joint ventures, or by any other means;
- carrying out any financial, commercial, industrial or civil business activity or transaction involving movable or immovable assets, which may be directly or indirectly associated with the Company's corporate purpose or which may be likely to further its development, on the Company's own account or on behalf of third parties, or through any form of ownership interest whatsoever.

The Company's role with regard to its subsidiaries

Assystem is a holding company whose assets are essentially composed of equity securities. The Group's operational assets are held by the Company's subsidiaries.

Assystem directly or indirectly provides services for companies in its Group, notably in the areas of finance, accounting and general and administrative management.

A list of consolidated companies as at 31 December 2016 is set out in Chapter 6 of this Registration Document (Note 3 to the consolidated financial statements) and a simplified organisational chart of the Assystem Group is provided in Chapter 1, Section 1.3.

The financing for Group subsidiaries is carried out in a centralised way, which enables them to benefit from the favourable market conditions obtained by Assystem from lenders. This also allows Assystem to offset the lender and borrower positions of its various entities.

Financial year

The Company has a 12-month financial year, commencing on 1 January and ending on 31 December.

Profit distribution

Profit or loss for the year represents the difference between total income and total expenses, including charges to and reversals from depreciation, amortisation and provisions.

Five percent of profit for the year, less any losses carried forward from previous years, is allocated to the legal reserve, until such time as that reserve represents one-tenth of the Company's share capital. Further transfers are made on the same basis if the legal reserve falls to below one tenth of the share capital.

Profit available for distribution consists of profit for the year plus retained earnings from previous years, less any losses brought forward from previous years and any amounts transferred to reserves in accordance with the law or the Company's Articles of Association. On the recommendation of the Board of Directors, shareholders at the Annual General Meeting determine the portion of profit to be allocated to shareholders in the form of a dividend, and the portion to be allocated to general or special reserves, with the remaining balance being allocated to retained earnings.

However, except in the case of a capital reduction, no dividend may be paid to shareholders if the Company's equity represents – or would represent after the planned dividend payout – less than the sum of its share capital plus any reserves which, under the applicable law or the Company's Articles of Association, are not available for distribution.

In addition, the shareholders may resolve to distribute amounts taken from discretionary reserves, either to pay all or part of an ordinary dividend or as a special dividend. In this case, the related resolution must stipulate the reserve accounts from which the dividend is to be deducted. However, dividends are deducted in priority from distributable profit for the year.

The revaluation reserve may not be distributed, but all or part of it may be incorporated into the Company's capital.

Timeframe for claiming dividends

Any dividends not claimed within five years of the date of their payment revert to the French State.

Registrar and paying agent

Since 11 February 2016, the Company's registrar and paying agent has been Société Générale Securities Services, 32 rue du Champ de Tir – CS 30812 – 44308 Nantes Cedex 3, France.

Stock exchange

Assystem shares are listed on compartment B of Euronext Paris under ISIN FR 0000074148.

They are included in the CAC All-Tradable index and the MID & SMALL 190 index.

They are eligible for equity savings schemes (PEA) and the deferred settlement service (SRD).

General Meetings

The specific procedures relating to shareholder participation in General Meetings are described in Article 19 of the Articles of Association.

General Meetings are held at the Company's registered office or any other location specified in the notice of meeting.

The right to participate in General Meetings is governed by the applicable law and regulations. In particular, in order for a shareholder to participate in a General Meeting their shares must be recorded in their own name or in the name of the bank or broker that manages the shareholder's securities account by 00:00 (Paris time) on the second business day preceding the Meeting. If the shares are held in registered form they must be recorded in the share register kept by the Company (or its agent) and if they are in bearer form they must be recorded in a bearer share account kept by an accredited intermediary.

If a shareholder cannot personally attend a General Meeting, he or she may select one of the following three options, each subject to the conditions stipulated in the applicable law and regulations:

- appoint a named proxy under the conditions authorised by the applicable law and regulations;
- vote remotely; or
- send a proxy to the Company without indicating a specific named proxy.

Subject to the conditions stipulated by the applicable law and regulations, the Board of Directors may decide that shareholders may participate and vote at General Meetings by videoconference or by other means of telecommunication that enable their identification. If the Board of Directors decides to use this option for a General Meeting, the decision must be stated in the preliminary and/or final notice of the Meeting concerned.

Shareholders taking part in General Meetings by videoconference or by any other means of telecommunication as indicated above, depending on the choice of the Board of Directors, are considered to be in attendance for the purposes of *quorum* and majority calculations.

General Meetings are chaired by the Chairman of the Board of Directors, or in his or her absence, by the CEO, by a Deputy CEO if he or she is a director, or by a director specifically appointed for this purpose by the Board. Failing this, the General Meeting elects its own Chairman.

The role of scrutineers at a General Meeting is carried out by the two shareholders present at the meeting who hold or represent the largest number of voting rights and who agree to take on the role. The meeting officers thus appointed then appoint a secretary, who need not be a shareholder.

An attendance register containing all of the information provided for by law is kept for each General Meeting.

An Ordinary General Meeting held on first call is only validly constituted if the shareholders present or represented hold at least one fifth of the shares with voting rights. An Ordinary General Meeting held on second call is validly constituted irrespective of the number of shareholders present or represented.

Resolutions in Ordinary General Meetings are adopted by a straight majority vote of the shareholders present or represented.

An Extraordinary General Meeting held on first call is only validly constituted if the shareholders present or represented hold at least one quarter of the shares with voting rights. An Extraordinary General Meeting held on second call is only validly constituted if the shareholders present or represented hold at least one fifth of the shares with voting rights.

Resolutions in Extraordinary General Meetings are adopted by a two-thirds majority vote of the shareholders present or represented.

Ordinary and Extraordinary General Meetings exercise their respective powers in accordance with the conditions stipulated by law.

Voting rights

The Company's Articles of Association do not provide for any limitations on voting rights. If Assystem shares are held by a legal owner and a beneficial owner, the corresponding voting rights are exercised by the beneficial owner at all Ordinary, Extraordinary or Special General Meetings.

Double voting rights

All fully-paid shares registered in the name of the same holder for at least two years carry double voting rights.

In addition, in the event of a capital increase carried out by capitalising reserves, profit or share premiums, the bonus shares allotted in respect of registered shares carrying double voting rights will also carry double voting rights as from the date of issue.

Double voting rights may be removed by way of a decision by shareholders in an Extraordinary General Meeting and after consultation at a Special Meeting of holders of shares with double voting rights.

Double voting rights may be cancelled if the shares concerned are converted to bearer shares or transferred to another shareholder, except if registered shares are transferred to another registered shareholder in the case of inheritance or *inter vivos* donations to a spouse or other eligible family member (as provided for in Article L. 225-124 of the French Commercial Code).

Disclosure thresholds stipulated in the Company's Articles of Association

In addition to the applicable statutory disclosure obligations, any physical or legal person, whether acting alone or in concert (within the meaning of Article L. 223-10 of the French Commercial Code), that comes to hold a number of shares representing 2% or more of the Company's share capital or voting rights or a multiple thereof, is required to inform the Company of the total number of shares and voting rights that they hold, by registered mail with recorded delivery, within four trading days from the crossing of the threshold.

The same disclosure formalities must also be followed each time a shareholder's interest is reduced to below any 2% threshold.

In the event of a failure to comply with these disclosure rules, at the request of one or several shareholders with combined holdings representing at least 2% of the Company's share capital or voting rights (with said request recorded in the minutes of the General Meeting at which the request is made), the shares in excess of the undisclosed threshold will be stripped of voting rights as provided for in Article L. 233-14 of the French Commercial Code.

These provisions apply in addition to the statutory disclosure threshold provisions set out in Article L. 233-7 of the French Commercial Code.

No other provision in the Articles of Association affects shareholders' rights, which can only be amended in accordance with the conditions stipulated by law.

Shareholder identification

In compliance with the provisions of Article L. 228-2 of the French Commercial Code, the Company may, at any time, ask the central securities clearing body to provide it with the identity of holders of securities carrying immediate or future voting rights at General Meetings as well as the number of securities held by each one, and, where appropriate, the restrictions applicable to any such securities.

Material contracts

To date, Assystem has not entered into any material contracts, other than those entered into in the ordinary course of its business, that would give rise to a significant obligation or commitment for the whole Group.

Dependency

Assystem's business does not currently depend on any patents or production processes belonging to third parties or on any specific procurement contracts.

Existence of agreements whose implementation could lead to a change in control of the Company or could have the effect of delaying, postponing or preventing a change in control

To the best of the Company's knowledge, no agreements currently exist whose implementation could result in a change in control.

In addition, there are currently no provisions in the Company's Memorandum or Articles of Association, charter or bylaws, that would have the effect of delaying, postponing or preventing a change in control.

Agreements entered into by the Company which would be amended or terminated in the event of a change in control of the Company

On 24 January 2017, the Company put in place a new financing arrangement amounting to €280 million and breaking down as (i) an €80 million five-year term loan, and (ii) a €200 million five-year revolving credit facility with two one-year extension options (subject to the lenders' agreement).

The related contract provides that the banking pool can require the full early repayment of any outstanding amounts in the event of a change in control of the Company. For this purpose, a change in control is defined as (i) Dominique Louis ceasing to control HDL, (ii) HDL ceasing to control HDL Development, or (iii) HDL Development ceasing to control Assystem.

Measures in place to ensure that control is not abused

The Company is controlled within the meaning defined in Article L. 233-3 of the French Commercial Code, as shown in the ownership structure table in Section 7.2.2 below.

The measures put in place by the Company in order to avoid control being exercised in an abusive way are described in the following Sections of this Registration Document:

- Chapter 8: internal control;
- Chapter 2, Section 2.1.1.1: presence of independent directors on the Board of Directors and Board Committees;
- Chapter 2, Section 2.1.1.1: paragraph on "Conflicts of Interest".

7.2 INFORMATION ABOUT THE SHARE CAPITAL

7.2.1 ASSYSTEM AND ITS SHAREHOLDERS

2017 FINANCIAL CALENDAR

2 February 2017	after stock market close of trading	2016 revenue release
8 March 2017	after stock market close of trading	2016 annual results release
9 March 2017	8.30 a.m.	Presentation of 2016 annual results
27 April 2017	after stock market close of trading	Q1 2017 revenue release
16 May 2017	9.30 a.m.	Annual General Meeting
27 July 2017	after stock market close of trading	Q2 2017 revenue release
11 September 2017	after stock market close of trading	First-half 2017 results release
12 September 2017	8.30 a.m.	Presentation of first-half 2017 results
9 November 2017	after stock market close of trading	Q3 2017 revenue release

Closed periods

In accordance with the EU Market Abuse Regulation (Regulation (EU) no. 596/2014) and the related position statement issued by the French securities regulator (in AMF DOC-2016-08), the Company has defined the periods during which persons holding inside information are prohibited from carrying out transactions in Assystem shares. These closed periods apply to persons who hold or are deemed to hold inside information that may put them at an advantage compared with the general public.

These closed periods apply to all persons who discharge managerial responsibilities (notably executive officers and senior managers) as well as any other persons who have regular or occasional access to inside information.

The closed periods applicable for Assystem – based on the financial calendar set out above – are as follows:

- the 30 calendar days preceding the publication of the Company's annual results press release;
- the 30 calendar days preceding the publication of the Company's half-yearly results press release;
- the 15 calendar days preceding the publication of the Company's quarterly, half-yearly and annual revenue press releases.

For 2017, these periods correspond to:

- 18 January to 2 February (inclusive);
- 6 February to 8 March (inclusive);
- 12 April to 27 April (inclusive);
- 12 July to 27 July (inclusive);
- 12 August to 11 September (inclusive);
- 25 September to 9 November.

Transactions in the Company's shares are only permitted as from the trading session following the publication concerned and provided that the person carrying out the transaction does not hold any other inside information.

Access to information

All shareholders have access to full, transparent and clear information, which is tailored to their specific needs and provides an objective assessment of Assystem's growth strategy and results. This financial communication policy aims to ensure that all shareholders have information in compliance with usual business practices.

The Company publishes a wide variety of documents, including those issued for regulatory information purposes, covering the Company's business and strategy and financial information. These documents – which include the Registration Document, the interim financial report, quarterly revenue releases, the Company's Articles of Association and the Board of Directors' Rules of Procedure – are available on the Group's website at www.assystem.com, in French and English.

Assystem publishes notifications in the *Bulletin des Annonces Légales Obligatoires* (BALO) (French legal gazette) and issues as regulatory information the periodic and annual information required for listed companies.

The financial information issued by the Company is supplemented by press releases for the financial community and, more generally, the public, on subjects of significant importance for understanding the Company's strategy. The Company also holds periodic meetings for financial analysts and journalists to explain, in an interactive way, the Group's challenges, services and results.

The annual report, presented and filed as a Registration Document with the AMF, as well as the interim financial report are widely distributed within the financial community.

7.2.2 ASSYSTEM'S SHARE CAPITAL

All of the Company's shares represent share capital.

At 31 December 2016, the Company's share capital amounted to €22,218,216, divided into 22,218,216 shares with a par value of €1 each.

The breakdown of Assystem's share capital and voting rights at 31 December 2016 is shown in the table below. In compliance with AMF recommendation no. 2009-16, as amended on 17 December 2013, the table shows the number of theoretical voting rights and the number of actual voting rights exercisable at General Meetings excluding shares that do not have voting rights, such as treasury shares.

AT 31 DECEMBER 2016

	Shares	%	Exercisable voting rights	%	Theoretical voting rights	%
HDL Development	13,478,407	60.66	26,956,814	77.23	26,956,814	74.94
Free float	7,671,367	34.53	7,946,313	22.77	7,946,313	22.09
Treasury shares	1,068,442	4.81	0	0	1,068,442	2.97
Total	**22,218,216**	**100**	**34,903,127**	**100**	**35,971,569**	**100**

A table showing the changes in the Company's share capital over the last three years is provided in Section 7.2.15 below.

At the date this Registration Document was filed, the Company was controlled by HDL Development[1].

For information purposes, during the first quarter of 2014 Dominique Louis, Assystem's founder and key shareholder, launched a takeover bid *via* HDL Development[1] (Trade and Companies Register number 798 774 600), which enabled him to reinforce his position in the shareholding structure of the Company he founded and developed and to provide it with a stable and long-term controlling shareholder.

The Company's shareholding structure helps guarantee its independence and ensure its sustainability, both in terms of (i) its ability to pursue its industrial development strategy over the long term, which corresponds to the duration of the business cycles in the markets where it has a distinct competitive edge (particularly nuclear and aerospace), and (ii) its commitment to continue to implement a responsible HR policy with regard to its employees.

At 28 February 2017, HDL Development held 13,478,407 shares, representing 60.66% of the Company's share capital and 77.23% of its voting rights.

Pledged shares of the Company and its subsidiaries (at 31 December 2016)

Shareholder	Beneficiary	Pledge start date	Pledge expiry date	Conditions for releasing pledge	Number of the issuer's shares pledged	% of the issuer's capital pledged
HDL Development	CACEIS	16/12/2013	31/03/2019	Loan repayment	5,689,793	25.61

(1) HDL Development is 67.94%-controlled by HDL, which is itself 73.01%-controlled by Dominique Louis, Chairman and CEO of Assystem, with interests of 20.25% held by Salvepar, 3.37% by the Tikehau Capital Partners fund and 3.37% by the Tikehau Preferred Capital fund. The remaining capital of HDL Development is held as follows: 15.57% by CEFID, 12.40% by H2DA, 0.71% by EEC, 0.39% by Dominique Louis and 2.99% by Group managers.

Crossing of disclosure thresholds

During 2016, the Company was not notified of any crossings of legal disclosure thresholds.

The following crossings of disclosure thresholds provided for in the Articles of Association were notified to the Company in 2016:

Shareholder	Date threshold crossed	Reason	Above/ below threshold	Threshold crossed	Reference capital	Reference voting rights	Number of shares owned	Percentage of capital	Percentage of voting rights	Date of letter informing issuer
Caisse des dépôts et consignations	11/05/2016	Disclosure on behalf of controlled companies	Below	Threshold of 2% of the capital provided for in the Articles of Association	22,218,216	32,424,279	519,698	2.33%	1.55%	13 May 2016
Moneta Asset Management	07/10/2016	Disclosure on behalf of controlled companies	Above	Threshold of 2% of the capital provided for in the Articles of Association	22,218,216	34,903,681	932,398	4.20%	2.60%	10 October 2016
Sycomore Asset Management	11/10/2016	Disclosure on behalf of controlled companies	Below	Threshold of 2% of the capital provided for in the Articles of Association	22,218,216	34,903,681	662,618	2.98%	1.99%	12 October 2016
Sycomore Asset Management	07/11/2016	Disclosure on behalf of controlled companies	Below	Threshold of 2% of the capital provided for in the Articles of Association	22,218,216	34,903,681	437,895	1.97%	1.31%	8 November 2016

To the best of the Company's knowledge, at the date this Registration Document was prepared, no other shareholder directly or indirectly held, alone or in concert, more than 2% of the Company's share capital or voting rights.

Transactions in the Company's securities carried out by executives (on the basis of disclosures submitted to the AMF by the Company's executives)

None.

7.2.3 SHARE PERFORMANCE

Assystem shares are listed on compartment B of the Euronext Paris market of NYSE Euronext.

In 2016, Assystem's share price rose by 10.2%, reaching €26.47 at the year-end compared with €24.02 at the end of 2015.

The average Assystem share price in 2016 was €24.17, with a high of €27.34 on 19 October 2016 and a low of €20.27 on 11 February 2016.

Average monthly trading volumes for 2016 were 234,762 shares and €5,655,094.

7.2.3.1 Share price and trading volumes (source: Euronext)

Date	High	Date of High	Low	Date of Low	Closing price	Trading volume (in no. of shares)	Trading volume (in €)
January 2016	24.95	13/01/2016	21.21	28/01/2016	22.40	397,066	9,182,145
February 2016	23.00	02/02/2016	20.27	11/02/2016	21.57	208,157	4,792,057
March 2016	24.30	18/03/2016	21.57	01/03/2016	23.80	350,042	8,074,655
April 2016	24.30	08/04/2016	22.37	28/04/2016	22.66	112,814	2,798,028
May 2016	24.05	31/05/2016	21.57	23/05/2016	24.05	232,894	5,294,210
June 2016	24.05	01/06/2016	21.46	17/06/2016	22.74	309,453	8,301,514
July 2016	24.73	29/07/2016	22.73	01/07/2016	24.59	108,195	2,569,671
August 2016	25.09	09/08/2016	23.42	19/08/2016	24.20	111,752	2,722,443
September 2016	26.41	29/09/2016	24.57	02/09/2016	26.21	387,436	9,997,098
October 2016	27.34	19/10/2016	26.11	03/10/2016	27.30	244,748	6,598,991
November 2016	27.30	01/11/2016	25.54	16/11/2016	26.34	260,214	6,909,344
December 2016	26.80	14/12/2016	25.80	02/12/2016	26.47	74,601	1,963,018

Source: Euronext – This data is provided for information purposes only.
ISIN: FR0000074148.
Share included in the CAC All-Tradable index.

7.2.3.2 Market data

	31/12/2015	31/12/2016
Market capitalisation at period-end	€533m	€588m
Share price		
• High	€24.48	€27.34
• Low	€15.75	€20.27
Share price at period-end	€24.03	€26.47

7.2.3.3 Dividends

Year	Number of eligible shares	Dividend paid for the year
2013	22,018,839	€0.45 per share
2014	21,634,698	€0.75 per share
2015	21,304,807	€0.80 per share
2016	21,158,238*	€1.00 per share

* *Estimated number of eligible shares based on the Company's capital at 28 February 2017 excluding the number of treasury shares held at that date.*

Any dividends not claimed within five years of the date of their payment revert to the French State (Article 2224 of the French Civil Code).

At the Annual General Meeting of 24 May 2016, the shareholders approved the payment of a dividend of €0.80 for each share making up the Company's share capital (excluding treasury shares).

At the next Annual General Meeting to be held on 16 May 2017, a dividend payment of €1 per share will be proposed.

7.2.3.4 Dividend policy

Assystem's dividend policy is determined by its corporate governance bodies, based on the Group's dividend payment capacity, financial position and financing requirements.

Dividend payouts may change compared with previously paid amounts and will always remain in line with the Group's business plan.

7.2.3.5 Per-share data

In euros	2015	2016
Diluted earnings per share	0.93	1.48

The calculation of the diluted average weighted number of shares used to determine diluted earnings per share is explained in Note 7 to the consolidated financial statements.

7.2.4 ADDITIONAL INFORMATION ABOUT THE SHARE CAPITAL

Authorised share capital

The table below provides a summary of the authorisations in force concerning capital increases and reductions, as voted by shareholders at the Annual General Meeting of 24 May 2016, as well as their use during 2016.

Authorisation	Maximum amount of capital increase/reduction	Duration	AGM at which the resolution was approved	Use in 2016
To reduce the Company's capital through the cancellation of shares purchased under share buyback programmes.	Cancellation capped at 10% of the shares making up the Company's share capital at the transaction date	18 months (up to 24/11/2017)	24/05/2016 (16th resolution)	No
To increase the Company's capital through the issuance of shares and/or securities carrying rights to shares, with pre-emptive subscription rights.	Maximum nominal amount of capital increase(s): €10,000,000	26 months (up to 24/07/2018)	24/05/2016 (17th resolution)	No
To increase the Company's capital through the issuance of shares and/or securities carrying rights to shares, without pre-emptive subscription rights	Maximum nominal amount of capital increase(s): €7,000,000	26 months (up to 24/07/2018)	24/05/2016 (18th resolution)	No
To increase the Company's capital through the issuance of shares and/or securities carrying rights to shares, without pre-emptive subscription rights, by way of a private placement.	Maximum nominal amount of capital increase(s): €2,000,000	26 months (up to 24/07/2018)	24/05/2016 (19th resolution)	No
To set the issue price for issues of shares and/or securities carrying rights to shares carried out without pre-emptive subscription rights, subject to a ceiling of 10% of the Company's capital as well as the ceilings provided for at the AGM.	10% of the Company's share capital per 12-month period, and subject to the ceilings provided for at the AGM	26 months (up to 24/07/2018)	24/05/2016 (20th resolution)	No
To increase the amount of issues carried out with or without pre-emptive subscription rights pursuant to the 17th to 19th resolutions.	Up to 15% of the original issue	26 months (up to 24/07/2018)	24/05/2016 (21st resolution)	No
To set a blanket ceiling for the overall amount by which the Company's capital may be increased (pursuant to the 17th to 19th resolutions).	€10,000,000 maximum nominal amount for issues of shares and €100,000,000 maximum nominal amount for issues of debt securities	26 months (up to 24/07/2018)	24/05/2016 (22nd resolution)	No
To increase the Company's capital by capitalising share premiums, reserves, profit or other eligible items.	Maximum nominal amount of capital increase(s): €20,000,000	26 months (up to 22/07/2017)	22/05/2015 (23rd resolution)	No
To award free shares/performance shares (existing or newly-issued shares).	3% increase in the nominal amount of the Company's capital at the award date	38 months (up to 24/07/2019)	24/05/2016 (24th resolution)	Yes Free share plans dated 4 July 2016 and 7 November 2016 (see page 157)
To issue BSAAR or BSA stock warrants (without pre-emptive subscription rights) to employees and officers of the Company and its subsidiaries.	€500,000, representing a maximum total of 500,000 shares, i.e. 2.25% of the Company's capital	18 months (up to 24/11/2017)	24/05/2016 (25th resolution)	No
To set a blanket ceiling on the amount of the issues carried out pursuant to the 24th and 25th resolutions.	Ceiling: 1,166,546 shares	Same period as that in the resolution concerned	24/05/2016 (26th resolution)	No
To increase the Company's capital through the issuance of shares and/or securities carrying rights to shares for members of a Company or Group savings plan.	Maximum nominal amount of 2% of the Company's capital at the issue date	26 months (up to 22/07/2017)	22/05/2015 (27th resolution)	No

Potential share capital

Potential share capital comprises stock warrants, performance shares and Ornane and Odirnane bonds.

7.2.5 ORNANE BONDS (BONDS REDEEMABLE IN CASH AND/OR IN NEW AND/OR EXISTING SHARES)

On 6 July 2011, the Company issued 4,181,818 bonds redeemable in cash and/or in new or existing shares (Ornane bonds) with the following features:

Ticker	ISIN	Issue date	Maturity	Strike ratio	Issue price	Number of Ornane bonds
ASSYSTORN4%JAN17	FR0011073006	06/07/2011	01/01/2017	1 Ornane for 1 share	€22.00	4,181,818

- total nominal amount: €91,999,996;
- coupon: annual nominal rate of 4% payable in arrears on 1 January each year, *i.e.* €0.88 per Ornane per year;
- fully redeemable at maturity at par. The redemption procedures and the potential dilutive impact are detailed in the management report and in the notes to the consolidated financial statements;
- share allotment entitlement: bondholders are entitled to allotments of new and/or existing shares under the conditions set out in the Securities Note approved by the AMF on 28 June 2011 under no. 11–268.

Changes in conversion ratio

The holders of the Ornane bonds were informed by a Euronext notice dated 17 July 2015 that following the payment on 24 June 2015 of the ordinary dividend of €0.75 per share to the Company's shareholders, the conversion ratio had been increased from 1 to 1.02 Assystem shares for 1 Ornane bond, effective from 24 June 2015.

The holders of the Ornane bonds were informed by a Euronext notice dated 2 June 2016 that following the payment of the ordinary dividend of €0.80 per share to the Company's shareholders, the conversion ratio had been increased from 1.02 to 1.03 Assystem shares for 1 Ornane bond, effective from 2 June 2016.

Change in number of outstanding Ornane bonds

Following block purchases representing approximately 27% of the original Ornane bond issue, in order to treat all of the Ornane bondholders equitably, the Company decided to launch a buyback procedure on Euronext Paris. The offer period ran from 25 April to 29 April 2016 (inclusive) and covered all of the 81,008 Ornane bonds still outstanding at that time, *i.e.* approximately 1.9% of the original issue.

By the end of the offer period, the Company had bought back 76,914 Ornane bonds, representing approximately 1.8% of the original issue, at a price of €26.15 per bond (including accrued coupons), corresponding to a total of €2,011,301.10.

Following the buybacks, a total of 4,094 Ornane bonds remained outstanding, representing approximately 0.1% of the original issue. The Ornane bonds bought back by the Company were cancelled in accordance with the terms and conditions of their indenture and in compliance with the law.

At 31 December 2016, a total of 3,757 Ornane bonds remained outstanding. All of these bonds were redeemed on 2 January 2017 in accordance with the terms and conditions of their indenture, for an aggregate amount of €83,854.

For further information see Notes 2, 7 and 8 to the consolidated financial statements in Chapter 6, Section 6.1 of this Registration Document.

7.2.6 ODIRNANE BONDS (PERPETUAL BONDS REDEEMABLE IN CASH AND/OR NEW AND/OR EXISTING SHARES)

On 9 July 2014, the Company issued 5,602,240 perpetual bonds redeemable in cash and/or in new and/or existing shares (Odirnane bonds) representing a total amount of €159,999,974.40.

Total issue amount	€160 million
Issue date	9 July 2014
Maturity	Perpetual
Number of bonds issued	5,602,240
Number of bonds outstanding at 31 December 2015	5,602,240
Nominal value (with 30% premium)(1)	€28.56
Interest rate set until 16 July 2021(2)	4.5%

(1) Reference price of €21.97.
(2) As from 17 July 2021, the bonds will bear interest at an annual nominal rate equal to the six-month Euribor plus 800 basis points, payable half-yearly in arrears on 17 July and 17 January each year. The first date on which this interest will be payable (if applicable) will be 17 January 2022, subject to any suspension of interest payments.

The Odirnane bonds are admitted to trading on Euronext Paris (ISIN: FR0012032712).

The nominal value of each Odirnane bond was set at €28.56, representing a premium of 30% on the reference Assystem share price of €21.97 as quoted on Euronext Paris.

The Odirnane bonds were issued at face value on 17 July 2014, which was also the settlement and delivery date. The bonds constitute direct, general, unconditional, unsubordinated and unsecured commitments for the Company.

From the issue date until 16 July 2021, the Odirnane bonds will bear interest at an annual nominal rate of 4.50%, payable annually in arrears on 17 July of each year (with the first payment date corresponding to 17 July 2015, subject to any suspension of interest payments).

As from 17 July 2021, the bonds will bear interest at an annual nominal rate equal to the six-month Euribor plus 800 basis points, payable half-yearly in arrears on 17 January and 17 July of each year (with the first payment date, if applicable, corresponding to 17 January 2022, subject to any suspension of interest payments).

Bondholders may exercise their right to redeem their bonds in shares at any time from 40 days following the issue date until the 18th trading day preceding 17 July 2021.

The AMF approved the Prospectus for the Odirnane bond issue under no. 14–380 dated 9 July 2014.

Following a reverse bookbuilding process carried out between 26 and 27 September 2016, Assystem bought back 2,833,281 of the Odirnane bonds, representing approximately 50.6% of the original issue.

In order to treat all of the Odirnane bondholders equitably, the Company then decided to launch a buyback process in France. The offer period ran from 3 October to 7 October 2016 (inclusive) with an offer price of €34.50 per bond (including accrued coupons), corresponding to the same price as for the reverse bookbuilding process. A total of 2,274,766 Odirnane bonds were tendered to the buyback offer, representing approximately 40.6% of the original issue.

The settlement-delivery date for the buybacks was 13 October 2016.

The total number of Odirnane bonds bought back by the Company through the reverse bookbuilding and buyback processes amounted to 5,108,047, representing approximately 91.2% of the original issue. Consequently, following these processes, 494,193 Odirnane bonds remained outstanding, representing approximately 8.8% of the original issue.

At 31 December 2016, a total of 490,268 Odirnane bonds remained outstanding (*i.e.* 8.75% of the original issue).

On 1 February 2017, Assystem announced that it intended to redeem in advance of maturity all of its outstanding Odirnane bonds. All of these bonds were redeemed in cash – with no Assystem shares allocated to the bondholders – for a total amount of €14.35 million, including accrued coupons, which was paid between end-February and 6 March 2017. Consequently, at the date this Registration Document was filed there were no longer any Odirnane bonds outstanding.

For further information see Notes 2.7, 8 and 14 to the consolidated financial statements in Chapter 6, Section 6.1 of this Registration Document.

7.2.7 STOCK OPTIONS

No stock options were awarded in 2016.

7.2.8 FREE SHARE AND PERFORMANCE SHARE AWARDS

The Board of Directors awarded the following free shares and performance shares in 2016:

	07/2016 plan	**11/2016 plan**
Date of AGM	24/05/2016	24/05/2016
Date of award (Board of Directors meeting)	04/07/2016	07/11/2016
Number of free shares or performance shares awarded	300,300	7,000
Number of beneficiaries	91	1
Vesting date Tranche 1 Tranche 2	 30/04/2017 30/04/2020	 31/12/2018
End of lock-up period	30/04/2020	31/12/2018
Number of free shares or performance shares vested	0	0
Number of free shares or performance shares not yet vested	300,300	7,000

The table below provides a summary of the free share and performance share plans put in place by the Group (also see Note 5 in Chapter 6, Section 6.1).

	11/2011 plan	**03/2012 plan**		**11/2012 plan**	**03/2014 plan**	**05/2014 plan**	**05/2014 plan**	**07/2014 plan**	**04/2015 plan**
Date of AGM	05/05/2010	05/05/2010		05/05/2010	22/05/2013	22/05/2013	22/05/2014	22/05/2014	22/05/2014
Date of award (Management Board meeting)	29/11/2011	13/03/2012		07/11/2012	24/03/2014	12/05/2014	22/05/2014	07/07/2014	29/04/2015
Number of free shares or performance shares awarded	108,900	60,000	1,000	46,393	9,000*	6,000*	500*	1,500*	2,500*
Number of beneficiaries	57	5	1	2,006	2	1	1	3	1
Vesting date	31/03/2014	14/03/2015	13/03/2014	08/11/2014	24/03/2016	12/05/2016	22/05/2016	07/07/2018	29/04/2017
End of lock-up period	31/03/2016	14/03/2017	13/03/2016	08/11/2016	24/03/2018	12/05/2018	22/05/2018	07/07/2018	29/04/2019
Number of free shares or performance shares vested	91,176	49,780	1,000	37,401	7,000	6,000	500	0	0
Number of free shares or performance shares not yet vested	0	0	0	0	2,000	0	0	1,500	2,500

* *Share awards subject to a single condition, i.e. that the beneficiary still forms part of the Group at the vesting date.*

7.2.9 TREASURY SHARE TRANSACTIONS CARRIED OUT BY THE COMPANY IN 2016 (ARTICLE L. 225-211 OF THE FRENCH COMMERCIAL CODE)

At the Annual General Meeting of 24 May 2016, the shareholders granted an authorisation to put in place a share buyback programme. This new authorisation superseded the previous authorisation granted for the same purpose in the seventeenth resolution of the Annual General Meeting of 22 May 2015.

7.2.10 DESCRIPTION OF THE SHARE BUYBACK PROGRAMME (SET UP IN ACCORDANCE WITH ARTICLE 241-2 OF THE AMF'S GENERAL REGULATIONS)

In compliance with Article L. 225-209 of the French Commercial Code, at the Annual General Meeting held on 24 May 2016, Assystem's shareholders granted the Company an eighteen-month authorisation to buy back its own shares, expiring on 24 November 2017. This authorisation superseded the previous authorisation granted for the same purpose at the Annual General Meeting of 22 May 2015.

A document describing the share buyback programme put in place by the Board of Directors at its 24 May 2016 meeting was filed electronically with the AMF and published electronically by Hugin InPublic (a professional distributor on the AMF list).

The shares bought back under the programme may not represent over 10% of the Company's capital and the maximum purchase price set by the Company's shareholders was €30 (excluding costs). The overall ceiling on the programme is €55,000,000.

The shares purchased under the buyback programme may be used for the following purposes:

- to maintain the liquidity of the Company's shares under a liquidity contract entered into with an investment services provider that complies with a Code of Conduct recognised by the AMF;
- to honour obligations associated with stock option and/or free share/performance share plans, employee savings schemes or other share allotments made to employees and officers of the Company or related companies;
- for allocation on exercise of rights attached to securities redeemable, convertible, exchangeable or otherwise exercisable for the Company's shares;
- to be held and subsequently used in exchange or as payment in connection with external growth transactions;
- for subsequent cancellation; or
- more generally, for any purpose authorised by law or any market practice that may be permitted by the market authorities, provided that in such a case the Company notifies its shareholders by way of a press release.

In the event of a corporate action, such as the capitalisation of reserves and a bonus share allotment, a stock split or reverse stock split, the prices indicated above will be adjusted accordingly.

If the Company buys back its own shares without subsequently cancelling them, this may have an impact on its taxable earnings if the shares are then sold or transferred at a different price than their purchase price.

7.2.11 USE OF SHARE BUYBACK PROGRAMMES IN 2016

The table below provides a summary of Assystem's use of its share buyback programmes during 2016:

Treasury shares held at 31/12/2015	**680,149**
Number of shares used per end-purpose	
Liquidity contracts and share buyback mandate:	
• Shares purchased under the liquidity contract	247,091
• Shares purchased under the share buyback mandate	423,020
• Shares sold under the liquidity contract	(234,603)
• Shares cancelled during the year	
Shares sold outside the scope of the liquidity contract	
Shares allocated to employees or officers:	
• Shares delivered under free or performance share plans	(30,530)
• Shares delivered to redeem Ornane bonds	(346)
Shares used for external growth transactions:	
• Shares used as payment in connection with external growth transactions	(16,339)
Shares cancelled:	
• Shares cancelled during the year	
• Shares cancelled during the past 24 months	
Treasury shares held at 31/12/2016	1,068,442
Value of shares held at 31/12/2016 at the average purchase price	22,728,093
Additional information *(in euros)*:	
• Average purchase price	23.39
• Average sale price	21.37
• Transaction costs	127,197

7.2.12 LIQUIDITY CONTRACT

The liquidity contract entered into with Oddo on 1 December 2007 expired on 1 December 2016.

Assystem entered into a new liquidity contract with Kepler Cheuvreux covering its ordinary shares and effective from 1 December 2016 for an automatically-renewable one-year term. This contract complies with the AMAFI Code of Conduct which was approved by the AMF on 21 March 2011.

The following assets were allocated to the liquidity account when the new liquidity contract was set up:

- 22,970 Assystem shares;
- €923,444.41 in cash.

The shares purchased under the liquidity contract are used to maintain the liquidity of the Company's shares and to enable the Company to implement and honour its obligations under stock option and/or free share/performance share plans as well as other share allotments made to employees and officers of the Group.

At 31 December 2016, the liquidity account held the following assets:

- 22,394 shares;
- €939,719.13 in cash.

7.2.13 ASSYSTEM SHARES HELD BY THE COMPANY (OUTSIDE THE SCOPE OF THE LIQUIDITY CONTRACT)

On 11 February 2016, the Company appointed Exane BNP Paribas to acquire by 15 September 2016 on Euronext Paris, in successive purchases, either on the open market or in block trades, a maximum of 300,000 Assystem shares at a maximum price per share equal to the lower of the following amounts:

- €24 (twenty-four euros);
- the higher of either the last quoted share price or the best offer price posted in the central order book when the trade is executed.

On 9 May 2016, the maximum number of Assystem shares that could be purchased was increased to 500,000.

During 2016, Exane BNP Paribas purchased 423,020 shares within the scope of this mandate.

7.2.14 CHANGES IN SHARE CAPITAL OVER THE LAST THREE YEARS

The table below presents the changes in Assystem's share capital over the last three years, showing:

- the governance body that took the decision concerned and the date the relevant meeting of that body was held;
- the type of transaction;
- the exact amount of the capital increase or reduction (in euros);
- the issue premium;
- the number of shares issued/cancelled; and
- the new amount of the share capital.

EGM/Management Board/Board of Directors decision	Type of transaction	Capital increase/ reduction	Issue premium	Number of shares issued/ cancelled	New amount of share capital
3 January 2014	Capital increase following the exercise of stock warrants (BSA) from 30 November to 31 December 2013	€27,224	€274,962.40	27,224	€19,326,066
6 March 2014	Capital increase following the exercise of stock warrants (BSA) from 1 January to 28 February 2014	€140,278	€1,416,807.80	140,278	€19,466,344
2 April 2014	Capital increase following the exercise of stock warrants (BSA) from 1 March to 31 March 2014	€1,000	€10,100.00	1,000	€19,467,344
15 May 2014	Capital increase following the exercise of stock warrants (BSA) from 1 April to 15 May 2014	€2,654,415	€26,809,591.50	2,654,415	€22,121,759
2 July 2014	Capital increase following the exercise of stock warrants (BSA) from 16 May to 30 June 2014	€10,604	€107,100.40	10,604	€22,132,363
5 September 2014	Capital increase following the exercise of stock warrants (BSA) from 1 July to 31 August 2014	€801	€8,090.10	801	€22,133,164
3 October 2014	Capital increase following the exercise of stock warrants (BSA) from 1 September to 30 September 2014	€225	€2,272.50	225	€22,133,389
7 November 2014	Capital increase following the exercise of stock warrants (BSA) from 1 October to 31 October 2014	€2,215	€22,371.50	2,215	€22,135,604
6 January 2015	Capital increase following the exercise of stock warrants (BSA) from 1 December to 31 December 2014	€19,227	€194,192.70	19,227	€22,154,831
9 February 2015	Capital increase following the exercise of stock warrants (BSA) from 1 January to 31 January 2015	€506	€5,110.60	506	€22,155,337
1 April 2015	Capital increase following the exercise of stock warrants (BSA) from 1 February to 31 March 2015	€11,847	€119,654.70	11,847	€22,167,184
5 June 2015	Capital increase following the exercise of stock warrants (BSA) from 1 May to 31 May 2015	€15,294	€154,469.40	15,294	€22,183,478
15 July 2015	Capital increase following the exercise of stock warrants (BSA) from 1 June to 30 June 2015	€34,738	€350,853.80	34,738	€22,218,216

Based on the information notified to the Company, Assystem's ownership structure at the end of the last three financial years was as follows:

AT 31 DECEMBER 2016

	Shares	%	Exercisable voting rights	%	Theoretical voting rights	%
HDL Development	13,478,407	60.66	26,956,814	77.23	26,956,814	74.94
Free float	7,671,367	34.53	7,946,313	22.77	7,946,313	22.09
Treasury shares	1,068,442	4.81	0	0	1,068,442	2.97
Total	**22,218,216**	**100**	**34,903,127**	**100**	**35,971,569**	**100**

AT 31 DECEMBER 2015

	Shares	%	Exercisable voting rights	%	Theoretical voting rights	%
HDL Development	13,478,407	60.66	13,478,407	61.87	13,478,407	59.99
Free float	8,059,660	36.28	8,307,772	38.13	8,501,612	36.98
Treasury shares	680,149	3.06	0	0	680,149	3.03
Total	**22,218,216**	**100**	**21,786,179**	**100**	**22,466,328**	**100**

AT 31 DECEMBER 2014

	Shares	%	Exercisable voting rights	%	Theoretical voting rights	%
HDL Development	13,478,407	60.84	13,478,407	61.32	13,478,407	60.25
Free float	8,288,307	37.41	8,501,612	38.68	8,501,612	38.01
Treasury shares	388,117	1.75	0	0	388,117	1.74
Total	**22,154,831**	**100**	**21,980,019**	**100**	**22,368,136**	**100**

7.3 STATUTORY AUDIT AND FEES PAID BY THE GROUP FOR STATUTORY AUDITORS AND MEMBERS OF THEIR NETWORKS

7.3.1 STATUTORY AUDIT

In compliance with French commercial law, Assystem's Statutory Auditors certify the consolidated and parent company financial statements and, through members of their networks, examine the accounts of all fully consolidated subsidiaries.

For 2016, the fees paid by the Group for audit engagements amounted to €754 thousand for KPMG and €653 thousand for Deloitte & Associés.

A table setting out the fees recognised by Assystem and its fully consolidated subsidiaries in 2016 for work carried out by the Statutory Auditors is provided below.

7.3.2 STATUTORY AUDITORS

Statutory Auditors	Date last appointed	Expiry date of current term
KPMG Represented by Eric Ropert Tour Eqho, 2 avenue Gambetta – CS 60055 92066 Paris La Défense, France	22 May 2015	Annual General Meeting called to approve the financial statements for the year ending 31 December 2020.
Deloitte & Associés Represented by Albert Aidan 185, avenue Charles-de-Gaulle – BP 136 92200 Neuilly-sur-Seine, France	12 May 2011	Annual General Meeting called to approve the financial statements for the year ending 31 December 2016, at which the Board of Directors will recommend their re-appointment.
Substitutes		
SALUSTRO REYDEL Tour Eqho, 2 avenue Gambetta – CS 60055 92066 Paris La Défense, France	22 May 2015	Annual General Meeting called to approve the financial statements for the year ending 31 December 2020.
BEAS 195, avenue Charles de Gaulle 92200 Neuilly-sur-Seine, France	12 May 2011	Annual General Meeting called to approve the financial statements for the year ending 31 December 2016. In compliance with the French Act dated 9 December 2016 (the Sapin 2 Act), the Board of Directors will not recommend that BEAS be re-appointed.

7.3.3 STATUTORY AUDITORS' FEES

	Deloitte & Associés				KPMG			
	Amount excl. VAT		%		Amount excl. VAT		%	
In thousands of euros	2016	2015	2016	2015	2016	2015	2016	2015
Audit								
Statutory and contractual audits								
Issuer	176	201	27%	28%	182	202	24%	13%
Fully consolidated subsidiaries	352	451	54%	63%	420	505	56%	32%
Other services provided by the networks to fully consolidated subsidiaries								
Issuer	125	61	19%	9%	152	852	20%	55%
Fully consolidated subsidiaries	–	–	–	–	–	–	–	–
Legal and tax advisory services								
Legal and tax advisory services	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–
Specify if > 10% of audit fees	–	–	–	–	–	–	–	–
Sub-total	–	–	–	–	–	–	–	–
Total	**653**	**713**	**100%**	**100%**	**754**	**1,559**	**100%**	**100%**

8

REPORTS OF THE BOARD OF DIRECTORS

8.1 REPORT BY THE CHAIRMAN OF THE BOARD OF DIRECTORS

On the preparation and organisation of the Board of Directors' work and the Company's internal control and risk management procedures

To the Shareholders,

In accordance with the French Financial Security Act (Act no. 2003-706 of 1 August 2003), in my capacity as Chairman of the Board of Directors, I hereby report to you on the preparation and organisation of the Board's work, the Company's internal control and risk management procedures and the implementation of the recommendations contained in the AFEP-MEDEF Corporate Governance Code for Listed Companies, as revised in November 2016.

This report, which is appended to the 2016 management report, has been prepared in accordance with Article L. 225-37 of the French Commercial Code and was presented to the Board of Directors on 7 March 2017. The Statutory Auditors have prepared a report setting out their comments on the information contained in this report regarding internal control and risk management procedures relating to the preparation and processing of accounting and financial information.

Finally, pursuant to French Act no. 2011-103 of 27 January 2011 concerning the balanced representation of men and women on Boards of Directors and gender equality in the workplace, I hereby disclose that women represented 40% of the members of Assystem's Board of Directors at 31 December 2016.

8.1.1 PREPARATION AND ORGANISATION OF THE WORK OF THE BOARD OF DIRECTORS – CORPORATE GOVERNANCE

See Chapter 2 – Corporate Governance, Section 2.1.2.1

8.1.1.1 The Board of Directors

See Chapter 2 – Corporate Governance, Section 2.1

OFFICES AND POSTS HELD BY MEMBERS OF ASSYSTEM'S BOARD OF DIRECTORS AT 31 DECEMBER 2016

See Chapter 2 – Corporate Governance, Section 2.1.1.

OFFICES AND POSTS HELD BY MEMBERS OF ASSYSTEM'S BOARD OF DIRECTORS IN THE PAST FIVE YEARS (1 JANUARY 2012 TO 31 DECEMBER 2016)

See Chapter 2 – Corporate Governance, Section 2.1.1.2.

8.1.1.2 Securities Trading Code of Conduct

See Chapter 2 – Corporate Governance, Section 2.1.1.1.

8.1.1.3 Conflicts of interest

See Chapter 2 – Corporate Governance, Section 2.1.1.1.

8.1.1.4 Remuneration and benefits in kind granted by the Company and other Group entities during 2016 to members of the administrative, management and supervisory bodies in office

8.1.1.4.1 REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS

See Chapter 2 – Corporate Governance, Section 2.2.1.

8.1.1.4.2 REMUNERATION OF EXECUTIVE OFFICERS

Remuneration of Dominique Louis

See Chapter 2 – Corporate Governance, Section 2.2.2.

Remuneration of Philippe Chevallier

See Chapter 2 – Corporate Governance, Section 2.2.2.

The principles and components of the remuneration and benefits of the Company's executive officers for 2017 are set out in Chapter 2, Section 2.2.2.2 of this Registration Document.

8.1.2 IMPLEMENTATION OF THE RECOMMENDATIONS CONTAINED IN THE AFEP-MEDEF CORPORATE GOVERNANCE CODE FOR LISTED COMPANIES (AS REVISED IN NOVEMBER 2016)

The Assystem Group has elected to apply the recommendations contained in the AFEP-MEDEF Corporate Governance Code for Listed Companies (as revised in November 2016).

The Group has not identified any areas of non-compliance with this Code, other than those described in Chapter 2 on Corporate Governance. In addition, it has assessed the Board of Directors' work, based on a questionnaire completed by each Board member, the results of which are detailed in Section 2.1.2.1.

The application of the recommendations and provisions concerning the remuneration of directors (executive and non-executive) is described in Chapter 2 – Corporate Governance.

The effects of climate change and the measures taken by the Company to reduce these effects are set out in Chapter 4 of this Registration Document (particularly Sections 4.1 and 4.6.3.2).

8.1.3 INTERNAL CONTROL PROCEDURES

The Group's internal control system comprises a combination of resources, procedures, behavioural standards and actions adapted to the specific features of each Group company and to the Group as a whole. This overall system:

- helps the Group manage its business activities, the effectiveness of its operations and the efficient use of its resources;
- is designed to enable the Group to appropriately factor in the significant risks to which it is exposed (operational, financial and compliance-related risks).

The purpose of internal control is to ensure:

- compliance with the applicable legislation and regulations;
- the application of instructions and guidelines stipulated by the Board of Directors;
- the smooth functioning of each entity's internal procedures, in particular those designed to take into account risks encountered in their activity and consequently, to safeguard assets;
- the reliability of financial information.

However, internal control cannot provide an absolute guarantee that Assystem's objectives will be met, as any internal control system has inherent limitations. These limitations are due to various factors, such as uncertainties in the external environment, the exercise of judgement, or the cost/benefit relationship of setting up new control mechanisms.

Assystem's internal control system concerns all fully consolidated subsidiaries controlled by the Group.

The summary information set out in this report relating to internal control procedures is centred on significant elements that could have an impact on the financial and accounting information published by the Group.

The Group has chosen to apply the internal control framework advocated by the AMF in its recommendation no. 2015-01 issued on 12 January 2015.

The internal control procedures in place within the Group, and notably those relating to the preparation and processing of accounting and financial information, are broken down on the basis of the five main components of internal control (see Section 8.1.3.3 below).

This report also describes the procedures in place for identifying, analysing and managing risks.

See the risk factors Section in Chapter 5 for further information on the Group's risks.

8.1.3.1 Internal control players and organisation of internal control procedures

The Company has a full set of measures in place intended to control and reduce any risks that could prevent it from achieving its objectives. These measures take the form of procedures, instructions, supervisory arrangements, authorisations, delegations of responsibility, etc.

The overall internal control system forms an integrated framework covering the entire scope of the Group: divisions, business units, legal entities, countries, departments and all business processes.

Assystem's Board of Directors is ultimately responsible for ensuring that the internal control system is implemented properly and functions effectively.

Since it is responsible for initiating and spearheading the Group's clearly-expressed strategy of deploying an integrated internal control system, Assystem's management team is the system's owner. However, all Group players are part-owners in the sense that they are the agents and custodians of the system.

Assystem's various operations are carried out by project teams that work closely with their clients in order to deliver appropriate solutions in a rapid timeframe.

In order to ensure the requisite responsiveness and enable each profit centre manager to take the necessary decisions a decentralised organisational structure has been put in place within the operating units.

The table below summarises the main roles and responsibilities of each category of internal control player.

Internal control player	Internal control roles and responsibilities
Board of Directors	• Initiates and spearheads the internal control system by relaying clear information and guidelines. • Is responsible for deploying the internal control system across the Group and ensuring that it functions effectively. • Ensures that the internal control system is in line with the Group's business strategy and risk portfolio.
Audit Committee	• Ensures that the Group has a consistent internal control system that is compatible with its overall business strategy and risk profile. • Approves the internal control system and is regularly informed of the findings of audits and the recommendations implemented. • Consults the management team in order to form an opinion on the construction and effectiveness of the internal control system. • Ensures the effective functioning of the risk management process related to the preparation of financial information.
Group executive management team	• Steers the Group's business strategy and sets the targets for consolidated entities, allocates the resources necessary for their achievement and tracks performance based on those targets.
Operations Committees	• Operations Committee meetings are held on a monthly basis between the Group executive management team and the management team of each division in order to review all management indicators. During these meetings, particular attention is paid to programmes in the development phase, in terms of indicators related to quality, economic performance and respecting deadlines.
Finance teams	• The Financing and Treasury Department, the Management Control Department, the Quality Department, the Legal Affairs Department, and the regional and country-level financial directors play a key role in internal control due to their cross-disciplinary skills.
Operations management	• Is responsible for deploying the internal control system within the scope of its remit (i.e. its BU, legal entity, country or department) and ensuring that it functions effectively. • Ensures that the internal control system is aligned with the structure, strategy, tactics and organisation of its scope of remit.
Operations and support staff	• Are actively involved in implementing the internal control system. • Carry out work and operations in compliance with the established internal control system. • Inform Management of any malfunctions and help determine remedial measures.

The overall system also involves the participation of external players, including the Statutory Auditors. It is not part of the legal engagement of the Statutory Auditors to assume ownership of the internal control and risk management systems. Their responsibility is to review these systems and to issue an independent opinion on their suitability. Each year the Statutory Auditors perform a Group audit as part of their legal engagement to certify the consolidated financial statements and to audit the separate financial statements of Group companies. In compliance with French commercial law, the certification of Assystem's consolidated and parent company financial statements is carried out by two Statutory Auditors, who jointly examine all the financial statements, the methods used for their preparation and specific internal control procedures related to the preparation of accounting and financial information. The Statutory Auditors present their observations concerning the Chairman's report and the internal control procedures relating to the preparation and processing of accounting and financial information, and they certify that the other information required by law has been disclosed.

8.1.3.2 Internal control objectives

The Group's internal control system aims to provide appropriate and reasonable assurance of:

- the reliability of financial information;
- compliance with the applicable legislation and regulations;
- the proper functioning of internal processes, such as those used to safeguard the Company's business and assets;
- the application of instructions and guidelines stipulated by the Board of Directors.

More generally, it helps the Group manage its business activities and ensure the effectiveness of its operations and processes and the efficient use of its resources.

In line with the above, the internal control system has five main objectives which can be summarised as follows:

Objective	Reasonable assurance
Finance	That the financial information produced and published is reliable.
Compliance	That the applicable laws, regulations, standards and all other obligations are respected.
Operations	That operations, activities and processes work effectively and efficiently.
Integrity	That assets (human, tangible and intangible) are secure and protected.
Strategy	That the Group's strategy and the resources put in place to implement it contribute to achieving the objectives of growth, profitability and business sustainability.

8.1.3.3 Components of the internal control system

The main procedures of the internal control system, in particular those relating to the preparation and processing of accounting and financial information, are described in the Section below, "Organisation, responsibilities, operating procedures and tools".

8.1.3.3.1 ORGANISATION, RESPONSIBILITIES, OPERATING PROCEDURES AND TOOLS

Organisation

The Group's organisational structure is largely decentralised, which by definition results in a high degree of delegation of operational, functional and legal responsibilities to company officers and managers. Its internal control system and information systems therefore need to be adapted to this structure in order to effectively contribute to monitoring its operations.

Delegations of authority and responsibilities are drawn up in writing after approval by management.

The Group's Code of Conduct, validated by the Board of Directors, is available to all employees.

Responsibilities

The responsibilities assigned to employees are set out in writing in job descriptions which are validated by their line managers and supplemented, where applicable, by delegations of authority. Job descriptions help to clarify the nature of the work and transactions for which the employees are responsible by clearly describing the type and method of supervision applicable and by integrating, where required, the internal control dimension by setting out their responsibilities related to complying with and updating procedures, etc.

The delegations of authority describe the permanent or temporary transfer of responsibilities and chiefly relate to the departments involved in financial transactions (incurring and authorising capital expenditure, ceilings set regarding procurement, supplier payments, etc.). The bank signing powers put in place at local level must reflect these delegations of authority as closely as possible.

Having suitable resources to achieve its objectives is essential for the Group, notably due to the high levels of staff turnover. The Human Resources Departments play a key role in guaranteeing this suitability. In conjunction with the Operations Departments, they draw up staff training plans and coordinate annual performance appraisals during which the achievements for the past year are reviewed, targets for the following year are set and the skills that need to be acquired or consolidated are identified.

Operating procedures

Business operating procedures

The Group has put in place a quality management system (QMS) which is available on its Intranet in France, the United Kingdom and Germany, the three main countries in which it operates. The QMS – which is a key repository of information on quality for the Group's operations – is also applicable in other countries that are significant for the Group's business. It includes a map of business processes and a set of related procedures and instructions. The quality managers use this system to carry out periodic audits aimed at assessing whether the applicable quality standards are being respected.

Pre-sales and client contracts

Pre-sales and client contract processes are defined in the QMS.

Before any bid is submitted, an internal decision-making process takes place on whether or not to actually respond to the client's invitation to tender. If the decision is positive, a technical and commercial bid is drawn up and is then subject to validations concerning its technical, financial, and legal aspects.

Performing services and reviewing ongoing projects

Contracts are managed by project managers. Monthly reviews are organised, at an operational level, for major fixed-fee projects, involving an examination of the project's technical status, costs and revenues, cash flow curve and margin on completion. In addition, within the Group, a task force (essentially made up of operations managers) conducts periodic project audits covering all of the Group's business units.

This project management system has been rounded out *via* the creation of the Project Management Community, which now provides a forum for around 500 of the Group's leading project managers to exchange ideas, share experiences and achieve continuous improvement. Assystem also has a Project Management Institute, which was created at the same time as the Project Management Community with a view to strengthening the project culture within the Group. The Project Management Institute provides a specific and structured training programme each year, facilitating the development and assessment of project managers' skills. In 2015, a new training course on "Earned Value Management" was added to the Institute's catalogue.

The risk analysis procedure created in 2013 has now been fully rolled out across all existing offerings and contracts. Training on this procedure is provided to some 50 project managers every year.

Project reviews are also organised on a quarterly basis at the Group's head office in the presence of the CFO & Deputy CEO and the Executive Vice-President in charge of HR development. These reviews relate to projects that represent amounts exceeding a defined threshold (which varies depending on the scopes and countries concerned) as well as projects that have specific characteristics or are exposed to specific risks. They are used to examine the technical and financial progress of the projects and to update the assessment of associated risks, and where required, to draw up appropriate action plans and determine the ways and means to implement them (both for clients and in-house).

Human resources, recruitment, and payroll management

Human resource requirements are determined by line management, and the corresponding recruitment procedures are defined and managed by each country's Human Resources Department. Overall budgets for remuneration increases are managed at the level of each operating entity and each country and are reviewed and validated by the management team.

Administrative procedures

Sales

In France, investigations are carried out before any client account is opened in order to ensure the client's solvency (supported by a monitoring process to alert the Company to any major changes in solvency). All client accounts are covered by a debt recovery procedure based on tailored reminder scenarios.

For this purpose, the Company uses client account and debt recovery management software in France. This software is used at various stages of the billing process as from when the invoice is issued: pre-reminders before the due date, reminders, identification of late payments, identification of disputes and monitoring of their resolution, inventory of promises to pay (and verification of invoice payments at the specified dates).

Similar procedures, adapted on a case-by-case basis to the specific businesses and countries concerned, are implemented in the Group's non-French entities. Consequently, the measures and procedures put in place to prevent client risks and to improve the effectiveness of trade receivables recovery allow the Group, as far as possible, to limit bad debts and ensure good generation of operating cash flow.

In addition, the Group has strict internal rules that apply to all consolidated entities and which stipulate the revenue recognition procedures for the various types of activities and projects (mainly time and materials, work packages and fixed-fee projects).

Lastly, the Group has drawn up reinforced General Terms and Conditions of Service, which are systematically integrated into the bids it submits to clients.

Real estate

If new premises are required for particular operations, a statement of requirements is drawn up by the operations manager concerned, which is then validated by the head of the relevant Business Unit and forwarded to the General Services Department at Group and/or country level for processing and examination of the corresponding business case. The executive management team is then responsible for analysing the project and validating the size and cost of the premises selected.

The Procurement and General Resources Department then participates at various stages of the negotiation process in order to ensure that leases are effectively tracked, in France, and where necessary, in other countries. Regular budget reviews concerning premises both in and outside France are carried out so that information can be regularly exchanged between the General Services and Management Control Departments and that data on existing premises can be updated and current and future projects analysed.

Delegations of authority

The principles applicable to the delegations of authority put in place meet a three-fold objective:

- to raise the awareness of operations managers about their responsibilities in terms of health and safety;
- to create a power of representation for the Assystem Group for the benefit of operations managers;
- to set a precise framework within which operations managers exercise their authority (including the possibility of sub-delegation).

The delegations mainly concern commitments directly related to operational areas (hiring of consultants or sales managers, signature of client contracts, dispute management, etc.).

Bank signing powers are only partly delegated, in France and abroad, and for limited amounts.

Budgeting and management control

The various operating units draft and present their strategy and annual budget to the executive management team. The Group's annual budget is then approved by the Audit Committee and the Board of Directors.

The Group Finance Department carries out a monthly analysis and cross-check of the various key reporting indicators in order to identify any variation from forecasts, detect any significant shortfalls (notably in terms of the gross margin on contracts, operating gross margin, the operational non-billing rate and client payment times) and propose remedial measures if required.

Purchases

Purchasing procedures are subject to separate controls at the following stages of the process:

- issue of the requirement by the internal client;
- purchase of the equipment or service by the department concerned (general services, IT, etc.);
- validation of the service and/or delivery by the department concerned;
- validation of the payment authorisation and invoice by the Accounting Department based on the various relevant documents.

Payment of invoices is organised by the Accounting Department, which ensures that upstream controls have been carried out and checks, using sampling techniques, the information used as the basis for validating the invoices.

The Group has strengthened its General Purchase Conditions.

Consolidation

The Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), based on accounting data prepared under the responsibility of the heads of its operating units.

Points of particular significance for the Group are dealt with centrally. For example, the Group Finance Department reviews the accounting treatment of disposals and acquisitions of assets and shares and the regular tests carried out on the value of the Company's assets.

Accounting

The Group Finance Department coordinates the accounts closing processes and sends out any necessary memorandums and instructions to all consolidated entities. In addition, it meets regularly with the Statutory Auditors in order to present specific and significant transactions carried out during the year and the accounting options selected.

Financing and cash management

The Group has put in place a centralised management system for cash and investments, by setting up a cash pool for entities in Eurozone countries and putting in place other cash centralisation procedures for other entities. The Board of Directors defines the cash management policy on a yearly basis with the overall aim of guaranteeing the liquidity and security of investments.

Currency and interest rate hedges as well as the counterparties for these hedges are centralised at the level of Assystem SA. The number of banks used for these instruments is limited.

The Group has chosen Swift Net to ensure that its bank messaging is secure. Combined with its cash management software in Saas mode, this solution provides an optimised system for centrally managing the Group's cash on a day-to-day basis and for minimising financial risk by offering a fully integrated management solution for cash and payments.

The Group monitors actual and forecast cash flows for each subsidiary on a monthly basis, in France and in other countries. These reviews cover the forecasts for the main cash flows related to operating, financing and investing activities.

In 2016, the Group rolled out across the majority of its consolidated entities a web-based system for cash flow consolidation, reporting and analysis, which provides specific responses for highly operational issues, including:

- building and structuring processes for monitoring "sliding" and updated cash flow forecasting;
- standardising and simplifying the reporting and data collection processes;
- analysing, for a given period, gaps between actual and forecast figures;
- easily dealing with the other issues that arise as a result of the Group's activities (cash pooling, inter-company transactions, multiple currencies, identification of cash and non-cash flows).

Financial commitments

Financial commitments – including off-balance sheet commitments – require prior approval. In addition, as part of the accounts closing process, the operating units are required to list all of the commitments they have given and received.

Capital expenditure

A capital expenditure authorisation procedure covering all capex categories is applicable to all Group subsidiaries. Given the Group's business, these expenditures are limited and mainly concern computer hardware and software.

Insurance

The list of insurable risks and the risk coverage policy are managed by the Group Legal Affairs Department. Assystem's Human Resources Department is responsible for overseeing the specific insurance programmes applicable to employee expatriation assignments (to and from France). Entities held by MPH Global Services SAS and which operate in the Middle East and Africa have their own insurance programme for their expatriation assignments.

Legal disputes

Legal disputes involving Assystem SA and its subsidiaries are monitored and reported on a continuous basis by the Group Legal Affairs Department in conjunction with legal experts at the level of the operating division and/or countries concerned. A quarterly reporting system has been set up in France whereby the potential financial impact of legal disputes is analysed by the finance directors of each Operations Department, and, if required, by the Group Finance Department.

Legal management of subsidiaries and equity interests

The Corporate Legal Affairs Department has deployed the Enablon software for managing the Group's subsidiaries and equity interests in France, Germany, Spain, the UK and the Middle East, enabling it to:

- have a cross-functional and centralised management system for holdings and subsidiaries, covering financial, legal, accounting and tax issues;
- have software with an integrated data security function;
- introduce a fast, reliable and powerful tool, which can support the Group's international growth strategy and deal with the increasing complexity of its operations, and which is available to all support functions (consolidation, accounting, cash management, tax, country-level finance directors, legal experts, etc.).

Disposals – Acquisitions

The identification of acquisition targets and their pre-selection are initiated by a dedicated department and/or the operations department concerned and are then validated by the executive management team and the Finance Department.

Following the performance of operational, financial, HR, tax and legal audits, aimed at ensuring the targets are compatible with the Group's business model as well as reviewing their financial performance and identifying potential risks, acquisition proposals are presented to the Board of Directors for approval.

Acquired companies are immediately integrated into the Group's operational and management reporting process and, depending on their size, the Group's information systems are deployed to guarantee the reliability of financial information.

Disposals of assets or securities are validated by the Board of Directors and the executive management team and are managed and monitored at Group level in conjunction with the operations department concerned.

Communication of results

The preparation and validation of press releases and investor presentations concerning the Group's results are governed by a specific procedure involving the Group's executive management team, the Finance Department, the Communications Department and the Statutory Auditors. Draft earnings releases are submitted to the Audit Committee and the Board of Directors for review.

The Group takes all reasonable measures to provide regular, reliable, clear and transparent information to its shareholders and financial analysts.

Information is provided through press releases, the quarterly publication of the Group's revenue figures and the half-yearly and yearly publication of its results.

The Group organises meetings with financial analysts twice a year, when it publishes its results, as well as conference calls four times a year, when it publishes its quarterly revenue figures.

Tools

The Group has put in place a set of key indicators which enable it to monitor project management. These indicators are tracked during the quarterly project reviews carried out with operations staff by the CFO & Deputy CEO and the Executive Vice-President in charge of HR development. The Group's financial reporting also includes a series of indicators and aggregates which allow for a finely-tuned analysis of the performance of the various subsidiaries and business units. In addition to these indicators, the Group specifically monitors its indirect costs, billable staff time and billing rates. All of the tools implemented are also rounded out by the Group's internal control measures.

8.1.3.3.2 INTERNAL COMMUNICATION

The Intranet and the reporting and consolidation system are the two centralised communication channels used by the Group to relay key information that is necessary for the people concerned to exercise their responsibilities.

The QMS manual and the main procedures applicable at local level (relating to IT, human resources and project management) are published on the Intranet.

All of the subsidiaries are equipped with the reporting and consolidation system (LINK), which is the platform used for the financial information published by the Group. An accounting guide is distributed to all Group subsidiaries to ensure that information is submitted in a standardised fashion.

The Group communicates with its subsidiaries by circulating memorandums and procedures in order to ensure that matters affecting the Group as a whole, such as investments, cash management, the monitoring of trade receivables, etc., are dealt with in a consistent manner.

Lastly, subsidiaries are responsible for setting up and maintaining management information systems that are compatible with the Group's objectives in terms of reporting financial information and managing projects. At this stage, the Group has not opted to implement a shared management information system for all of its subsidiaries as it considers that the nature of its activities does not require a Group-wide system. It does, however, take care to ensure that the descriptions and content of its key performance indicators are harmonised for comparable activities in order to enable cross-business analyses (in particular project profitability analyses) to be carried out based on the same data, and to facilitate the exchange of skills between business units and countries.

8.1.3.3.3 IDENTIFYING, ANALYSING AND MANAGING RISKS

The Group attaches critical importance to effectively managing its risks.

The main categories of risk to which the Group is exposed are as follows:

- financial risks;
- contractual risks;
- employee-related risks;
- market-related risks;
- risks relating to IT systems.

The "Risk Factors" Chapter of this Registration Document (Chapter 5) describes the Group's main risks as well as the measures implemented to manage them.

The quarterly project reviews help to identify the risks involved in ongoing projects and to decide on any actions to be taken to reduce them. These reviews – which mainly relate to fixed-fee projects – are carried out using check-lists and enable the following areas to be dealt with:

- recognition of revenue in line with the financial progress of the contract;
- margin on completion;
- contractual risks and related reserves and provisions;
- cash flows.

Each business unit also carries out monthly project reviews, which cover the vast majority of ongoing projects.

The executive management team, the Operations Departments and the Human Resources Departments are responsible for assessing employee-related risks. These risks mainly stem from the high levels of staff turnover that are a characteristic feature of the engineering and consultancy industries.

A member of the executive management team is in charge of developing human resources within the Group. Working closely with all the relevant parties, he defines the key aspects of the Group's human resources policy and the main priorities of annual recruitment campaigns. The various human resources teams also work closely together in order to effectively manage the risks relating to periods between contracts and the transfer of skills from one sector to another.

Because the Group has a diversified client base and works in different business sectors it is able to satisfactorily balance the risks relating to the markets in which it operates. The executive management team meets regularly to discuss any actual or potential changes in the Group's economic and commercial environment and determine any measures that need to be put in place as a result of such changes.

Management and operational IT systems are vital for the Group to carry out its activities In order to effectively deal with the risks relating to these systems, the Group has established a series of procedures intended to guarantee the security of systems and information as well as data integrity and the continuity of operations. These key procedures include a business continuity plan.

The risk mapping procedure implemented by the Group covers the different categories of major risks to which the Group is exposed and measures these risks in terms of impact and vulnerability (*i.e.* net exposure to risks after taking existing controls and risk reduction measures into account).

Assystem has opted for a "top-down" approach to allow the Group's management to obtain an overall view of the risks to which the Group is exposed. This overall view emerges as a result of discussions with members of the executive management team and with Assystem's key operations and corporate support managers. The discussions are based on an inventory of the main risk factors and an assessment of their potential impact and probability of occurrence, and they cover the following main themes:

- business/operations;
- contract and project management;
- HR/people and skills management;
- finance;
- legal and fiscal compliance;
- results and performance;
- image and reputation.

For each of the above categories, the main risks have been identified, defined and assessed in terms of their impact and probability of occurrence.

The criteria used to assess the impact of identified risks and the probability of their occurrence are described below.

Impact

For risks whose consequences can be measured in monetary terms, their impact on consolidated operating profit is determined in accordance with the following scale.

Magnitude	Monetary impact on operating profit
Very low	Less than €1m
Low	Between €1m and €3m
Medium	Between €3m and €5m
High	Between €5m and €8m
Very high	Over €8m

The consequences of risks that affect the Group's image and reputation cannot be measured in monetary terms and are therefore assessed based on potential fallout in terms of media coverage and/or crisis management.

Magnitude	Non-monetary impact in terms of media coverage and/or crisis management
Very low	No specific media coverage
Low	Local media coverage; crisis unit limited to local managers
Medium	Regional media coverage; crisis unit involving local managers and BU/divisional directors
High	National media coverage; crisis unit involving the Group's management bodies
Very high	International media coverage; crisis unit involving the Group's management bodies and direct referral to the Board of Directors

Probability

The probability of risks occurring is measured by reference to the past occurrence of comparable and/or similar events, according to the following scale:

Extent	Occurrence of comparable/similar events in the past
Improbable (less than 5%)	Never occurred in the past 5 years
Unlikely (between 5% and 15%)	Occurred once or twice in the past 5 years
Possible (between 15% and 30%)	Occurred once a year in the past 5 years
Very possible (between 30% and 90%)	Occurred more than once a year in the past 5 years
Certain (over 90%)	The risk is the result of non-compliance

The various risks thus assessed are positioned on a map with two axes (impact and probability), which is then used to rank them as follows:

- **high probability/significant impact:** priority risks which require attention and monitoring by the Board of Directors. These risks are placed under the direct responsibility of one or more members of the Board of Directors, who are tasked with ensuring that a related action plan is in place and that the resulting measures taken effectively reduce the level of risk;
- **high probability/low to medium impact:** risks requiring that the Board of Directors is regularly informed in order to provide it with a reasonable assurance of the proper functioning of controls aimed at reducing the possibility of the risks occurring;
- **low to medium probability/low to medium impact:** risks requiring that the Board of Directors is regularly informed in order to provide it with reasonable assurance of the proper functioning of controls aimed at mitigating the impact in the event that the risks occur;
- **low probability/low impact:** non-priority risks requiring that the Board of Directors is periodically informed in order to provide it with reasonable assurance of the proper functioning of controls aimed at containing the risks in this category or completely eliminating them.

8.1.3.3.4 CONTROL ACTIVITIES IN LINE WITH OBJECTIVES

In view of the Group's high degree of decentralisation and its policy of delegating powers and responsibilities, the scope of the controls implemented is defined by each subsidiary's management team based on the Group's underlying internal control framework.

The main purpose of the controls performed is to reduce the major risks to which the Group is exposed.

The principal categories of control activities cover the following areas:

- contract authorisation: the Group has established delegation principles which give the appropriate managers the necessary powers to authorise contracts. The controls performed cover each contract phase:
  - selection of invitations to tender,
  - submission of bids,
  - definition of billing rates and pricing,
  - contract riders;
- contract review: the Legal Affairs Department conducts an independent review of major contracts before they enter into force. In particular, the Legal Affairs Department is responsible for defining the general terms and conditions of services, which are stated on client invoices;
- time management and billing: each subsidiary verifies the time entered into the applications used for this purpose. The controls carried out ensure that time is correctly allocated to ongoing projects and also trigger client invoicing;
- payments: the Group has introduced a dual signature policy for means of payment. In line with this policy, the Company defines thresholds for the authorisation of subsidiaries' expenses based on categories of authorised signatories. The secure bank messaging system, "swaps", is used to ensure that the policy is respected. In order to reinforce the supervision and control of certain geographically distanced subsidiaries, the Group Treasury Department receives details of monthly expenses incurred and carries out *ex-post* controls on these expenses;
- budget and budget adjustments: each subsidiary presents the budget that it has drawn up for the current financial year to the members of the executive management team who authorise budgets. The same procedure applies to budget adjustments that are made during the year;
- periodic results and reporting: periodic results are reported every month *via* the reporting and consolidation application (LINK). The Group Finance Department conducts a critical review of these results and obtains any further information that it may require from the relevant subsidiaries.

The Group also places particular importance on the appropriate segregation of tasks in order to strengthen the controls undertaken in relation to critical transactions, particularly payments.

In small-sized entities, the appropriate segregation of tasks is sometimes difficult to achieve owing to the entity's organisational structure. In such cases, specific controls are put in place, essentially in the form of increased supervision by management, which conducts an independent review of critical transactions for control and authorisation purposes.

8.1.3.3.5 ONGOING MONITORING OF THE INTERNAL CONTROL PROCESS

Overseeing the internal control process is one of the primary duties of the Board of Directors and the Audit Committee as well as of the Group's support and Operations Departments.

The Group's executive management team defines the Group's overall internal control principles and ensures that they are correctly applied.

The Audit Committee examines the main reports related to the accounts as well as those concerning internal control.

The internal control process is also assessed by local management (managing directors and finance directors) by way of letters issued by these executives certifying compliance with the applicable procedures for preparing the financial statements and other information provided in connection with the preparation of the annual accounts.

8.1.3.3.6 2017 ACTION PLAN

The Group has made internal control part of a continuous improvement plan with the aim of enhancing the operational effectiveness of its processes. In line with this, the action plan drawn up for 2017 notably includes carrying out a priority review of recently-acquired subsidiaries, covering financial and legal issues as well as IT systems.

Paris, 7 March 2017

Dominique Louis

Chairman of the Board of Directors

8.2 STATUTORY AUDITORS' REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L. 225-235 OF FRENCH COMPANY LAW *(CODE DE COMMERCE)* ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS OF THE COMPANY ASSYSTEM SA

This is a free translation into English of the Statutory Auditors' report issued in French prepared in accordance with Article L. 225-235 of French company law on the report prepared by the Chairman of the Board of Directors on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information issued in French and is provided solely for the convenience of English speaking users.

This report should be read in conjunction and construed in accordance with French law and the relevant professional standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Assystem SA and in accordance with Article L. 225-235 of French company law *(Code de commerce)*, we hereby report on the report prepared by the Chairman of your Company in accordance with Article L. 225-37 of French company law *(Code de commerce)* for the year ended 31 December 2016.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report on the internal control and risk management procedures implemented by the Company and containing the other disclosures required by Article L. 225-37 of French company law *(Code de commerce)*, particularly in terms of corporate governance.

It is our responsibility:

- to report to you on the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information; and
- to attest that this report contains the other disclosures required by Article L. 225-37 of French company law *(Code de commerce)*, it being specified that we are not responsible for verifying the fairness of these disclosures.

We conducted our work in accordance with professional standards applicable in France.

Information on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consisted mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and the existing documentation;
- determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the Company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the Chairman of the Board in accordance with Article L. 225-37 of French company law *(Code de commerce)*.

Other disclosures

We hereby attest that the Chairman's report includes the other disclosures required by Article L. 225-37 of French company law *(Code de commerce)*.

Paris la Défense et Neuilly-sur-Seine, 30 March 2017

The Statutory Auditors:

French original signed by

KPMG Audit Division of KPMG SA	Deloitte & Associés
Éric ROPERT *Partner*	Albert AÏDAN *Partner*

8.3 SPECIAL REPORT ON AWARDS OF FREE SHARES AND PERFORMANCE SHARES

8.3.1 FREE SHARE AND PERFORMANCE SHARE AWARDS (ARTICLE L. 225-197-4 OF THE FRENCH COMMERCIAL CODE)

Annual General Meeting of 16 May 2017

To the Shareholders,

In accordance with Article L. 225-197-4 of the French Commercial Code, we hereby report to you on free share and performance share awards made (i) to corporate officers and certain employees of Assystem, and (ii) within Assystem's subsidiaries.

8.3.2 FREE SHARE AND PERFORMANCE SHARE AWARDS DECIDED BY THE COMPANY'S MANAGEMENT BOARD

In the year ended 31 December 2011

During 2011, the Management Board used the authorisation granted in the 15th resolution of the Annual General Meeting of 5 May 2010 as follows:

- at its meeting on 13 April 2011, it awarded 20,500 performance shares to certain Group employees;
- at its meeting on 28 October 2011, it awarded 43,360 performance shares to certain Group employees;
- At its meeting on 29 November 2011, it awarded 108,900 performance shares to certain employees of Group companies in France and abroad.

The vesting periods under the plans concerned ended on 14 April 2013, 29 October 2013 and 30 November 2013 respectively and the applicable lock-up periods ended on 14 April 2015, 29 October 2015 and 31 March 2016 respectively.

In the year ended 31 December 2012

During 2011, the Management Board used the authorisation granted in the 15th resolution of the Annual General Meeting of 5 May 2010 as follows:

- at its meeting on 13 March 2012, it awarded 60,000 performance shares to members of the Company's Management Board (with the exception of the Chairman). These shares vested after a period of three years, subject to the beneficiaries still forming part of the Group at that date and to the achievement of the applicable performance conditions (with each condition accounting for one third of the vested shares);
- at its meeting on 13 March 2012, it awarded 1,000 free shares to certain Group employees in France[1];
- at its meeting on 7 November 2012, it awarded 46,393 performance shares to certain Group employees[1].

The vesting periods under the plans concerned ended on 14 March 2015 and 8 November 2014 respectively and the applicable lock-up periods ended on 8 November 2016 and 14 March 2017 respectively.

In the year ended 31 December 2013

No free shares or performance shares were awarded in 2013.

In the year ended 31 December 2014

During 2014, the Management Board used the authorisation granted by shareholders in the 19th resolution of the Annual General Meeting of 22 May 2013 as follows:

- at its meeting on 24 March 2014, it awarded 9,000 free shares to certain employees of Group companies in France[1];
- at its meeting on 12 May 2014, it awarded 6,000 free shares to certain employees of Group companies in France[1].

8.3.3 FREE SHARE AND PERFORMANCE SHARE AWARDS DECIDED BY THE COMPANY'S BOARD OF DIRECTORS

In the year ended 31 December 2014

During 2014, the Board of Directors used the authorisation granted by shareholders in the 25th resolution of the Annual General Meeting of 22 May 2014 as follows:

- at its meeting on 22 May 2014 meeting, it awarded 500 free shares to certain employees of Group companies in France[1];
- at its meeting on 7 July 2014 meeting, it awarded 1,500 free shares to certain employees of Group companies in France[1].

The vesting periods under the plans concerned ended on 24 March, 12 May, 22 May and 7 July 2016 respectively and the applicable lock-up periods end on 24 March, 12 May, 22 May and 7 July 2018.

In the year ended 31 December 2015

At its meeting on 29 April 2015, the Board of Directors used the authorisation granted by shareholders in the 25th resolution of the Annual General Meeting of 22 May 2014 to award 2,500 free shares to an employee of a Spanish subsidiary of the Assystem Group[1].

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(1) The vesting of these shares was/is subject to the beneficiary still forming part of the Group at the vesting date.

The vesting period for this free share plan will end on 29 April 2017 and the lock-up period will end on 29 April 2019.

In the year ended 31 December 2016

At its meeting on 4 July 2016, the Board of Directors used the authorisation granted by shareholders in the 24th resolution of the Annual General Meeting of 24 May 2016 to award 300,300 performance shares to 91 people[1].

The vesting period for this performance share plan will end on 30 April 2017 for Tranche 1 and 30 April 2020 for Tranche 2. There is no lock-up period.

At its meeting on 7 November 2016, the Board of Directors used the authorisation granted by shareholders in the 24th resolution of the Annual General Meeting of 24 May 2016 to award 7,000 performance shares to 1 person[1].

The vesting period for this performance share plan will end on 31 December 2018 and there is no lock-up period.

8.3.4 FREE SHARES AND PERFORMANCE SHARES AWARDED DURING THE YEAR ENDED 31 DECEMBER 2016 BY RELATED COMPANIES AS DEFINED IN ARTICLE L. 225-197-2 OF THE FRENCH COMMERCIAL CODE

None.

8.3.5 FREE SHARES AND PERFORMANCE SHARES AWARDED BY CONTROLLED COMPANIES AS DEFINED IN ARTICLE L. 233-16 OF THE FRENCH COMMERCIAL CODE

None.

8.4 SPECIAL REPORT ON STOCK OPTIONS

Not applicable.

Paris, 7 March 2017

Dominique Louis

Chairman and Chief Executive Officer

(1) The vesting of these shares was/is subject to the beneficiary still forming part of the Group at the vesting date.

9

APPENDICES

9.1 STATEMENT BY THE PERSONS RESPONSIBLE FOR THE 2016 REGISTRATION DOCUMENT

We hereby state that having taken all reasonable care to ensure that such is the case, the information contained in this Registration Document is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

We further state that, to the best of our knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and the consolidated group as a whole and that the management report as referred to in the cross-reference table on pages 180 and 181 of this Registration Document presents a fair view of the business, results and financial position of the Company and its consolidated entities, as well as a description of the main risks and uncertainties to which they are exposed.

We obtained a completion letter from the Statutory Auditors confirming that they have read the whole of the Registration Document and verified the information about the Group's financial position and the accounts contained therein.

Paris, 30 March 2017

French original signed by:

Dominique Louis
Chairman and CEO of Assystem SA

Philippe Chevallier
Person in charge of financial information
Chief Financial Officer & Deputy CEO

9.2 CROSS-REFERENCE TABLES

CROSS-REFERENCE TABLE FOR DISCLOSURES REQUIRED IN THE ANNUAL FINANCIAL REPORT IN ACCORDANCE WITH ANNEX I OF EUROPEAN COMMISSION REGULATION (EC) NO. 809/2004

The following cross-reference table can be used to identify the information contained in this Registration Document that is required in accordance with Annex I of European Commission Regulation (EC) no. 809/2004 dated 29 April 2004.

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CROSS-REFERENCE TABLE FOR INFORMATION REQUIRED IN THE MANAGEMENT REPORT

The following cross-reference table identifies the information contained in this Registration Document that constitutes Assystem's management report, as required in accordance with the applicable laws and regulations and in particular Articles L. 225-100 *et seq.* of the French Commercial Code.

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In accordance with Article 28 of European Commission Regulation (EC) no. 809/2004 of 29 April 2004, the following information is incorporated by reference into this Registration Document:

- the consolidated financial statements for the year ended 31 December 2015, the accompanying notes, the Statutory Auditors' report and the related management report, presented from page 78 to 148 and on page 149 respectively of the Registration Document filed with the AMF on 13 April 2016 under number D. 16-0326;
- the consolidated financial statements for the year ended 31 December 2014, the accompanying notes, the Statutory Auditors' report and the related management report, presented from page 82 to 140 and on page 141 respectively of the Registration Document filed with the AMF on 17 April 2015 under number D. 15-0376.

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5	Other information	N/A	
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5.2	Information about payments made to the authorities of each country in which the Company exercises the following business activities: exploring, prospecting, discovering, extracting or mining Oil & Gas, coal and brown coal, ores, stone and sand and clay, inorganic minerals and mineral fertilizer, peat, salt, and any other mineral resources, and logging virgin forests	N/A	N/A

CROSS-REFERENCE TABLE FOR DISCLOSURES REQUIRED IN THE ANNUAL FINANCIAL REPORT

The following cross-reference table identifies the information contained in this Registration Document that constitutes Assystem's annual financial report, as required in accordance with Article L. 451-1-2 of the French Monetary and Financial Code and Article 222–3 of the AMF's General Regulations.

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CROSS-REFERENCE TABLE FOR HR, ENVIRONMENTAL AND SOCIO-ECONOMIC INFORMATION

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