Special report by the Chairman of the Board of Directors

on the conditions governing the preparation and organization of the work of the Board and on internal control procedures implemented by the Company (articles L. 225-37 and L. 225-68 of the French Code of Commerce)

Dear Shareholders,

Pursuant to the provisions of articles L. 225-37 and L. 225-68 of the French Code of Commerce, I hereby present my report on the conditions governing the preparation and organization of the work of the Board and on internal control procedures implemented by your Company. This report was prepared on the basis of information received from all corporate departments. It was written by the General Secretary and the Chairman and CEO of Colas, was submitted to the Audit Committee and subsequently approved by the Board of Directors in its meeting of February 24, 2009.

The Board of Directors

Overview of the organization of the Board of Directors

Membership

As of its meeting of February 24, 2009, your Board consisted of the following ten Directors:

Hervé Le Bouc
Christian Balmes
Olivier Bouygues
Alain Dupont
Thierry Genestar
Jean-François Guillemin
Patrick Le Lay
Philippe Marien, permanent representative of Bouygues
Thierry Montouché
Michel Roullet

These Directors are appointed by the Shareholders' Meeting for a term of two years.

Changes in the membership of the Board in 2008

The Shareholders' Meeting held on April 16, 2008 reappointed two Directors, Jean-François Guillemin and Patrick Le Lay.

Proposed changes in Board membership submitted to the Shareholders' Meeting

A proposal will be submitted to the Shareholders' Meeting of April 15, 2009 recommending that the Meeting reappoint six Directors for a further term of two years: Hervé Le Bouc, Christian Balmes, Olivier Bouygues, Thierry Genestar, Thierry Montouché, and Bouygues and to appoint François Bertière for a term of two years. The Board will hence be composed of nine Directors.

Meetings

The Board of Directors met three times in 2008 to transact ordinary business, a frequency that will be increased to four times beginning in 2009 (specifically, in the months of February, May, August and November). In February, the Board approves the financial statements for the previous fiscal year and reviews the Group's strategic priorities for each business segment. In August, it reviews the Company's performance during the first half of the year and analyzes business activity and profit forecasts for the current and following years. In November, and from 2009 in May, interim business activity and profitability indicators are reviewed. The agenda of meetings of the Board called to transact ordinary business is generally divided into three parts: current business activity and outlook; review of financial statements; legal issues. A set of documents dealing with legal matters in particular is presented to each Director.

Chairman and CEO

The Board of Directors has decided not to separate the roles of Chairman and CEO.

Audit and Compensation Committees

The Board is assisted in the performance of its duties by an Audit Committee and a Compensation Committee. The responsibilities of these committees and their operating guidelines are defined in the Board's internal rules and regulations.

Founded in February 2003, the Audit Committee meets four times each year to review the consolidated and parent company financial statements in advance of Board of Directors' meetings. The members of the Audit Committee are Philippe Marien (Chairman), Christian Balmes, and Thierry Montouché.

Its mission is to assist the Board in guaranteeing the accuracy, reliability and fair presentation of these statements and the quality of the information communicated, in particular to shareholders. It reviews the interim and annual financial statements as well as the internal financial results for the periods ending April 30 and September 30. It ensures the relevance of accounting policies and principles, evaluates the main financial risks, assesses internal control systems in place, and issues recommendations. Lastly, it determines criteria for the appointment of statutory auditors and is notified of their mission schedules as well as their recommendations.

Founded on April 17, 1991, the Compensation Committee is responsible for recommending to the Board the compensation and benefits to be received by the Chairman and Chief Executive Officer. The current members of this committee are Jean-François Guillemin and Olivier Bouygues.

Activity report of the Board of Directors for the fiscal year ended December 31, 2008

The Board met four times over the course of the 2008 fiscal year. The average attendance rate at Board of Directors' meetings was 85%.

The main items of business discussed by the Board in 2008 are described below. The Board approved the annual and interim financial statements after having reviewed the reports submitted by the Audit Committee, examined the financial statements themselves, set the amount of the dividend as well as its payment terms and conditions, and validated the prospectus for the share buyback program. In particular, the Board introduced the option to receive the dividend in the form of shares.

On February 21, 2008, the Board approved the co-optation of Jean-François Guillemin as Director to replace Oliver Poupart-Lafarge, who had resigned and, since Philippe Marien had previously taken over the former's position as Bouygues' permanent representative on the Board, proposed that the Shareholders' Meeting ratify this co-optation and the renewal of this appointment. The Board also examined the Group's business activity and results for 2007, the performance of each of its business segments, the Group's strategies and outlook for 2008, its industrial potential and future strategies, the year's investments (including acquisitions made in 2007 and their impact in terms of production, aggregate reserves and revenue), the investment budget for fiscal year 2008 (two proposed acquisitions, one in the Caribbean, the other in Australia), and evaluated the success of safety improvement initiatives. The parent company and consolidated financial statements were approved with the proposed appropriation of earnings, as well as the compensation awarded to the Chairman and the amount and allocation of directors' fees under the authorization granted by the Shareholders' Meeting. The Combined Shareholders' Meeting was also convened.

On June 23, 2008, the Board met in emergency session to review and authorize a certain number of regulated agreements and bond issues relating to the contract between Communauté d'agglomération rémoise and Société Mobilité Agglomération Rémoise SAS (known as Mars), in which Colas has an 8.5% stake, for the design, financing, construction, operation and maintenance of the first tramway in Reims.

In its meeting of August 27, 2008, the Board examined the situation of the parent company and its subsidiaries for the six-month period ending June 30, 2008, reviewed the progress of investments, discussed a potential acquisition in Romania, and examined the interim parent company and consolidated financial statements.

In its meeting of November 27, 2008, the Board reviewed the Group's business activity during the third quarter of 2008 and its outlook, investments made, two proposed acquisitions, and the parent company and consolidated financial results for the period ending September 30, 2008. A proposed three-year business plan for the period 2008-2011 was also examined.

Operations of the committees established by the Board

Audit Committee

The Audit Committee met twice during the year, on February 19 and August 25, 2008. The average attendance rate at these meetings was 100%. During its meetings, the Audit Committee notably reviewed, on February 19, 2008, the Group's accounting policies and the changes introduced in accordance with the adoption of IAS 19 relating to employee benefits, which allows for the recognition in equity of actuarial gains or losses arising from these benefits. The Committee took due note of the production of a new statement of gains and losses recognized directly in equity. The new mandatory accounting standards scheduled to come into effect were examined, with the conclusion that their impact should not be material. Changes in the scope of consolidation were reviewed, in particular the most significant development, which was the acquisition of Spie Rail (rail segment). Information by segment and key financial figures for the period ending December 31, 2007 were also both reviewed. A summary report was prepared by the statutory auditors concerning audit coverage, acquisitions and disposals, provisions, key topics addressed in relation to internal control and the work performed by this function.

During its meeting of August 25, 2008, the Board examined changes in the scope of consolidation, including new acquisitions, as well as information by segment. The statutory auditors notably discussed the acquisitions and disposals of the period, the business activity of Colas Rail, several defined-benefit pension plans, the IFRIC 11 standard, and work in progress on the assessment of internal control.

At both of these meetings, the Audit Committee issued an unqualified opinion with regard to the parent company and consolidated financial statements and recommended that they be approved by the Board.

Compensation Committee

The Compensation Committee met in February 2008 to review the compensation awarded to Hervé Le Bouc, Chairman and Chief Executive Officer, and in November 2008 to submit a report to the Board of Directors on the twenty-eight recommendations of AFEP and MEDEF, also proposing that the Board distribute by electronic means, and thus post on the Colas Web site, a declaration with regard to the application of these recommendations by the Company.

Internal control procedures

Colas as the head company of a group of more than 673 companies based in some forty countries, implements internal control procedures in line with its business strategies, so as to ensure that the accounting and financial information presents a fair view of the Group's business activities and to make sure that management decisions, transactions carried out, and courses of action pursued by employees comply with regulations as well as the guiding principles and best practices to which Colas adheres. The internal control system developed by Colas applies to all Group entities. As with any internal control system, the Company is not able to fully guarantee that the risks this system is designed to prevent are completely eliminated.

Organization of the Group

The organization of the Group is based on the following principles:

– business activities pursued by subsidiaries: virtually all of the Group's business activities are conducted by subsidiaries that are, in general, wholly owned by Colas;

– high level of decentralization, in order to situate decision-making processes at the most relevant and effective level: this architecture involves a limited number of hierarchical tiers and usually only three main levels of responsibility. Each manager fulfills his or her role by virtue of delegations of authority;

– financial and economic responsibility assumed by independent legal entities (coextensive legal and financial scope of action);

– systematic and frequent verification of actions and results in relation to objectives defined and monitored in reports drafted at regular intervals on the basis of shared and identical management principles, guidelines and procedures followed by all Group companies and employees.

Both in France and worldwide, business activities are performed by work centers or industrial units operating in a geographically defined region (e.g. a specific region of France), each of which is under the supervision of an operational manager supported by his or her management teams, who aim to achieve specific financial and qualitative objectives.

These centers are united under either regional subsidiaries (within France) or national subsidiaries (outside France). Each of these subsidiaries has its own executive management team – in general, a chairman supported by functional managers responsible for orienting, developing and auditing all operations of the subsidiary.

Six managing directors steer, supervise and audit the work of these subsidiaries. International operations are under the responsibility of three managing directors and one deputy managing director: North America, Europe, Africa/Indian Ocean/French overseas departments and territories, Asia/Australia. For France, two managing directors each supervise a specific geographic region and non-road construction subsidiaries.

This organization is able to take into account a number of specific characteristics (country, business activity, size).

All subsidiaries and managing directors benefit from assistance provided by the functional divisions of Colas, which provide the benefit of their expertise (internal audit, accounting and consolidation, communication, environment, finance, legal, equipment, research and development, human resources and information systems). These divisions define and make changes to the Group's guidelines and procedures in their specific areas of expertise. They work closely with the functional managers of the subsidiaries. Meetings bring together at least once or several times each year all managers within the Group for a single business line so as to share experiences, organize and disseminate information, and keep abreast of the latest developments.

In the context of this organization, all executive management staff place special emphasis on ensuring that internal control remains a key priority for employees of companies within the Group (at both long-existing and newly integrated subsidiaries). The strategy pursued by the Group for many years is one focusing on growth and expansion achieved through the application of prudence, rigor and control. The transparency of internal control contributes to compliance with these principles. The sharing of these principles is backed by the skills and expertise of employees who, in large part, have been working within the Group for many years, encouraged by a system based on regular internal advancement, or who have joined the Group as a result of the many acquisitions carried out, and who share these values, already respected within the entities in question or acquired once they were integrated within the Group. Lastly, the members of executive management and the functional divisions (finance, accounting, legal) are members of the Boards of Directors of the larger companies.

Organization of internal control procedures

In 2008, Colas continued its work on preparing an internal control framework in accordance with the recommendations issued by the AMF, on the basis of the reference framework of January 22, 2007.

Progress in the development of internal control procedures

The project for the definition of internal control procedures was launched in September 2007, in close collaboration with parent company Bouygues. Conceived as a three-year plan, this project aims to identify and review the existing internal control procedures and to implement any changes and improvements required to obtain an internal control system encompassing all Colas Group companies in compliance with the framework recommended by the AMF. This project benefits from exchanges with other functions within the Bouygues Group, addressing cross-functional issues in a harmonized manner, all the while taking into account the specific characteristics of Colas.

The following schedule was established:

– September 14, 2007: launch of the project;

– 2008: adaptation of the existing system and definition of a permanent and autonomous organization overseeing internal control procedures;

– 2009-2010: implementation of the new system and monitoring of progress in meeting objectives.

Achievements of 2008:

– an internal control framework applicable to Colas was established on the basis of the reference framework shared by all Bouygues Group companies. It includes 459 principles, supplemented by 33 principles specific to the business activities pursued by companies belonging to the Colas Group. This framework consists of two sections:

- the first section comprises 244 principles of general application, covering in particular the areas of organization, operating methods, as well as internal and external communication;
- the second section comprises 215 accounting and financial principles, grouped according to the structure of the accounting and financial application guidelines document and including all of the internal control issues raised within this document;

– an initial self-evaluation of these internal control principles was performed in October 2008 by a group consisting of the twenty road construction and non-road construction subsidiaries present in metropolitan France;

– an initial mapping of risks was undertaken by Colas subsidiaries in metropolitan France and a summary table of the twenty main risks was produced.

The extent of coverage of this first self-evaluation exercise pertaining to the framework's internal control principles and risk mapping represented approximately 55% of 2008 revenue.

Deployment schedule

Each Colas subsidiary in metropolitan France has appointed an internal control representative who will supervise and coordinate the annual self-evaluation of internal control principles by operational and functional staff, also delivering results and analysis according to a predetermined timetable to the central manager of internal control at the parent company.

The internal control framework was translated into English in early 2009 to allow for its deployment to international subsidiaries so that an initial self-evaluation exercise can be performed in October 2009, ensuring that a group-wide exercise may be performed in all Colas companies by the end of 2009. The latter will be carried out by a total of 62 entities, generally head companies of consolidation groups (by country or region), which should correspond to about 99% of Colas' consolidated revenue.

The process for the preparation of a mapping of risks on an international scale was launched in September 2008 with the aim of producing a first listing of risks by mid-2009. The deadline for the production of an initial mapping of risks encompassing all Group companies was set for January 2010, thus corresponding with the usual target date for the release of revenue and profit forecasts for 2010 as well as the three-year rolling plan. A risk summary may subsequently be developed for each of the twenty subsidiaries based in metropolitan France and the nine regional divisions which constitute the backbone of the Group's management structure.

Progress report at end 2008

The analysis of the first self-evaluation of framework internal control principles carried out in October 2008 prompted the following conclusions:

– principles relating to the accounting and financial domain are well understood and consistently applied, to a great extent;

– an action plan is due to be implemented in order to more clearly establish the procedures according to which other operating income and expenses should be booked, better anticipate the impact of changes in regulations, improve the training of a larger population of employees in the monitoring of asset value indicators so as to make better use of this information and especially to clarify the Group's recommended approach to this data;

– it seems that the most promising avenue to achieve these aims is the comprehensive establishment of official procedures in relation to several key principles that would be better grounded in standards, for example, in the area of enhanced security of information systems tools, access to better information concerning the application of new rules.

The gradual definition and deployment of an e-Colas intranet intended to promote the circulation and sharing of information, encourage best practices, disseminate instructions and rules (as a replacement for an existing, less efficient tool) should gradually further a clearer establishment and more systematic dissemination of rules and procedures.

Monitoring of internal control procedures
The analyses of the self-evaluation of internal control procedures performed in October 2008 were forwarded to the chief executive officers and division managers of Colas, the parent company, for the purpose of setting up action plans in collaboration with the subsidiaries concerned. A summary report was prepared and submitted by the national internal control supervisor to the Executive Management of Colas in January 2009, as were the initial results related to the mapping of risks for France.

The Statutory Auditors were informed of the general findings of the self-evaluation of accounting and financial principles carried out by the twenty subsidiaries based in mainland France.

Beginning in 2009, Colas' internal audit function will expand the scope of its missions to include the verification of the application of internal control principles on the basis of the adopted framework, the results of the self-evaluation performed in 2008, and the implementation of action plans intended to improve the entire internal control system.

The Board of Directors was informed of the results of all of this work in 2008.

Risks

Major general risks
Colas is a member of a Major Risk Management Committee established and supervised by its parent company Bouygues, whose mission is to reinforce the identification and management of major risks. This committee meets four times each year. Its work focuses on the analysis of risks, crisis management, and training.

Business-specific risks
– Work-on-hand, revenue and profit in a highly decentralized Group: the nature of the road construction business, as well as the other varied activities pursued by Colas, leads the Group to receive orders for, carry out and recognize about 112,000 construction projects each year. In mainland France, the average contract value amounts to 73,000 euros. In addition to the thousands of small-scale projects of relatively short duration, Colas regularly handles a number of major projects in France and especially abroad, in central Europe, the United States, and the Indian Ocean region. Most orders are received as the result of a competitive bidding process. Construction site surveys and the bidding process are the responsibility of operational managers running some 1,400 profit centers located worldwide so as to meet the needs of clients as closely as possible and to ensure a local presence for the performance of contracts. The large number of low-value contracts allows the Group to spread and control risks arising from potential errors or unsuccessful projects thus limiting the impact of a major loss in relation to a single contract. All entities have access to sophisticated tools for site surveys and contract analysis. Very early in its existence and far in advance of requirements introduced by new accounting standards, Colas opted to recognize revenue in relation to the degree of completion of the various projects in progress, thus allowing for better control of project revenue and profit. Information systems tools, especially those used in France, allow for the day-to-day monitoring of project performance. Profit from work and service activities corresponds to precisely defined contractual responsibilities, accepted by the client and potentially supplemented by an internal assessment. The validity of these arrangements is verified by the executive management functions of the Group's various subsidiaries.

– Contract committees: bids or proposals for either large-scale projects or those considered as exceptional in relation to their characteristics or complexity, as well as projects in new markets for the Group (these elements are defined in detail in the internal procedures and/or the delegations of authority) as well as bids for long-lasting operations such as utility service contracts (concessions, public-private partnerships, private finance initiatives) are subject to prior approval by a contract committee at the level of the subsidiary or the Group. In 2008, executive contract committees met to review the conditions for submitting bids or proposals for 69 different projects, with the following worldwide distribution: 2 in the Indian Ocean region, 35 in Europe excluding France, 6 in Morocco and Africa, and 26 in mainland France and overseas departments.

– Acquisitions and disposals: throughout its existence, Colas has grown in large part through acquisitions. As any acquisition process exposes the Group to risk, all proposals for the creation, acquisition or disposal of an undertaking (securities or assets) or of real estate assets must first be presented in the form of a specific investment or disinvestment request, including a set of supporting documents defined in the guide to internal procedures. Acquisition proposals analyze the target, the existing structure, potential risks, a five-year business plan, as well as key elements of financial information and their impact at the level of both the acquiring company and the Group. These proposals are submitted to the Executive Management of the Group and are subject to its approval prior to being presented to the Board of Directors of the subsidiary carrying out the acquisition. Accordingly, in 2008 a total of five proposals for the acquisition of companies or assets were reviewed at the Group level.

– **Safety and Health:** safety in the workplace and on the road is a priority for every Group company. Significant human and financial resources are devoted to the improvement of safety conditions and the protection of employees. A control, monitoring and reporting system analyzing these indicators has been developed.

– **Environment:** compliance with environmental regulations is regularly verified. ISO certification in quality and environmental management is in the process of being obtained across the Group, with the aim of achieving certification for all industrial installations. Analysis systems (worldwide checklists) have been implemented and give rise to shared action plans. An Environment division within Colas works through a network of representatives in all subsidiaries. It enforces the guidelines laid down by Executive Management granting subsidiaries broad autonomy to best adapt these measures to address specific local issues.

– **Ethics:** for many years, rules have been established and disseminated to promote compliance with business ethics and standards of integrity, which have been included in a brochure and summarized on the first page of the management principles brochure. In 2005, a letter of the Chairman and CEO was sent to all of the Group's executive management to reaffirm that these principles are inalienable and that no-one is entitled to contravene them. These principles are regularly recalled at meetings, symposia, regional, national and international conventions. In 2006, a code of business ethics was published by Bouygues (the parent company), to which Colas unreservedly subscribes. Training, control and reporting mechanisms are in place and are continuing to be rolled out based on a program which aims to cover all subsidiaries. In 2008, almost 700 employees in France and internationally followed this type of training program.

Financial and accounting risks

Internal control guidelines and procedures

The main documents and procedures are the following:
– worksite and workshop reports and invoice reconciliations (financial and accounting preparation is carried out based on these elements, commitment-based accounting);
– recordings of expense commitments;
– analysis of worksite cost schedules with real time monitoring of total expenses committed per worksite;
– activity reports by subsidiary and/or country (monthly);
– periodic statements, presenting the results of the center or branch (monthly);
– monthly statements of post-tax profit (monthly for subsidiaries and the Group), which are consolidated and enable, on the 15th of each month following the month reported, the revenue, the main financial indicators and the results to be obtained, including the consolidated net profit of the Group. These figures are compared manually at the level of each subsidiary and each executive management team, with the budgets;
– quarterly balance sheets and income statements;
– cash flow positions closed out on a daily basis by the companies: these enable a daily consolidation to be performed for entities located in mainland France and a monthly consolidated statement for the Group. These figures are reconciled with the monthly forecasts over a three-month period;
– meetings with the main senior executives in charge of operating the subsidiaries, generally organized every four months, under the chairmanship of the Chairman and CEO of Colas to analyze changes in business, the economy, strategy and questions relating to the current business environment.

Financial risks

In the company Colas, as is the case in its subsidiaries located in mainland France, the authority to commit to loans is not delegated. Internationally, powers are limited to a very restricted number of employees based on the legal framework for local companies. Issues of guarantees or off balance sheet commitments are generally not delegated, with the exception of Colas where the Board of Directors has delegated to the Chairman and CEO the power to issue guarantees for a maximum amount of 150 million euros. There is no subdelegation of powers, with the exception of market guarantees (subdelegated to agents, under the terms of rules governing the number and quality of signatories) and with the exception of the settlement of expenses (also subdelegated to a limited list of agents with secure operating rules). The level and composition of these commitments are specified in a report presented to the Board of Directors twice a year. In the subsidiaries, with the exception of quarry restoration work, the power to issue guarantees is not delegated. In France, internal rules are such that off-balance sheet commitments are issued in favor of subsidiaries by Colas. At the international level, every company has its own rules based on the applicable local legal framework.

In France, cash management is centralized and is based on agreements between Colas and its subsidiaries. Thus, credit or surplus cash investment transactions are managed by the Colas Finance Department within the scope of an operational charter to mitigate the risks related to these transactions. The same principles are disseminated to the subsidiaries internationally, which manage their cash balances in the local currency of the country concerned. The assessment and management of foreign currency risks and any related hedging are decentralized but in liaison with the Finance Department of Colas. Internationally, the credit contracts which are negotiated locally are systematically forwarded beforehand to the Group's Finance Department for advice on conditions, drafting contracts and legal clauses. Financial flows in mainland France and internationally are subject to procedures to ensure maximum security and reduce as far as possible the risks of fraud (banking delegations). In 2008, these procedures enabled three attempted frauds in mainland France to be foiled, representing a total cumulative amount of 80,000 euros.

Risks and Insurance

Risk management policy focuses on people, production and transport assets, worksites and manufactured products. These risks are identified, analyzed, giving precedence to a feedback method. Prevention represents the central pillar for achieving the obvious objective of decreasing the frequency and intensity of incidents and claims. The policy also integrates the notion, which is important in Colas' businesses, of treating worksites on a fractional basis, for both road and railroad building work. Lessons arising from incidents observed are systematically communicated as widely as possible, both vertically and cross-functionally.

Risks are monitored by functional departments, particularly the legal department, of each subsidiary, under the authority of its chairman. These risks are systematically identified on a basis of data updated in real time by subsidiaries. The Legal Department of Colas supervises and, as and when required, contributes its expertise to the management of these risks.

The assessed risks are managed at all levels by the prevention, legal transfer of risk, the conservation of risk or risk insurance. Insurance needs to be taken for major risks. Transfer to insurance is conditional upon the definition and assessment of risk (probability of occurrence of the damage). The insurability of risk remains subject to the constraints of the insurance market. Certain risks are insured by Group policies managed by Colas on the basis of the information of the subsidiaries; others may be covered on an optional basis under existing policies (subsidiaries are responsible for subscribing to such policies); finally, internationally, certain insurance policies are subscribed locally, either to meet local legislation, or to cover frequency risks necessitating local-level management.

The Group has coverage for all public and product liability. The guarantee amounts are adapted to the risks incurred and generally exceed 5 million euros.

Property damage insurance covers damage affecting assets included in the companies' asset base. The guarantee amounts are generally equivalent to the value of the assets.

For work under construction a specific insurance policy is subscribed when there is a contractual obligation.

IT

The uniformization of information systems used for the accounting, finance and human resources is ongoing. A single software system has been operational in mainland France since January 1, 2005. Internationally, the number of software packages in these areas has been limited and takes into consideration local specificities (two software systems in Europe, one in the United States, one in Canada, one in Africa/Indian Ocean, Caribbean). In 2006 a new "business line" software system had been finalized in a regional mainland French subsidiary with the objective of enhancing performance and monitoring operations. By the end of 2008, it had been deployed to nine road construction subsidiaries. In 2009, this tool will be installed at seven additional road construction subsidiaries as well as the subsidiary Aximum. This software has been the focus of gradual improvements and new features have been added. It is also due to be deployed in some of the Group's European companies.

A subsidiary dedicated to the Group's IT function, Speig, is responsible for the security of sites and data exchange, the reliability of IT systems, their evolution, modernization and installation in the subsidiaries in France, Africa and Europe. It provides assistance to other companies internationally.

IT security aims to maintain the ongoing availability of IT systems and ensure that they cannot be diverted from their original purpose.

Faced with the risks of theft, internal or external malevolent acts, misuses or accidents (fire, flood), specific measures have been implemented and continuously improved, in order notably to be able to restore the situation before the incident: protection of sensitive data, development of anti-intrusion systems, use of authentication and traceability procedures, regular and reliable data backups.

Audit

The Group's Audit department comprises eight auditors managed by a director. It reports directly to the Chairman.

The objectives of internal audit primarily involve:
– the evaluation of the organizational system implemented within the companies and entities audited to control their risks, ensure the protection of assets, the reliability of accounts and information, in addition to compliance with the Group's regulations and procedures and applicable laws and regulations;
– proposing operational improvements for the entity audited so that it can improve its level of efficiency and benefit from the dissemination of best practice.

The annual audit program is approved by the Chairman. It comprises an average of about ten audit missions at entities located in France and internationally. Entities that have recently joined the Group and those whose last audit dates back more than five years represent the audit program's target.

Thus, in 2008, the following entities were audited: internationally, Colas Hungaria, Colas Benin, Colas South Africa, Delta (United States) subsidiaries; in France, Aximum (formerly Somaro), Smac (West and South West branches), Colas Sud-Ouest, Screg Sud-Ouest, Échangeur. These missions cover about 15% of the revenue for fiscal year 2008.

More technical or targeted missions may be added to these audit missions (in 2008, integration of Pépin, the company acquired at the end of 2005 by the subsidiary Sacer Atlantique).

At the end of each mission an audit report is prepared which is sent to the Chairman, the functional directors of the Colas head office, the geographic executive management concerned, internationally and the overseas territories, or the executive management of the company concerned, in mainland France, together with the management bodies of the entity audited.

A copy of this report is systematically sent to the Statutory Auditors. In exchange, the Audit department receives the reports prepared by the Statutory Auditors of the Group companies. Each summary report is supplemented by a list of recommendations addressed to the management bodies of the entity audited so that it can prepare an action plan.

The Statutory Auditors are informed about the annual internal audit program. Periodic meetings between internal and external auditors are planned to assess the work of the various participants and verify that the steps performed are complementary.

The objective of current internal controls is to allow Colas to achieve profitable growth in a harmonious manner. It is therefore rooted in the prevention and control of risks arising from operations or any other type of risk. As its primary objective, it aims to ensure the reliability of accounting and financial reports, and provide a true and fair image of Colas to its shareholders, customers and employees. Efforts to improve and modernize this internal control framework have been and will continue to be carried out. However, internal controls may not represent an absolute guarantee and constant vigilance is required in this respect.

The Chairman